

## **KENNAMETAL INDIA LIMITED**

### **TRANSCRIPTS OF THE 56<sup>TH</sup> ANNUAL GENERAL MEETING OF KENNAMETAL INDIA LIMITED HELD AT 12.00 NOON IST ON WEDNESDAY, NOVEMBER 10, 2021 THROUGH VIDEO CONFERENCING**

#### **BIDADI ANJANI KUMAR:**

Good afternoon, Dear shareholders. On behalf of the board of directors of your company, I have great pleasure in extending a warm welcome to all of you to this 56<sup>th</sup> Annual General Meeting of Kennametal India limited. I also extend a warm welcome to all the directors of the Company, the Statutory Auditors, the Secretarial Auditors, the Cost Auditors and the India leadership team who have joined us for this meeting through audio visual means in view of the COVID 19 pandemic, still being around. We are convening this 56th Annual General Meeting of the Shareholders through audio visual means we do hope, however, that this will not be essential next year, and that the world will be free from this pandemic. Well, before that, before I proceed further, I would request Mr. Naveen Chandra General Manager, Legal and Company Secretary to provide the safety briefing and the general advisory to shareholders who have logged into this virtual AGM. Naveen over to you.

#### **NAVEEN CHANDRA:**

Thank you, chairman. These being a virtual meeting, all shareholders, attendees to this meeting are requested to kindly take care while handling electrical wire and plug points, you are requested not to let live wire hanging or plug points with switch on at unattended. We request you all to maintain right sitting posture when you are attending this meeting. For the directors, personal and administrators who are present in this well-ventilated meeting room in person, I would like to apprise you, that this hall is equipped with two exits, one to your left and the other to your right, in the event of any emergency when communicated more from this hall kindly use both exits to avoid overcrowding and reach the safe assembly point. The nearest safe assembly point to this building is opposite to us near the flag post. If you were to take the exit to my left, please proceed ahead and take a left opposite to the elevator to locate the downstairs. The downstairs takes you to the ground floor and the safe assembly point is near the flag post opposite to this building.

If you were to use the exit to my right after you land down the stairs, take a left walk for about five meters to reach the safe, to reach the safe assembly point. Please be careful while getting off the stairs So as to avoid slipping and falling in view of the COVID 19, we would not recommend using handrails while using the stairs.

The first aid medical health is available in the occupational health centre, which is near to the P2. During the course of this meeting, we are maintaining proper social distancing and ensuring that the number of people in this well-ventilated meeting room is at its minimum. General advisory to all shareholders and attendees who are participating in this virtual annual general meeting.

The chairman, Mr. B Anjani Kumar will be leading the proceedings of this meeting. We would comment with the chairman's speech and this would be followed by presentation by Mr. Vijaykrishnan Venkatesan our Managing Director after the presentation by Managing Director the Chapman will take us through the proceedings of this meeting as detailed in the notice

convening those AGM, the chairman will be answering those questions, which we have received from the shareholders by email on or before October 31st, 2021.

This will be followed by Q and D session wherein I will be calling out the names of those shareholders who have registered themselves for speaking at the AGM in the order, in which we have received those requests by email, I would request these shareholders to kindly restrict their questions and comments to stick to a time limit of two minutes so that we do provide opportunity for all the shareholders who wish to speak at this AGM.

Apart from this, we will also be attending to those questions, which will be posted by the shareholders in the question-and-answer box, which is made available on the portal. The members are requested to mention their name and their folio ID or client ID while typing their questions in the Q and D box.

All shareholders are requested to kindly make sure that you are on voice mute until requested by the panellists to unmute yourself. We request those shareholders who have registered themselves to talk at the AGM to position themselves in a place where there is least background noise. You are also kindly requested to make sure that your mobile phones are in silent mode when you are talking at this AGM, the register of directors and KMP that's key manager personal and their shareholding, the register of contracts or arrangements in which directors are interested are available. And these will remain accessible to the members electronically for inspection if they so desired. Members seeking to inspect such documents can send an email as mentioned in the AGM notice this being a virtual AGM proxies are not entitled to O at this meeting and there will be no voting by show of hands as per section 107 read with section 108 of the Companies Act 2013. As required under section 108 of the companies Act 2013, the company has provided remote E voting facility to the shareholders to cast their votes electronically in respect of all businesses mentioned in the AGM notice members who are currently attending this Annual General Meeting virtually shall be permitted to exercise their right to vote using the E voting facility provided they have not cast their vote using the remote E voting facility earlier. The members who have already cast their votes prior to the AGM using the remote E voting facilities, facility will not be able to vote again, the combined results of remote E voting and the votes cast by shareholders who have attended those AGM will be declared by us on or before November 12, 2021 on the BSE limited website and also on your Company's website. I now kindly request the chairman to resume the proceedings of this meeting.

**BIDADI ANJANI KUMAR:**

Thank you. Naveen. I have the privilege to introduce all of you to my fellow board members and colleagues seated to my left is Mr. Vijaykrishnan Venkatesan Managing Director of Kennametal India limited to the left of Mr. Vijaykrishnan Venkatesan, we have Mr. Suresh Reddy CFO of your Company and to my right, I have with me, Mr. Naveen Chandra Company Secretary of your company. Joining us virtually on this Webex platform I have with me, my colleague and independent director, Mr. Vinayak Deshpande, who is participating in this meeting through the audio-visual means, we also have two of our Kennametal directors joining us through the Webex platform, Mr. Franklin Cardenas who's joining us from the US and Mr. Parameshwar Reddy who's joining us from Singapore to attend this meeting. My warm welcome to each one of you and I request each one of you, which is, Mr. Vinayak Deshpande, Mr. Franklin Cardenas, and Mr. Parameshwar Reddy to kindly number one, announce your full name. Number two, announce the place from where you have logged into this meeting. Number three, confirm if you have with you the Annual Report and the notice convening this AGM and number four, please confirm if you can hear us and see us clearly, lastly, please confirm that nobody else has access to the proceedings of this meeting other than yourself.

Thank you. Can we request the directors now to announce these five points I'll request Mr. Vinayak Deshpande to do so first.

**VINAYAK DESHPANDE:**

So, first of all, good morning to everyone. I am Vinayak Kashinath Deshpande, Independent Director attending this meeting from my office in Mumbai. I confirm to have received the notice as well as the Annual Report and that's I'm having access to that. I'm able to see and hear all of you very clearly. And I also confirm that there is no one along with me. I'm by myself attending this meeting from this location. Thank you.

**BIDADI ANJANI KUMAR:**

Thank you Vinayak. Franklin, could you please go ahead?

**FRANKLIN CARDENAS:**

Hey, my name is Franklin Cardenas. I am joining this meeting from office in Pittsburgh in the US.

I confirm that I have the Annual Report and the notice conveying for the AGM. I can hear and see everybody clear, and I confirm that nobody else has access to these proceedings of this meeting besides myself.

**BIDADI ANJANI KUMAR:**

Thank you very much, I now request Mr. Parmeshwar Reddy to please complete the roll call procedure.

**PARMESHWAR REDDY:**

Good afternoon, everyone.

This is Parmeshwar Reddy attending this meeting from my office at Singapore. I do confirm that there is no one else other than myself at this point of time, I also can hear and see, I do confirm that have received the notice as well as the Annual Report. Thank you.

**BIDADI ANJANI KUMAR:**

Okay thank you. I request Mr. Naveen Chandra, our Company Secretary to confirm the quorum of the meeting and the corporate representations received.

**NAVEEN CHANDRA:**

Thank you again, chairman, the company has received, two valid corporate representations for 1,64,83,680 equity shares, which aggregates to 75% of the paid-up capital of Kennametal India limited. The total shareholders present through audio visual means are 37 at this particular point in time, we might have more shareholders logging in as well. I kindly now request the chairman to proceed to call this meeting, to order.

**BIDADI ANJANI KUMAR:**

The required quorum being present. The meeting is validly constituted, and I call the meeting to order. With the permission of the members present may I take the notice convening this AGM as read. I will now request Mr. Naveen Chandra to read the forward-looking statement.

**NAVEEN CHANDRA:**

Disclaimer on any forward-looking statement that will be made that might be made during this meeting members are requested to note that certain forward-looking statements might be made during the course of this meeting, which will involve risk and uncertainties. The company undertakes no obligation to publicly update or revise any forward-looking statements, construed other otherwise whether as a result of new information, future events or otherwise, actual results, performances or achievements could defer materially from those expressed or implied in such forward-looking statements.

Members are cautioned not to place undue reliance on this forward-looking statement that speak as of their dates. And now kindly request the chairman to read out the chairman's message.

