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## **Bharat Wire Ropes Ltd**

**Moderator:** Yeah, good morning sir. As the quorum is received the meeting can be started.

**CS:** Okay. Can we start Mittal sir?

**Mr. Mittal:** Yeah, we're going to start.

**CS:** Okay. Good morning ladies and gentlemen. On behalf of Board of Director of Bharat Wire Ropes Limited I, Govinda Soni, Company Secretary and Compliance Officer of your company, attending meeting from Lower Parel office Mumbai, extend a warm welcome to each one of you who attending the 36th Annual General Meeting of your company. This meeting is being held through the video conferencing and other audio visual means. This is in compliance with the circular issued by the Ministry of Corporate Affairs, Government of India and Security Exchange Board of India. The company has taken all the feasible steps to ensure that the shareholder are provided an opportunity to participate and vote in Annual General Meeting. Adequate video conferencing facility has been provided to all the members and stakeholders. I request all the members and participant to extend their full support and cooperation for the smooth and systematic functioning of the meeting. Now, I would like to request and introduce all the Board of Directors, KMP of our company. I now call upon Board of Director and KMP of your company to confirm their participant through video conferencing and their place of participant. I would like to invite Mr. Muralilal Ramsukh Mittal, Managing Director of the company. Mittal sir, please.

**Mr. Mittal:** Good morning, ladies gentlemen. Myself, Murarilal Mittal. I'm Managing Director of the company and attending this meeting from the video conference from Bombay office, Lower Parel.

**CS:** Thank you, sir. Now, I would like to invite Mr. Mayank Mittal, Joint Managing Director of the company.

**Mr. Mayank:** Hi, I'm Mayank Mittal. I'm Joint Managing Director of the company and I'm attending the meeting from the Lower Parel office, Mumbai.

**CS:** Thank you sir. Now I would like to invite Mr. Sanjiv Swarup, Independent Director of the company. Sanjiv sir, please unmute sir.

**Mr. Sanjiv:** Hello, I'm from London. I'm speaking from my residence and I'm joining this video conference.

**Moderator:** Okay, thank you, sir. Mr. K V Rao, Whole Time Director of the company.

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**Mr. Rao:** Good morning to everyone. I'm K V Rao, Whole Time Director of the company attending this 36th Annual General Meeting of Bharat Wire Ropes Limited from my works at Atgaon, through video conferencing.

**CS:** Thank you sir. I would like to invite Mr. Sushil Sharda, Additional Director, (Whole Time Director of Finance).

**Mr. Sushil:** Good morning, I'm Sushil Sharda, attending meeting from head office, Lower Parel office.

**Moderator:** Thank you sir. I would like to invite Mr. Dinesh Kumar Jain, Independent Director of the company.

**Mr. Dinesh:** Hi, good morning. I am Dinesh Kumar Jain. I'm attending this meeting through video conferencing from Gurgaon, my residence.

**Moderator:** Mr. Mahender Singh, Arora, CEO of the company. Okay. Mr. Rakesh Kumar Jain, Chief Financial Officer of the company. RK sir, please unmute sir.

**Mr. Rakesh:** Good morning. Myself, Rakesh Kumar Jain, CFO of the company and attending AGM from branch Chalisgaon.

**Moderator:** Thank you sir. I have received leave of absence from Ruhi Mittal, Non - Executive Director of the company and Mr. Shivkumar Malu, Independent Director of the company due to preoccupation. Now, I would like to inform that representative of the statutory auditor NGS and Company, secretarial auditor and scrutinizer Mihir Halani & Associates, cost auditor Mr. Dilip Bhatija and internal auditor Burkham N Mazumder are also present in this meeting. We have also received a representation from two Body Corporate under Section 113 of the Companies Act 2013 aggregating to 2 crores 74 lakh 26,042 ordinary equity shares, representing approx 42.70% of the paid up share capital of the company. The register and director shareholding and other documents are available for inspection. I will request Mr. M L Mittal, Managing Director of the company to preside over the meeting as a Chairman. With permission of all Directors and members, I would like to invite Mr. M L Mittal as the Chairman of the company. Mittal sir, over to you. Thank you.