**BIDADI ANJANI KUMAR:**

Thank you. Naveen. Dear shareholders Since you have the Annual Report with you with my message, I will not waste everyone's time by reading out the entire thing again, but I will be failing in my duty, If I do not highlight some of the key parts of that message today, I will focus on just three of them in my summary today. Number one, the first is the circumstances that your company faced in FY 21 due to the pandemic, the adverse macroeconomic environment and your company's performance in these adverse circumstances, the COVID pandemic continued to have a strong adverse effect on all industries and on the services sector in FY 21, as a result, India's GDP came down contracted, as they say by 7.3% in FY 21 and the index of industrial production data showed that industrial production contracted by 8.6% in FY 21. In fact, we saw extended lockdowns because of the second wave in May and June this year, which was the important fourth quarter of the financial year for your Company. Despite the above severe constraints in the environment almost throughout the year and especially in our financial fourth quarter, your company managed to achieve a commendable growth of 21% in sales. To reach 853 crores and a very significant growth of 110% in its profit before tax to touch Rupees 98.5 crores. This was possible only because of the strong commitment and the great teamwork shown by the entire team of Kennametal India limited both in the manufacturing plant and in the sales territories, the team members showed strong resilience, which indicates a high adversity cognizant, better known as AQ to achieve such commendable results. In the past, people were judged mainly by their IQ and their EQ, but in today's WOCA world, the AQ or the ability to face adversity has also become a key factor influencing success.

The team showed this in abundance and was of course led and supported completely by the management in every possible manner, whether it was restoring the pay of the officers back to their earlier levels or taking all possible safety measures to ensure that the impact of the pandemic was minimized for all our team members.

In fact, due to the vaccination drives organized by the management about 81% of our employees are fully vaccinated as of October, this year, again, a commendable achievement. And I'm told that we will reach a hundred percent in the very near future as some employees are just waiting for the mandatory time period to get over, to take their second dose, further details on the measures taken and the impact on our economy and the key sectors will be provided by the Managing Director in his presentation today. The second point that I want to highlight today is regarding the addition to the board of your company. Mr. Franklin Cardenas was appointed as an Additional Director in February this year, and a resolution has been placed before the AGM today to appoint him as a director on the board of the Company, Mr. Franklin Cardenas comes to the board with significant experience in a large international organization where he was president for the Asia Pacific region in his most recent role. He's

currently the president worldwide for the infrastructure business in Kennametal Inc. Our parent Company he's based in Pittsburgh and has joined us today for this AGM through the video link though it is around 2:00 AM in the morning for him, his contributions to the board, even in the short period of nine months, since February 21 have been very constructive and useful and I'm sure your Company will benefit immensely from his experience and guidance. The third aspect that I would like to highlight today is your Company's very commendable record, whether it is in Corporate Governance or Corporate Social Responsibility, your company has always done much more than what the regulations require, whether it is in following ethical practices or in safety standards or in environmental, social and governance areas.

The Managing Director will also give you more details on this, in his presentation today, before I conclude, I would definitely like to thank all our esteemed customers, distribution partners, suppliers, and bankers who have stood by us for so many years and in fact, decades, I would also like to take this opportunity to thank the government and the various government bodies and agencies for their commendable work and support in controlling the pandemic, which looked like an impossible task at one stage. India's performance in this area has been appreciated across the world, including the very significant landmark of achieving a hundred crore vaccinations and I do hope that this good work continues so that the pandemic weakens to be just an endemic and allows our economy to thrive again. Frankly, my sincere thanks also to all our employees for their hard work and diligent efforts, even during these most difficult days, thanks to my fellow board members for their guidance and support and to all of you, Dear shareholders for your loyal support to the company over so many years and decades, I'm very happy that many of you have been able to join us today for this AGM. I will now hand it over to the Company Secretary to take us through the agenda items one by one. I will now request our Managing Director, Mr. Vijaykrishnan to make his presentation to the shareholders Vijay, please.

#### **VIJAYKRISHNAN VENKATESAN:**

Thank you, chairman. Good afternoon to all. Welcome to Kennametal India limited 56th Annual General Meeting. Welcome and Namaste. Before I walk you through your Company's performance, I would like all of us to take couple of minutes to read through the disclaimer statements while the Company Secretary Mr. Naveen Chandra has already covered this, I would once again, would like all of us to take few minutes, take time and read through the, any forward-looking statements and the disclaimers associated with it. So I'll pause for a few seconds before I move on with my presentation.

Thank you. Let me start the presentation by providing the corporate overview of Kennametal Inc. Kennametal is a world leader in tooling and where resistant solutions. Kennametal is located out of Pittsburgh, US with an annual turnover of us dollar 1.8 billion as of fiscal year 21, Kennametal employees 8,600 plus employees and serves more than 80,000 customers at more than 60 plus Countries.

Now beyond world headquarters, which is in Pittsburgh. We also have the regional headquarters out of EMIA Headquarters is based out of Switzerland. Asia headquarters is based out of Singapore and India headquarters out of Bangalore. Kennametal guiding principles, define who we are and who we aspire to be.

Our mission is all about our performance to our customers, our vision transform how everyday life is built and our values of safety, respect, integrity, and accountability. Just explaining a little bit more it's safety first, always and everywhere we exemplify respect for every person, no exceptions. We have integrity in all that we say and do. We are accountable to each other, our customers, shareholders, environment, and community. Just to give you an example, how

we live our vision on a day-to-day basis, our innovation helps customers solve the biggest challenges so they can deliver the products and services we rely on every day with this, what the company has achieved, or the enterprise has achieved is 98 new patents in fiscal 21 and globally, the enterprise currently holds 1725 patents.

It's indeed a proud moment for us to have so many patents, which differentiates us in a very competitive business environment. Now moving on from the corporate overview, let me step in and give a little bit of overview on the environment that we live in, as all of you know for the past several months, India witnessed the resurgence of COVID 19 infection and the impact of wave two has been devastating.

Well, the daily rate of infections have dropped to an average of 12,000. The pandemic is still out there at large, and we are all pretty watchful of how this will pan in the coming months. Well, as the pandemic rages, we definitely do have few positive. And what I would define as the green shoots of news in the environment.

India crossed the underground jars, which is a significant milestone. Given the size and scale of the country. We are hearing about talks of COVID 19 vaccines for children, while the pandemic could be scaled down to an endemic status, it's the judgment and the addition is still out there and all of us needs to be a little more cautious and watch out how the pandemic will play out in the coming months.

Continuing the environment that we live in, India witnessed economic recovery during the past four quarters, the chairman did cover about our GDP growth or IIP recovery, as well as some of the environmental factors, just going a little one layer below our GDP went, when the impact of the wave one happened, it was a negative of 24.4% and the country was very resilient. We did recover all of past four quarters to deliver a 20.1% growth in the last previous quarter. In a similar fashion, the industrial output moved into a growth mode from a negative zone to a positive zone and we are seeing that around us in most of the manufacturing sectors today. Likewise, the inflation has been brought under control and, and has been showing a declining trend for the past several. And this positivity hasn't gone unnoticed by our capital markets. All of you I'm sure are tracking the Senex performance over the past few months, and it has been scintillating performance, and that shows positivity and confidence in the earnings and the performance of the corporate inc in India, you know, volatile and an uncertain environment your company has delivered very strong results. Our sales revenue grew at 21%, profit after tax grew at 116%, earnings per share grew at 116.3%. And we did have a debt free balance sheet with a strong cash position. All this was possible by a team of committed and dedicated employees of 747 team members and with the support of 200 plus channel partners and the customers out there in India.

How did we do this? All this was possible by focusing on what we could control in a WOCA world. Your company took several initiatives in the last financial year to deliver robust performance. And some of the initiatives include our first priority was to keep our employees safe. And that was the priority in a pandemic environment.

The second area we focused on, how do we improve customer engagement in an environment which is constrained on travel and face to face meeting. The third area was driving continuous innovation with new products and new applications. Fourth area has been, how do we strengthen the brand? And also, how do we position our brand in the market so that we strengthen our position and also, we drive growth now in an environment where face-to-face meetings became difficult the team, looked at how do we leverage digital? the next area has been, how do we exercise prudent financial management, and also embarking on a cultural transformation journey in a year like this and again, all this under the umbrella and relentless



focus on environment, social and governance principles in short the ESG. Now let me elaborate a little more on each of these initiatives, living up to our core values of safety, your Company initiated several actions to support the employees like we launched of COVID 19 leaves policy. We introduce a new insurance policy to cover our employees and their family members held several education programs to handle if somebody gets infected with COVID, how do we prevent or what needs to be done when you recover from COVID. And this was well appreciated by your, by the employees of your company.

A core task force team was created to support employees who were impacted with COVID so that we could guide in terms of medical care or hospital admissions, we also conducted six vaccination camps to support our employees to ensure they are fully vaccinated. Like Chairman mentioned earlier. We are proud to say that 96% of our employees today are at least taken first shot of vaccine out of which 81% are fully vaccinated. And we are hoping to achieve the a hundred percent vaccinated status soon with that, let me go to the next initiative on how we are working to strengthen the brand.

I will cover this in two parts. The first one, what we are going to cover is the WIDMA brand identity with the tagline of machineering tomorrow, which is to redefine the future of machining. We're doing this under three themes, how we team with our customers to work and support their success in terms of understanding their process, designing their machines and delivering and commissioning and exceeding their expectation. We build, we go beyond solutions to stay in the race and we pioneer. We design new machines based on what the market wants, and this is a new, or I would say, a step up in our approach how do we leverage our machining solutions group with the power of WIDMA brand? With that What I'm going to do is share a video which will explain our new, uh, brand approach a little better Control. If you can run the video, please,

Thank you. I'm not sure about the audience, but every time I see this video, I get inspired. So, I hope everybody got inspired by this video. With that, let me move on to share another example of what we have done with a brand repositioning, this is an example from our hard metal space. In this illustration, we are showcasing the brand repositioning of our cutting tool portfolio in line with Kennametal global strategy, we have repositioned our two brand that offer products and services to our customer.

The Kennametal brand is positioned as a full-service portfolio. While Widia is positioned as a performance product line, this approach has enabled us to unify our go to market model, improve customer reach, improve sales productivity, and offer a full range of portfolio and solutions to our customers who can pick and choose from both the brands.

Now let us take a look on how, as a company, we are leveraging innovation engine to support our growth in India. It's a busy slide. I may not walk through each of the product lines to, but just to, talk about a few of the products that your Company introduced in financially year 21, we did launch a new ceramic grade for cast iron hard materials and super alloys machining.

Or the other example I can speak about is verimill extreme or the WGC steel, several inserts, several drills or any of these products, which we are innovating globally. As we introduced by your company for the Indian customers to make sure the customers benefit from our innovation, they get the productivity and also achieve the finish what they want. Staying in line and in, and in the same space of hard metals our web solutions team introduced several new products and solutions to support the growth in the Indian market. Now, the team did introduce a new grade of SMR, which was developed for high-speed rolling mills. We also had products to support the carbon gas lift seats. We just wanted to give a picture in terms of while the pandemic was raging and everybody was working from home as an organization and your

company did not stop innovating, which was extremely useful in a time like this to reach out to and get new business with new products.

In the space of our machining solutions group. We have been very busy the last one year, and the team did launch several product variants or upgrades to support the growing needs of Indian and global customers. To name a few, the team did launch a Vertical BTA counter Boring Machine, Ezeegrind Neo for standard tool manufacturing VU series multitasking machine, Eco grind RX<sup>5</sup> Neo and VX<sup>5</sup> Neo. I did speak about lot of products in terms of product variant names. But what this means is we are staying in line with the market requirements, upgrading our machines and variants to make sure that we are competitive and also offer solutions, which stay at the top end of the market.

Moving on from the space of innovation, this pandemic made us bring our digital efforts to the forefront. For instance, our training team moved all our offline training programs to online formats resulting in 115 days of training covering 5,200 plus participants through a total of 110 programs.

These programs range from a standard to advanced training that covered host of customer, Channel partners and our own sales team. And they were also modules, which are very specific to areas like aerospace automotive or general industries. Sharing another example, as they say necessity is a mother of all invention, given the pandemic and the lack of travel and no face-to-face meetings the team had to resort to augmented reality or virtual reality tools to install and commission machines at international locations, remotely, the pandemic forced us to innovate our approach in delivering superior customer service and no break in our service commitments to our global customers.

Sometimes as they say, the technology comes in handy in a time like this

**BIDADI ANJANI KUMAR:**

Vijay I must say this was a tremendous innovation hats off to the entire team for using this. I think with this sitting in India, we could commission machines in different parts of the world. Thanks Vijay

**VIJAYKRISHNAN VENKATESAN:**

Thank you, chairman. Thanks for the acknowledging

In the last year, your company launched new initiatives in the space of diversity and inclusion under four key themes or pillars, improving awareness of diversity and inclusion within the corporation, acquisition of talent, development of diverse talent and developing community outreach programs that support diversity and inclusion. All these initiatives were launched with objective of building a more inclusive and diverse workforce within your company.

Has the chairman already covered a little bit on our commitment and ongoing efforts in the space of what we do with our CSR program and a commitment to improve the communities we live in your company stayed focused on CSR initiatives under the three key themes of protecting our planet, promoting technical education and Kennametal in the community. To name just a couple of important projects is one on the environment side we are working with the state government of Karnataka to support or improve the water table in the forest range in and around the state of in and around the Bangalore city. Similarly, we are working with the authorities to improve the water table in biodiversity park in Bangalore, by supporting the development and implementation execution of percolation pits, which will improve the water table in the park, to touch example on the promoting tech education, your company supported a Katalyst program, which aims at liberating social economically disadvantaged young through



the pursuit of professional education. This is to support talented young individuals, especially girls, to support them when they join a professional course, which is, which is indeed a big, I would say that having done this program for the last one year, it has been remarkable in terms of what we could impact in the society.

**BIDADI ANJANI KUMAR:**

Tremendous work again, congratulations to the entire team very well done.

**VIJAYKRISHNAN VENKATESAN:**

Thank you, chairman. All these efforts haven't gone unnoticed. Your company was awarded economic times best brand in metal cutting industry. This award was given to all three brands of Kennametal Widia and WIDMA and recently your company received the safety award by national safety council Karnataka chapter for its overall safety performance.

**BIDADI ANJANI KUMAR:**

Excellent.

**VIJAYKRISHNAN VENKATESAN:**

All these initiatives researched in your company. Delivering strong financial results. Sales grew at 21.1% and we closed the year with a sales revenue of 853 crore, profit before tax grew at 110.8% to close a year at 99.5 crore, earnings per share improved from Rupees 15.42 per share to Rupees 33.35 per share.

Now taking a look at the five-year trend. Our fiscal financial year 21 financial performance was the second best all time for your company and the financial prudence and strong controls held in a strong cash flow and a debt free balance sheet. It's an overall a good performance in a very difficult environment.

All this was possible by a strong, diverse and experienced team of leaders who have been with me all through this journey, braving the two waves of pandemic, multitude of lockdowns being innovative and creative on how do we make sure our customers don't get impacted with all the lockdowns and we ensure our service levels remain consistent. So, thank you team for being with me during a very difficult year. With that I come to the end of my presentation and I would like to take this opportunity to thank our shareholders, customers, suppliers, bankers, auditors, expert advisors, and employees for their continued support. Thank you.

**BIDADI ANJANI KUMAR:**

Thank you, Vijay. I now move on to put up the first matter of ordinary business mentioned in the notice convening the 56th AGM, which is

***To receive, consider and adopt:***

- A. audited standalone financial statements of the company for the financial year ended 30th, June, 2021, together with the reports of the board of directors and the auditors there on and***
- B. the audited consolidated financial statements of the company for the financial year ended 30th of June, 2021 together with the report of the auditors there on.***

There being no qualifications in the auditor's report, the need to read the auditor's report does not arise. Before we start the Q&A session, the shareholders may kindly note that certain detailed questions may not be answered as some of them are confidential, competitive information, and will adversely affect your company if disclosed.

So, in the interests of your company, we request your understanding on the same. Before I attempt to invite the shareholders to pose their questions on this proposal, I request the Company Secretary to read any questions received from the shareholders. I think we have received Naveen. I think we have received, uh, questions from two shareholders. I will try and reply to those questions.

The first shareholder is Ms. Veena Patel with D P ID IN30429514231424. Her first question is what is the revenue mix of the auto and non-auto segments in FY 21 sales, which are the growth areas in the non-auto segment.

Ms. Patel during FY 21, approximately 50% of the revenue of the company was attributable to the transportation segment, which includes two wheelers, passenger vehicles, heavy commercial vehicles, three wheelers, tractors, farm equipment, and the railways.

I must also mention that this percentage can vary from year-to-year, aerospace and defence, general engineering, construction, and energy are seen as possible growth areas. Your second question was regarding the competitive intensity in the auto and non-auto segments.

I must say that irrespective of the segments, the competition intensity remains the same. As for the global metal cutting strategy, your company today caters to all market segments with there being no overlap of brands in any of the segments. I think the Managing Director, Mr. Vijaykrishnan Venkatesan also spoke about this a few minutes ago and explained this to you in greater detail. But just to maybe mention it to you again, for instance, while Kennametal is positioned to cater to the full solution segment Widia is positioned to operate in the performance segment. Brands, such as metal removal by Widia helps the company to compete in the value segment also, which are price sensitive. This approach not only aids your company in increasing footprints and market share but increases the ability of the company to provide a wider choice in one basket to the customer. Your third question, How is the company managing the current scenario of higher raw prices and thereby the impact on operating profit margins?

The company keeps a close watch on the cost increases and takes appropriate initiatives wherever required to cover strategic sourcing, cost optimization, productivity improvement plans, and appropriate market pricing actions. I think any organization today both in our market and in other markets needs to, I think, work on all these matters, if they need to preserve their gross margin or try and improve it.

Your fourth question, the initiatives taken to grow the machining solutions business. Your Company is initiating steps to increase the geographical footprints in Asia Pac introduction of new products to increase our relevance with customers and explore opportunities in new segments.

I think a lot of this has also been covered by the Managing Director in his presentation a few minutes ago. So, I will not go into further detail the outlook on exports hat's your fifth question.

We are looking at opportunities within Asia Pac for the machining solutions business and selective intercompany exports based on capacity utilization for hard metals.

Your sixth question the Company's view on the development of the Indian entity as an outsourcing hub, as the global parent, working on business restructuring by closing high-cost manufacturing activities?

Frankly, Ms. Patel. If I have to answer this question in detail, I think, it'll take several minutes, but in the interest of time, I'll keep my answer brief.

Kennametal believes in speed and agility in its delivery to its customers and works on a global manufacturing footprint that is optimized. In fact, we use SAP to a very large extent in this. We also capitalize on opportunities for selective intercompany exports based on capacity utilization.

Your seventh question, efforts on localization of imported competence. This is constantly reviewed and evaluated depending on the domestic demand of imported products versus the cost of manufacturing it domestically along with the return on income on any Capex requirements needed for manufacturing, the product domestically,

Your eighth question, what are the current utilization levels across the segments?

Unfortunately, as I mentioned earlier, we will not be able to share details of capacity utilization as the same as confidential comparatively intelligence information.

Your ninth question details on Capex plans, ongoing Capex plans. I must mention here that in the last five years, we have invested more than Rupees 300 crores for our Bangalore sight. Out of which more than Rupees 120 crores went into modernization initiatives. We continue to explore opportunities to invest based on market demand and improving customer experience.

Your tenth question and your last question, what would be the drivers for the growth of the business and margin improvement Going ahead?

As you will be reading in the media, we are seeing green shoots emerging in the Indian market. Do not yet in all sectors, we remain optimistic and are well positioned to bag opportunities. Ms. Patel, I hope I have been able to answer your questions adequately.

The second shareholder who has sent us questions is Mr. Anuj Sharma with the D P ID 120126000198133. Mr. Sharma, your first question is what is the size of the market for hard metal products in India? And at what rate is the market expected to grow in the next three years?

Mr. Sharma, as you might be aware, in our industry in the hard metals, industry, there are no market research reports easily I would say reliably available, as you might see, let's say in the retail sector, the FMCG sector or the pharma sector, each company does its own analysis based on the information that they get from their customers. And the second part of your question was on the growth rate. The growth rate is our growth rate is largely dependent on the end markets that we continue to operate in, namely transportation, aerospace, defence, railways, energy, etc.

I think this is a very common factor for most industries that their growth depends on the growth of the customer segments. For example, in our case, if the auto sector does not do well, obviously we also suffer in the years in which the auto sector does well. We also do well, but today I must say we are gradually reducing our dependence on the auto sector with the growth of our intra business and with the growth of our machining solutions business.

Your second question, Mr. Sharma is what is the revenue breakup between new sales and replacement demand?

I have to answer this question, uh, of yours in a slightly different manner. Please understand that growth is always partly driven by project orders and one-time initiatives at the customer's end as such, there has to be focus always on new initiatives to help us deliver the growth. And therefore, the pursuit of new products, new initiatives happens across the board, starting with our parent company, Kennametal, Inc.

Your third question, Mr. Sharma is in the domestic market what percentage of products? Hard metal products and machining solutions are imported? Further the percentage of imports can be replaced by Kennametal products.

The WIDMA machines are completely manufactured in India in our Bangalore plant. However, there are some imported components for these machines, which go into the making of the machines in the hard metal segment. The specialized products where we do not have capabilities to manufacture as yet in our India facility are sourced through our Kennametal locations.

Your fourth question, Mr. Sharma, we are planning or are we planning to participate as a supplier to the PSU segment. What is the size of the opportunities in the case of PSU?

I must say that present. Our presence in the PSU segment is limited. The demand under the PSU's PSU segment is largely governed by government expenditure and priority areas.

Your fifth question, Mr. Sharma, we have talked about a large export opportunity. This is your question. You have talked about a large export opportunity. Could you please elaborate on the export potential markets and growth possibilities in the export market?

As mentioned earlier, also the company is looking at expanding the Widia machines, footprints in China and other Southeast Asian markets. Exports of inserts and tools are also happening to various parts of the world, especially to countries in Asia Pac.

Your question number six, uh, Mr. Sharma, 70% of our raw materials are imported. What is our plan to localize indigenize the raw materials in the next three to five years so that we can compete efficiently with competition. That was your question, Mr. Sharma.

The basic raw material for hard metals, Tungsten Carbide and etc., are not available in India and they have to be imported. There are some tools which can be manufactured in our facility as we do not have the capabilities in terms of machinery and also, the volumes would not support huge investments to develop this capability at this point of time. Hence it is beneficial for Kennametal India limited to import these kinds of products from the other Kennametal group locations.

I will now request Mr. Naveen Chandra to read out any other questions that we have may have received from our shareholders or anything that has been posed by the shareholders as of now.

**NAVEEN CHANDRA:**

Yeah. The questions have been handed over to the Managing Director who will respond on this chairman.

**BIDADI ANJANI KUMAR:**

Okay Thank you. Vijay over to you.

**VIJAYKRISHNAN VENKATESAN:**

Thank you, Mr. Chairman. We received a question from Purva Mitha let me read out the question. I presume it's how do we see demand scenario currently in domestic and export new product introductions and how is demand for the sale? As we see raw material inflation, how are we seeing to maintain gross margin?

Now, as explained in my presentation, we continue to leverage our innovation engine to support new business opportunities and also some fining effort to Productivity solutions are

our end use markets, which is what is supporting us to continue to deliver strong growth. Now, in terms of raw material inflation. Again, our Chairman answered that question, but just to repeat that answer, your company looks at ours to make sure that we leverage strategic sourcing, cost reduction projects, both in terms of what we can do in sourcing and also improving productivity improvements in the production area. We also see where cost controls can be implemented and also implementing market pricing actions, which would be the price increase actions in the marketplace to make sure the gross margins are protected.

The second question, I would read out. It is from one Mr. Vishwas Hegde, I would request my CFO to answer this, but let me reroute the question. First of all, thank you for the interim dividend kindly let us know why the final dividend is not paid instead of PAT of 666 million for FY 2021. Suresh

**SURESH REDDY:**

So, to answer the question on final dividend. We always look at our dividend policy to help us and guide us in, uh, maintaining that we have adequate cash for all our future needs, both, supporting our working capital requirements, as well as in the future Capex requirements and with any other strategic initiatives that is required by the organization.

So, this year interim dividend was finalized, looking at all these options and also having a very clear long term returns on the shareholders point of view and was decided as a 200% return, which is a fairly, a good return keeping in mind the cash flow requirements, as well as the future of Capex requirements of the organization.

So, we would be constantly reviewing this every year and making sure, what would be given out as dividends in the come years would also consider the cash holding position of the organization.

**VIJAYKRISHNAN VENKATESAN:**

Thank you, Suresh. Let me read out the third question, which you received from Mr. Bavin.

The results for Q1 declared were exemplary with EBITA margins of 19% is the past three years, average of 14 to 15%, what has driven this performance and what would be sustainable levels for Q2, following that the question continues, what percentage of our revenues are derived from internal commercial engines. Question three, could you highlight the opportunity in induce segments, such as aerospace auto, general engineering, etc.,

Thank you for your question and thank you for the appreciation on the Q1 results. The EBITA margin what we witness is due to two or three different reasons. One is strong top line, and we continued our cost controls, which helped us to deliver a strong EBITA margin in quarter one.

Now, as articulated earlier, we are in an inflammatory economy there are some price headwinds or cost headwinds as we see in raw material, and we are taking necessary actions to see how we can protect our margins. We don't want to make a forward-looking statement and commit what would be the margin expectations for Q2 and Q3, but your company would continue to strive to deliver a strong performance by making sure we protect our gross margins.

Question two, what percentage of our revenues are direct from internal commercial engines? Answering one of the questions our chairman did mention close to 50% of the revenues of the enterprise comes from transportation sector. This just, this actually encompasses the whole of the industry, right? Starting from two wheel right up to railways, right? So, we don't want to

slice and dice any further than the 50% of, I would say that. Okay. To some extent, this would be the range in which we operate in all of the transportation segment, which also includes the tier suppliers. So, if you want to talk about just IC engines, it'll be probably a smaller direct impact.

The third question, again just to repeat, uh, could you highlight the opportunity in, in use segments such as aerospace, auto, general engineering, etc., We don't have a qualified number or a precise number to state this, but as all of, you know, as you read in the media, aerospace is an emerging segment, there are a lot of tier suppliers who are investing in the country and India as a country has a lot of capabilities in this space. So, we, this is a good segment, auto as we spoke it's, it's very broad. It covers from OEMs to tier three suppliers. And that's a very large opportunity which continues to exist, whether it's an IC engine system or it's an EV it continues to promise good opportunities for us. General engineering, again, this, this also covers MSME in the country. Once again, a large and a growing sector. MSME has again, all of you know, there's a lot of support from the government of India to promote MSMEs and we, you to see this sector as a green shoot within the space, what we operate.

Question number four from Mr. Yojak, can you please give us some idea about the new business opportunities, which may emerge out of aerospace sector as IFF, as set up large ordering pipeline.

As mentioned earlier, the aerospace is definitely a promising sector. We are yet to quantify what would be the opportunity in this segment because it's currently a moving target is how I would define. There are a lot of tier suppliers who are investing, there is also promise of lot of further investments, especially on as components are localized within the country, both for defence and commercial airlines. But definitely this is an important sector for us to look at.

Question number five from the same gentleman, how do we see outlook for machine tool, industry construing the transition to EV option, which we have less number of parts or Components.

I might give a little bit of a lengthy answer here, it's more a very broad answer for the all of automotive industry, right? Where IC engines has been there for more than a hundred years. And all of us are used to internal commission engine vehicles. Now there is a transition which is happening while, while we see double digit and triple digit growth, which is, gets announced in the news headlines, but it's starting from a small base, right?

EV is going to definitely play a part. So will be the hybrid engine technology, which is dual, right? It uses a, let's say a Petrol and electric combination. Now we need to see how this technology migration happens over time and how the transition happens while as all of us know that two wheel is, is a area where it's easy for urban transportation and also for charging, right? The charging infrastructure plays an extremely important role in the growth of the EV segment. And that will pay the way how a mix of vehicles between IC engines and EVs will panel over the next decade. It's going to be gradual and both will coexist at some point in time. Now coming specific to your question on how do we see outlook for machine tools?

We also have applications while the parts may come down in an EV compared to an IC engine. We still have opportunity to work through our MSG business, through our hard metal solutions, which give us new opportunities to create and innovate in this very nice and emerging opportunity and a sustainable opportunity. EVs are sustainable which is very close to what our goals are for can metal as a corporation. Uh, those are the five questions, what we received, Mr. Naveen, any further questions?

**NAVEEN CHANDRA:**

No further question Managing Director.

**BIDADI ANJANI KUMAR:**

I just wanted to add one thing, which to what you said. Uh, I think we had questions on how the EV growth of EVs is going to affect us we had this question last year, and to some extent, I think the shareholders have the same question this year also. I think the one thing that I do want to mention is yes, there will be growth of electric vehicles. There's no doubt about that, but that growth will come first in EV two wheelers.

That is where we are going to see the maximum growth as far as EVs is concerned. This is the same thing that happened even in China. And we are seeing the same thing happening in India. The growth of EVs in passenger vehicles and in heavy commercial vehicles will take much longer. That's going to come, you know, later much later. And the good thing for us is that our interest lies more with passenger vehicles and with heavy commercial vehicles, much lesser with two wheelers, basically because the machining itself is much lesser in the case of two wheelers as compared to what is required for the heavy commercial vehicles and the passenger vehicles. So, going ahead the years to come. Yes, there will be some impact, but we don't see it happening in the near future. It's gonna take some time and I can assure our shareholders that we will be well prepared by that time with our own innovations and our own products required for the EV sector. Thank you.

Naveen over to you. In case there are any other shareholder questions or any shareholders who wish to speak.

**NAVEEN CHANDRA:**

I think we have covered all the questions that we had received through email. If you permit me chairman, we have received requests from few shareholders who have requested to talk at this AGM.

**BIDADI ANJANI KUMAR:**

Yes, please ask.

**NAVEEN CHNADRA:**

With your permission. The first request that we had received is Ms. Veena Patel.

**BIDADI ANJANI KUMAR:**

I think we have already gone through her questions and answered her questions.

**NAVEEN CHNADRA:**

Yeah. Veena Patel and Anjan Sharma's questions have been answered.

**BIDADI ANJANI KUMAR:**

Can we, in that case, move on to the other people who have requested to speak.

**NAVEEN CHANDRA:**

The next shareholder is Aspi Bhesania.

**BIDADI ANJANI KUMAR:**

Yeah. Okay. Why don't we request Mr. Bhesania to speak?

**ASPI BHESANIA:**

Hello, can you see and hear me.

**BIDADI ANJANI KUMAR:**

Yes, Mr. Bhesania I can,

**ASPI BHESANIA:**

My video is not yet started.

**BIDADI ANJANI KUMAR:**

I can hear you very clearly.

**ASPI BHESANIA:**

Yeah, Start my video also.

**BIDADI ANJANI KUMAR:**

You also please do. But ensure that there's no background.

**AARGON HOST:**

Mr. Bhesania I have given you the rights to allow your video. You can start your video by yourself.

**ASPI BHESANIA:**

No, I cannot start when I'm press the button it's not starting.

**AARGON HOST:**

So, there might be problem on your device. Hardware problem.

**ASPI BHESANIA:**

No. I am telling all the AGMs, please do not be as excuse.

**BIDADI ANJANI KUMAR:**

If everybody else is able to do it, you're not able to understand why only you can't do it.

**ASPI BHESANIA:**

No, I can't He has not given me permission to when I'm press the video button, it's not going through.

**AARGON HOST:**

Mr. Bhesania, I already given you the permission you can go ahead. I have given you both the right audio as, as video.

**ASPI BHESANIA:**

Okay. Anyway, forget it, I'm shareholder for many many years, but this is the first time I'm attending from Bombay.



So I hope you continue to have meetings like this when the physical AGM starts.

**BIDADI ANJANI KUMAR:**

We may get back to you on that, Mr. Bhesania but as I mentioned earlier we do hope that.

**ASPI BHESANIA:**

Hello. I can't hear. Hello?

**BIDADI ANJANI KUMAR:**

We can't hear you either. Yeah, I can hear you now. A bandwidth problem.

**ASPI BHESANIA:**

No, I can hear you now. I can hear you from now.

**BIDADI ANJANI KUMAR:**

Okay, good. Go ahead. We can also hear you now.

**ASPI BHESANIA:**

I welcome Mr. Franklin, and I feel sorry for him to wake up in the middle of the night for our AGM. I hope next year also he attends like this only in the middle of night. I also welcome Mr. Venkatesan as MD. So, Sir profit has increased double you on your, in the last year and first quarter also you on your is double can we expect the same trend to continue? I know you mentioned that it's not possible to predict, but if you can just throw some light. So mainly the profit has increased mainly because raw cost has reduced from 55% last year to 49% this year in the first quarter,

**BIDADI ANJANI KUMAR:**

Your voice is breaking up

**ASPI BHESANIA:**

First quarter raw material cost has reduced from 55% to 49%. Can you hear me? Hello? Can you hear me now?

**BIDADI ANJANI KUMAR:**

Mr. Bhesania, unfortunately, we are not able to hear you clearly, your voice is breaking up badly. Uh, can you send us the questions in the chat box, the chat box chat box. Okay. But we're not able to hear you clearly. Okay.

**ASPI BHESANIA:**

Ask the Company Secretary send his mobile number in the email that I received; he had just sent secretarial team without any number. So, you should send his name and his cell number.

**NAVEEN CHANDRA:**

Mr. Bhesania You know, I think there is, terribly connectivity issues at your end because we are experiencing and we are able to interact with other fellow directors across the borders. I think there is a connectivity issue. I kindly request you to post your questions on the Q&A chat box section so that we are able to effectively answer your questions. Thank you, Mr. Bhesania.

**ASPI BHESANIA:**

Please ask the Company Secretary to send the cell number.

**BIDADI ANJANI KUMAR:**

Okay. We just couldn't hear you properly, Mr. Bhesania,

**ASPI BHESANIA:**

But Company Secretary should send a cell number.

**BIDADI ANJANI KUMAR:**

Okay. Okay. He will send it to you, but it will not be possible right now because he's busy with the proceedings of the AGM. So if you have any questions, Mr. Bhesania, kindly put them in the Q & A chat box.

**NAVEEN CHANDRA:**

We'll be happy to answer them, Mr. Bhesania, if you could kindly put it on the chat box, we appreciate your understanding.

**BIDADI ANJANI KUMAR:**

Thank you. Naveen, can we go on to the next shareholder.

**NAVEEN CHANDRA:**

The next speaker who has requested to talk with Mr. Dinesh Kotecha

**BIDADI ANJANI KUMAR:**

Mr. Kotecha, are you there?

**DINESH KOTECHA:**

Yes, I am there. I'm there. And there, can you start my video, sir? Please.

**BIDADI ANJANI KUMAR:**

We can hear you, Mr. Kocher. Go ahead.

**DINESH KOTECHA:**

Why? company is doing all these things and you are not, I can, now I can see myself. Can you see me?

**BIDADI ANJANI KUMAR:**

we can see you. Yes. We are able to see you.

**DINESH KOTECHA:**

Yes. Good afternoon, sir, to all of you and good morning to all the foreign directors. I am Dinesh Kotecha from Bombay. Sir, I have been hearing the entire chairman's speech. I have gone to the entire balance sheet and there are some queries which I would like to ask you. Number one is first of all, congratulations to Mr. Vijaykrishnan Venkatesan for completing one year in the company here, joined the company on the 17th of September last year. And uh, I wish all the best to Mr. Vijaykrishnan Venkatesan. why somebody speaking at the back there?

**BIDADI ANJANI KUMAR:**

Nobody is saying anything here, Mr. Kotecha

**DINESH KOTECHA:**

On the horst silence here, host is disturbing. I'm the alone in the room and you are also listening properly. The host is doing some mistake he not allowing me to speak properly. Okay. Now, I wish all the best to Mr. Bhagya Chandra Rao one who was with the company for eight years and he, I don't know why he retired. Did he retired because of his old age or so, or for the policy of the company?

I would like to know that, sir, I would like to know we have got a India leadership council, which you incurred in your balance sheet. Nine members led by the managing director and in manager staff. I would like to do the purpose, the role and the results of this India leadership council that you have formed in the company. That is my first question.

Secondly, your chairman's speech and message was I mean about the success we achieved out of the struggle COVID, but you know, our sales and the profits EBIT was the highest in FY19. We are not still pass that particular sales turnover in the profit records. So, seeing the current results, I mean, I think, the first quarter results, I think we should be able to achieve a new sale high and the new profitability for the year FY 21 -22. Sir I would like to know, you know, that we have that gold award which we have got for this ESG initiation review award. Now that one valued up to October 21. Now, what is the position of that award? Have we got after that? Have we, have you got any award for that again, you know, I would like to know the, of the Indian India literacy project, 2,500 local students participated and we helped them.

I would like to know, you know, from this CSR activity, which you do to the local students, you know, we solve any of the students in our Company as trainees or something. I would like to know that secondly, how many employees in the, during the COVID one and COVID two died for the family members or the staff members were affected and what were the steps taken to compensate them? I mean, did the Company help any shareholder or family of the shareholder who died during the COVID, who was affected during the COVID? There were several people who had died. The shareholders must have died. On page seven and page five and page 18, you have got one wholly owned subsidiary.

Now, in the note to the accounts, which the results were declared yesterday, you have said that the hearing date is on 13 November. That is three days after today. Now at the NCT Bangalore branch now, will it be the last year or will it be the intermediary year? I would like to know that from you again, you know, seeing, uh, your results. I mean, page number 16, you say, be bold and focus. To what extent percent advice are you successful in saying that bold and focus areas? I, what are, what are the areas identified for improvement in the current year? I would like to know that. So, page 30, if you take out page 30 now, I think one, one particular thing I got a problem with your company, sir, you are given the balance sheet in millions and today in your chairman's page and the MD and the CFO, every everybody's spoken crores. Then why don't you print the balance sheet also in cross in that case, it'll be better for us to understand, again, page 30, if you see that it was present, those figures properly market share data somewhere you're writing point and somewhere you're writing point 20 somewhere you're not writing points there you point writing point 95, take it to the two decimal places all the figures must be given up to two decimal places for a good balance sheet presentation. Don't jumble it like this.

Secondly, 13 people, you know, on page 31, 13 people hold 88.76% of the shares. Now you have not given as SEBI does not require you to give the list of the top 10 shareholders, but I

would like to you to provide me a list of top 10 shareholders, non- promoters non-institutional shareholders, please send it to me by email.

And they're also in that pattern of shareholding, which is there on the right side of the page 31, you must mention one column of the number shareholders. I would like to know the promoters. How many numbers of shareholders are there? Mutual fund? How many are there portfolio investors, how their total should be 9985.

Sir page 41. Now this is very crucial for me to understand from you, Sir, about the R and D about the R and D last 10 years, we have spent nearly 10 crores. Now, if I see the figures on page 41, what benefits have accrued due to such spend? I would like to know that. And what is the current R and D spend budget for the current year and how much have we spent in the first quarter now> foreign exchange you know, we are net users to the extent of 270 crores. Can the position be reversed or will it continue? Somebody is already asking you we some right written question had come through now, raw material being the main item, forming 92.17% of the foreign exchange used for 62.20 crores.

Now I would like to know how does the board, the, the meeting of the members, how do you deliberate on this spend? I would like to know what is the capacity installed, the capacity to utilize as on date? Your BRR is a very good report card, Sir, but, and I also appreciate the blank pages number 58, 112, 1 65, 1 66, 167, 168. Given between the balance sheet, the last four were at the end. And it was very easy for me to write all my questions there and all the six pages I pulled up filled up. So, page 64, if you see, I would like you to see some details about the disputed cases, which are mentioned there.

And on the disputed cases, if you see there are 19 cases out of it, six cases are merged. The years are merged the first one, the fourth one, the fifth one, the income tax act. And the second two of the income tax Act, 1993 to 2001. Now you should give it is required for us to understand your wise, don't merge the years.

Don't take four or five years together. You're trying on your level best out of 1913 year, given your voice for six year merged. That should not be the case. The auditor must see to it, that we must understand each case your wise, what you are on, what is the position. And, uh, so that would be better for me to understand it better.

Again, just coming to one page earlier, page 60 and 61. Yeah, I was surprised, when this auditor is written on point number five, paragraph number three, during the year, the company management has identified, performed a hundred percent physical verification of the inventory between, and the dates are given in multiple locations and the association of management, assistance of management, experts, and as performed a full roll forward roll backward working based on the operation system.

Now this is very normal. This is not a key audit matter there. This is very normal company has to do it, how it, how becomes a key audit matter like the, like the auditor to under explain me this particular thing. And the second point, the audit, the company of the management of the company reviews the list of ages stocks and provides for ages inventory policy set forth by the management's inventory of general use.

Now I would like to know from the inventory that is there in the balance sheet, as on date, how do you classify that ages inventory? I would like to know the agent, sir. One second, page 107. Now there, I find that, you know, we have got lot of related party transactions, all many and several, but one point, which came to my notice for the point number five Kennametal hard metal shanghai limited China.

Now you have nearly taken 64% more from China compared to 13 crores 21 crores. Now I would like to understand whether this receipts of raw materials from China will increase, or how are you going to give me the understanding of what will happen to this China imports, sir I mean, there are some few questions now paid number 66 and 67, sir, one small suggestion, sir, as on today, sir our market cap is 3654 crores.

I would like that this is only one tenth of our potential, sir, our market cap should be 36000 crores. And the way is sir, that you don't give us that dividend. First of all, you must reduce your equity by 50%, whatever is your equity right now you reduce it by 50% or reduce it by 90% by paying back the capital of rupees five or is nine per share.

And then, then you can pay Rupees 10 per share as quarterly dividends to us, 40 rupees dividend on one Rupee, you can pay to us if you manage that type of cash flow. And then only our market cap can go to 35,000. The CFO was understood what I'm saying. So very clearly. And then all of us will experience the magic of the market calculation via share market price. This is one humble suggestion. So lastly, why our report is not an integrated annual report, why our, it should be an integrated annual report from next year, sir. And secondly, do we do factory, surprise mock drills? How many were done under during the year surprise mock drills for the factory?

And sir I would like, you know the plans to drive growth. What is the Capex? You already answered the expected turn of incremental capital. What times you are expecting the payback period of the incremental capital that you invest and the profitability of the products, new end of the products.

If you can give me some sort details, I'd be very thankful to you, sir. And, I wish you all the best Kennametal you know, sensors? Yeah. One, two or three suggestions remain. The one suggestion is that, you know, you must give us 10 years highlight chart. You must give us historical journey of the 56 years.

You must give mission vision statement. You must give quality policy statement. You must give two page brief of your Kennametal parent company, what they are doing. And what is the, turnover of latest performance, etc, your PPT shows all that, but you are not giving all that in the balance sheet.

You should enrich the balance sheet by giving us a detail, sir answer. I would like to have one copy of the PPT presentation, which was done. It was run through very fast. I could not write everything. And since, I'm aging, I'm also going slow on writing. So please send me the PPT on my email, which is there with the Company Secretary.

And I thank the company secretary for sending me the physical copy. Well in time and reminding me yesterday, some of your staff member reminded me yesterday. So, tomorrow's a meeting. Are you attending or not? I said, yes, I'm attending the Adithya Jain. He called me yesterday. I was very thankful and I wish you all the best.

And sir, again, I would like to meet you physically, personally, I would like to meet you. This type of meetings are a real, real stress on our body, mind and, uh, or whatever we are speaking right now. There we can come prepared. We can see face to face to, we can meet you face to face. We can discuss lot of things. We can see the factory because you are running in the meetings in your factory only. So, we can see the factory also, and we can be more involved in the working of the company with this I wish you all the best and I mean, uh, great future sir, answer. I would like to propose a vote of thanks at the end of the meeting. So, please tell the moderator to unmute me again at the last two minutes, for the vote of thanks.

**BIDADI ANJANI KUMAR:**

Thank you Mr. Kotecha I will try and take a couple of your questions and then request the MD and the CFO to answer some of your other questions, which you had. You have thrown a volume of questions at us. I think it's not less than 20 questions, and I don't know how we will answer that in the time available. My request is in future If you do want proper answers to your questions, please send them to us in email, in advance for which the facilities provided to shareholders so that we can give you proper answers. Number one.

Number two. yes, I do hope that this pandemic will stop, uh, you know, troubling us the way it is today. I do hope it'll become just an endemic and that we will be able to have face to face AGMs from the next year, there are other shareholders who actually want us to continue with this way of doing it also let's see how the situation improves and then we can take our decision on that closer to the next, uh, AGM. one question that you had was on the amalgamation with Widia and yes, it was mentioned, that the next hearing of the NCLT is on 13th of November, but we heard just yesterday that that meeting has been postponed from 13th of November to 8th of December. But we are very hopeful that this will get completely concluded by the end of this calendar year. I think I will now pass it on to the, uh, MD and the CFO to answer some of the more detailed questions that you had.

**VIJAYKRISHNAN VENKATESAN:**

Thank you, Mr. Chairman, Mr. Kotecha thank you for your kind voice of appreciation for our performance, as well as thought provoking, we will try and answer as many as possible to the best of our knowledge.

Your first question was on the role of the India leadership council, the leadership consults three sales directors. We have one, one head of manufacturing, one head of HR. We have our general council and Company Secretary, our CFO, and we have our strategy head person. So, it's, it's eight-member team.

And the role of this inter leadership council is to make sure that we stay connected with the market, understand the trends, and also execute the plans, What is required to attain both the monthly, quarterly and annual results. So, it's pretty much both 30% work goes in strategic work, and 70% is towards execution of your Company's plan.

Your second question was related to financial error, 21 results compared with financial year 19, where you said 19 was highest. Yes. FY 19 was our, the highest sales performance for your company, this was supported for two reasons. One is the strong transportation sector performance in that fiscal, but also we had a onetime opportunity due to the BS six migration, which was, which helped our MSG business to deliver a very strong results. Like you mentioned, we look forward to delivering a very strong results to come close or even exceed FY 19 soon. Your third question was on the India literacy project, this project, the India literacy project is a NGO where we work on science kids program. The science kits are given to government schools, which is a low-cost kit, which helps the students and the teachers to make more than a hundred experiments. And we are working with the state government to distribute to schools and students who will benefit from it. And our target is to hit 432 schools so that we have an impact of at least minimum of 30,000 high school students. Your fourth question was related to the training of students through a CSR program do we hire them? Usually, we keep this disconnected as it also has conflict of interest. The students whom we sponsor should not be seen as somebody whom we are favouring are hiring process, always follows merit based and capability based. Anybody whom we support can also apply. It's an open and fair system. And, and if somebody gets purely on merit. Which is good for us, but we don't, directly take people whom we support to our CSR program.

The fifth question was related to COVID 19. Any employee died. Unfortunately, I have to say we lost one of our team members, during the wave two. And the family was adequately compensated while we can't compensate a human life. But based on our HR policies, we have covered them adequately as per both from an insurance side, as well as from the compensation side. Your next question was related to the NCLT hearing date, which the Mr. Chairman has already explained. I'm going to answer your next two questions together, your customers, uh, related to the be bold and focus statement in the annual report. And also, your next question was related to what are the identified areas of improvement. So, both are too I'll answer this together, what we are looking at as articulated in my presentation, uh, to be a little bolder on the brand approach, be a little bolder on the innovation and products. What we take to the market, be a little bolder on how we innovate with our customers. How do we take products? We still are constrained in terms of a face-to-face meeting with our customers. So, how are we leveraging our digital, how do we use social media? So those are the steps, what we are doing in the commercial side, in the back end, make sure our productivity solutions deliver the right amount of cost in terms of what we make within the manufacturing facility. We take your inputs, regarding the suggestions on page number 30 you mentioned that our figures are mentioned in millions and we indicated growth during our presentation and the chairman's speech that is just for the ease of presentation, but we would convert that into millions from next AGM.

I would request my CFO to take few questions related to R&D, Forex and as well as the inventory question.

**SURESH REDDY:**

Yeah. Certainly, to cover up the R and D part in terms of budgets. So, we do operate both on revenue Apex, as well as Capex. So, where there is a need for investment in the Capex, we do plan for it and then, provide them that equip capital support in terms of equipment. Plus, the revenue expenses will be the team who will be working in the R and D team. So, more or less the cost would be similar to the existing cost in terms of revenue Apex. However, Capex plan depends on the need and necessity, depending on the year-on-year basis. Like we have seen in the last year, we had a, a higher previous year higher Capex, but maybe that would, change going forward depending on the need of the, uh, R and D team. So, in terms of inventory policies, we do have a robust policy, a global policy, which also applies to our accounting, requirements in India, where we cover the upsell essence inventory in terms of aging, as well as non-movement of the inventory itself, fully covered in our inventory valuations method, which is acceptable to our Indian accounting standard. China imports, I think that's a related party transaction. Yes. So, we do have like, earlier we were mentioning, we do source lot of our specialized products where we do not have capabilities, but where there is a need for the customer for such a product from the global locations, wherever it is available. So, China hard point is also one of the locations where it is a manufacturing facility and if there are some specialized products which we need to source, we do source it from them and support our customers, in terms of their manufacturing requirements. So, the amount of transactions will depend on year to year and the requirement of the customers and from which location it is available for us to source. So, if we do have capabilities in India, we do support it from India, but where it is available outside, it will be sourced from the outside locations.

**VIJAYKRISHNAN VENKATESAN:**

Thank you, Suresh. One last question, which I would like to address is regarding mock drills. Yes, your Company has System of conducting mock drills.

And in spite of the pandemic with a restricted manner, we did conduct six mock drills to make sure our staff are able to respond in a time of need. Thank you, Mr. Kotecha.

**BIDADI ANJANI KUMAR:**

Thank you, Vijay. I think we have a couple of other shareholders who wish to speak so in the interests of time, let's move ahead.

**NAVEEN CHANDRA:**

The next shareholder is Mr. Anuj Sharma. Mr. Anuj Sharma we have answered your questions that you had posed through email, a sincere request is to keep your talk as short as possible because we have other shareholders who are lined up who need to talk in the AGM. They've made a request.

**ANUJ SHARMA:**

Sure, sure.

**NAVEEN CHANDRA:**

Not more than two minutes, please. Thank you.

**ANUJ SHARMA:**

Yeah, I'll take less than that. Thank you so much and appreciate you answering all the questions, and appreciate the presentation as well. I have three follow up questions. One is you made a reference that the size of market is not a generic, but it is captured by every individual company. So, can you give us the size of market? That is the first question. Uh, second is you did mention that my question was misinterpreted on the imports. I was making a reference to what is the size of imports for the Indian market as a total, not, not for Kennametal. And my third question is on exports see one of our competitors are global competitors who has revenues of more than 3000 crores they have done a phenomenal job in exports, almost 50% of revenues exports, and they have used India as a base, for exports. Why is Kennametal is not able to seize that opportunity? And I love your thoughts on that. Thank you. And I'll appreciate the answers.

**NAVEEN CHANDRA:**

Thank you, Mr. Anuj.

**VIJAYKRISHNAN VENKATESAN:**

Thank you, Mr. Anuj this is Vijaykrishnan, the Managing Director. So, I thank you for your questions, the size of the market as we indicated earlier by the chairman in, in the response, this is not an industry which is tracked closely or any secondary research data is publicly available to really quantify the size of the market.

So, I would be making a mistake if I try to guess the market size. So currently we, we are unable to provide a market size estimate for the Indian market. Again, a similar related question from your side was on the percentage of imports. We don't track the information in terms of hard metal products, which are imported and what is the quantity and quantum of imports, which is happening into the country.

Because your first question in second question is linked and we don't have syndicated data to accurately be able to provide a answer to your question. So, apologies for the same. Related to the exports, Kennametal follows the role that we optimize our global manufacturing footprint



based on two levers. One is what's the, the fastest way to service the market, where the demand is. And two is where the technology is available, right? While and you did mention about a different competitor, uh, is leverage India. To some extent, each of the locations is just not India, Kennametal operates at a global level at 60 plus countries, and we are operations in multiple countries and based on what is the best possible way to make the product at the lowest cost and with the best technology available so that the customer benefits from the performance and the cost of the product is our principle. So, hence as you know, India also has been exporting. These products for certain skews is what can global looks at India, but there are other locations where we import these products and based on future requirements, this would be re-evaluated at appropriate time.

**BIDADI ANJANI KUMAR:**

Thank you, Vijay. I just want to add something to what you said as far as exports is concerned.

If we look at our track record on exports over the last, say five years, I think we'll see significant improvement exports are growing year to year and FY 21 was especially good. In fact, I would like to congratulate the team on that they have put in tremendous effort on that front and we are growing year on year and I expect that growth to continue even in the FY 2022.

Thank you. Vijay. Can we please move on to the next shareholder?

**NAVEEN CHANDRA:**

Sure. Chairman the next speaker is from Ms. Veena Patel DP ID ending with 1424.

**BIDADI ANJANI KUMAR:**

Ms. Patel, in your case also, we have answered your questions. So, we are already at 1:45 so our request is for you to keep it brief.

**VEENA PATEL:**

Yeah. Good afternoon. Am I audible.

**BIDADI ANJANI KUMAR:**

Yes.

**VEENA PATEL:**

Thank you, chairman for systematically answering all the queries. Just two follow up questions. One is with regard to the mention by our MD, sir, of the new product launches that have been made in two sub brands. So, if you can just provide some ballpark percentages that these new products have contributed. That's the one question, and secondly, does a company have any target with regard to the initiatives that have been taken in the past two years with regard to the better margin levels that we like to foresee maybe in the next couple of years. Thank you and wish you good luck

**VIJAYKRISHNAN VENKATESAN:**

Your question on the new products and that I will request my CFO to give guidelines on related to the EBTIA question, what your raised. As indicated Kennametal continues to launch several new products, with the emerging requirements, what we see in the customers and also emergence of new segments, like what we covered in the aerospace. But we don't have a real track. We don't have a percentage which we publish publicly in terms of what we track. But good measure is based on let let's say that I don't want to give a revenue number, but any

number compared to the peers is any year, if you are in the range of anywhere between 15 to 25% of new product sales, which will launched in the last four years is a good place to be in for us.

**SURESH REDDY:**

So, we do not come out with any outlook for the future, but however, as we have seen in the last years performance, as well as this Q1 performance. We try to look at the growth opportunities that we have on the revenues, plus optimizing on our cost and manufacturing, capabilities. So, hopefully I do not want to again give any guidance on the EBIT but we would like to ensure that we perform better.

**BIDADI ANJANI KUMAR:**

Thank you, Suresh. Can we move ahead to the next shareholder.

**NAVEEN CHANDRA:**

Next Shareholder is Mr. Santhosh Kumar Saraf.

**SANTHOSH KUMAR SARAF:**

Namaskar, Anjani Kumar sir, can I talk in Hindi.

**BIDADI ANJANI KUMAR:**

Please go ahead.

**SANTHOSH KUMAR SARAF:**

Honourable Chairman, Board of Directors and Shareholders, my name is Santosh Kumar Saraf. Namaskar to everybody I am from Kolkata I hope everybody's healthy are fine. Sir I want to express my deepest condolences to the employees who have left us due to COVID pandemic, I pray to God that, may their soul rest in peace. I appreciate MD's presentation. I have two to three small questions for the book position of our company as on date how much valuation worth of order book is pending with our company. One more thing sir, I understand that you have taken very good steps and renewable energy like rainwater harvesting so I'm also very thankful for you to pay out such a good rate of dividend so they also want to know what steps you have taken for women empowerment. So, there is a lot of echo but there's a lot of disturbance you have very less number of phone employees so I wish that you give more opportunities to women employees just like how our Prime Minister wishes more and more women gets empowerment. One more thing I'm disappointed that you don't have any disabled employment in your company last year, also it was zero and this year also it is zero. Please give them opportunity, you know that if you give them opportunity they will show them, they will show you their strengths and capabilities. Please give them opportunities also sir. Let me know what all steps you are taking to avoid single use plastics and also since I request to Mr. Anjani Kumar ji sorry if I am requesting this please stop using pet bottles of mineral water and start using some copper bottles which is good for health as well as for the environment and so, kindly update about your vaccination program of the company and what steps company are taking.

Also I'd like to thank you for the CSR initiatives I really appreciate the initiatives taken by the company on the CSR front I have noticed that you have not spent on the Swachh Bharat Mission I would like to suggest you to please kindly contribute to the Swatch Bharat Mission also there is no CSR spending on the water supply. Please try on that front as well.

There is a disputed case pending from 1993 onwards for 7.5 lakh Rupees and which is almost 30 years and you might have paid the lawyers advocate fees from last 30 years, so kindly update me that why you're not settling it and what are the steps the company is taking for this matter. Government is also coming out with a lot of schemes, I understand that 7.5 lakh Rupees has been paid to the lawyers itself. Also kindly let us know that the royalty that you pay what is the policy for the same and last request to you is what is the cost saving when you convene an annual general meeting virtually as compared to convening an AGM physically. Please let us know lastly I would like to request you that if you want to convene a physical meeting please have an window of 15 minutes for virtual meeting so that people who want to attend virtually can ask questions. Last question Mr. Anjani Kumar please take all questions together and try to answer them together if you give answers to every shareholder individually it will take very long there are few shareholders who will talk very long and other shareholders doesn't get enough time because of that. Finally, I want to thank all of you, all our Board of Directors, Chairman, Shareholders and pray to God that this year brings you wealth, health and all kind of prosperity. Jai Bharat! thank you for giving me an opportunity and I wish that next year we will get ₹40 dividend thank you.

**BIDADI ANJANI KUMAR:**

Saraji thanks a lot, we have noted whatever you have said and your suggestions are very good and we will definitely try and implement it from the next year. As regards to your first question which was regarding the order book, I would like to tell you that we have three main businesses first is metal cutting business, second is infra business and the third business is machining solutions group. Order book for all the three business would be different and it keeps on changing on a daily basis and if I give some figure today, it may not be the same for tomorrow that's why it's not wise to give you any figure but I just want to tell you that till now everything is fine and it's difficult to predict for the future because, the future is volatile keeps on changing every day but seeing today it looks like F22 will also be good. Perhaps in the auto sector alright I think there are some difficulties coming in but we're trying to improvise it.

Your second question was about renewable energy, I would like to tell you that the power which is used in our plant is generated majorly from the renewable resources which is solar power resource, I don't have exact detail right now but I think a very large percentage comes from a renewable energy Mr. Vijaykrishnan has just now informed me that almost 80% comes from the solar power.

Third question was on rainwater harvesting, I am very happy to inform you that our entire plant has a rainwater harvesting facility and we have been doing this from last 5 to 7 years approximately. I have been told that we have been doing this from last 20 years and not from last five to seven years and even in these two year there is an increase but I'm still guarantee that not even a single drop of water gets wastage out of our factory, when we talk about water your last question was that I have a pet bottle in my table and thank you for this suggestion, I agree with you and this change we will definitely do and we will reduce the usage of plastics and we will try for sure.

You also talked about dividend, this year we have paid 200% dividend, and we were able to pay this much because our performance was very good and our capital expenditure for this year was less as compared to the earlier years and for that we had flexibility to pay more dividends this year as compared to the earlier years.

Then you spoke about women empowerment, perhaps if you talk about percentage it may be less but we would like to tell you that, there are a lot of ladies in senior position we have six members in our Board of Directors out of which two were ladies and we have one lady member

in our ILC. So, we are trying to increase the number of ladies in our organization including at senior position.

About disabled employees, we don't have any disabled employee as of now but we will definitely work on this.

About vaccination I think I've told earlier also that 81% of our employees have taken both vaccines and almost 15 to 16% have taken first vaccination and as and when the date approaches, they will also complete the second vaccination. With regard to CSR, We're working hard towards increasing water preservation and our MD has also spoken about it during his presentation. And your last question about physical meeting this is not in our hand, currently we will need to see how the situation improves and if the situation improves we will try to do the AGM through both virtually and physically. Again, thank you so much Saraf ji and all the shareholders and we have noted all your points and we will definitely try to implement all the good suggestion that you have given, thank you so much.

**NAVEEN CHANDRA:**

we've answered all the questions chairman so we can proceed on.

**BIDADI ANJANI KUMAR:**

Okay. Having answered all the questions.

The second item of ordinary business proposed in the notice to the AGM, which is

***To appoint Mrs. Colleen boot Cordova, DIN number 07568701 director who retires by rotation and being eligible, offers herself for appointment.***

Are there any questions from no questions, chairman?

**NAVEEN CHANDRA:**

No questions.

**BIDADI ANJANI KUMAR:**

Okay. I think since there are no questions, we will move ahead. We now move on to the third item of ordinary business proposed in the notice is the resolution pertaining to

***The appointment of Mr. Franklin Cardenas, DIN number 0905084 as a director of the company.***

As I mentioned earlier, I strongly recommend this. Naveen are there any questions from holders?

**NAVEEN CHANDRA:**

No questions of chairman.

**BIDADI ANJANI KUMAR:**

Okay. Since there are no questions, let's proceed at resolution number five we have

***Ratification of the remuneration to the cost auditor of the company for the financial year ending 30th of June, 2022.***

Any questions on this?

**NAVEEN CHANDRA:**

No questions, chairman.

**BIDADI ANJANI KUMAR:**

Okay, thank you. Let's move ahead. At resolution numbers, six and seven of the notice convening the AGM. We have ***Material related party transactions with Kennametal Inc and Kennametal, Europe, GM BH*** for approval by the members. Naveen. Are there any questions on the subject?

**NAVEEN CHANDRA:**

No, sir. Okay. Thank you.

**BIDADI ANJANI KUMAR:**

I think let's move ahead. In that case for the resolution numbers, eight and nine, which relate to ***The payment of commission to independent directors***, I will recuse myself from being the chairman and would request Mr. Franklin Cardenas to chair the proceedings of the meeting. Frankly, could you please take over.

**FRANKLIN CARDENAS:**

Yes. thank you. A proposal number eight, we are soliciting approval of members to pay commission to independent directors. Naveen, please confirm if there are no questions on this item.

**NAVEEN CHANDRA:**

There are no questions on this agenda item Franklin

**FRANKLIN CARDENAS:**

Thank you, Naveen. Now we move on the last item on the notice of the AGM

***Payment of commission to the chairman, getting 50% of the overall commission payable to independent directors.***

May I request Naveen to confirm if there are any questions from the shareholders.

**NAVEEN CHANDRA:**

No questions Franklin.

**FRANKLIN CARDENAS:**

Thank you. Naveen.

**BIDADI ANJANI KUMAR:**

Thank you. Franklin there being no other questions, members are requested to cast their votes using the e-voting provided to them. I may also add again here that those shareholders who have already exercised their voting rights through the remote e-voting facility may restrain themselves from casting their votes again, because as per law, such voting will be void.

Should you have any trouble in casting your vote? Please reach out to the Registrar & Transfer Agents whose coordinates are made part of the notice convening the AGM. I, once again, reiterate that the combined results of remote e-voting and the votes cast by shareholders who have attended this AGM will be declared on or before November 12th, 2021 on the BSE limited



website and also on your Company's website. I thank you all for participating in this meeting. And since we have concluded all the items on the agenda, I would now like to declare this meeting as closed, please stay safe and stay healthy. God bless. Thank you.