**Mr. Mittal:** Good morning. Ladies and gentleman, I welcome all of you in 36th Annual General Meeting of your company. It is my privilege to address you as the Chairman of the company. The time is 10 am and requisite quorum being present in the meeting through video conferencing and other video audio visuals, I call the meeting in order. I now request Mr. Govinda Soni, Company Secretary and Compliance Officer of the company to make necessary announcements.

**CS:** Thank you so much sir. Thank you. The notice dated 19 May 2022, convening the Annual General Meeting and a copy of annual report for the financial year 31st March 2022 has already been circulated

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to all the members of the company electronically and with your permission, I take them as read. The statutory auditor report of the company for the financial year 31st March 2022 do not contain any qualifications, reservation, adverse remarks or comments. Accordingly, the report are not required to read as per the Companies Act. With your permission, I also take the auditor report as read. All the shareholder have been kept on mute mode. Only those shareholder who have registered themselves as a speaker shareholder will be unmute and will be allowed to speak and participate in the discussion on the item business once Chairman or the member of the Board invite them.

The company has provided remote E voting facility through KFin Technology Limited, this is our RTA, to all the shareholders to cast their vote electronically on all the resolutions set out in the notice convening the Annual General Meeting. Remote E voting facility was open from 9 am as per Indian Standard Time on Saturday 6th August 2022 up to 5 pm on Tuesday, 9th August 2022. Since the AGM is held virtually, the option for physical voting facility at this AGM is not provided. However, the company has provided E voting facility during the AGM for those members who have not voted through remote E voting and who are present at this AGM. This E voting facility will be closed after 15 minutes from the conclusion of the AGM. There will be no propose or second of the resolution at the meeting held virtually. Mihir Halani and Associate, practicing company secretary appointed as the scrutinizer for all E voting process. Now, I would like to request Mr. Muralilal Mittal, Managing Director to brief about the performance of the company during the financial year 2022 and thereon. Mittal sir, please. Thank you.

**Mr. Mittal:** Good morning, ladies gentlemen. Let me give you all the key highlights of the company's financial event in 2021-22. Your company is engaged in manufacturing and marketing of wire ropes, strands, slings etc. Your company has reported total revenue of 211.25 crores during the year ended 31st March 22 and as compared to 250.68 crores in the previous year. The company incurred a profit of rupee after tax of 13 crore 66 lakhs for the year 21-22 as compared to loss of 16 crore 78 lakhs in the previous year. The detail of your company performance in the financial year 21-22 has been already published in the Annual Report which is available with you and also available online. Hence, I'm not going into it. Your company is looking forward with a progressive attitude to grow their presence in market in the wire rope industry in India and abroad. On behalf of the entire Board, I'd like to take this opportunity to thank each one of our stakeholders, customers, dealers, suppliers, bankers, auditors, employees for their faith in us and I'm sure that Board can continue to repose their trust in you. Thank you and I hand over back to the company secretary, Mr. Govinda. Mr. Govinda.

**CS:** Thank you so much sir. Now, I will read all the resolutions set out in notice of Annual General Meeting which is already been circulated to all the members. We have total eight number of resolution.

Resolution number one is to receive, consider and adopt the standalone audited financial result of the company for the financial year 31st March 2022 together with the reports of directors and auditor thereon. Resolution number two is to appoint Director in place of Mr. K V Rao Whole Time Director who retires by rotation in the term of section 152 subsection six of the Companies Act 2013 and being eligible offers himself for reappointment.

Resolution number three is to ratify the remuneration payable to Dilip Bhatija, cost auditor of the company for the financial year 22-23.

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Resolution number four, appointment of Mr. Sushil Sharda as a Whole Time Director of the company for the approval for remuneration payable to him.

Resolution number five is to reappoint Mr. Murarilal Mittal as a Managing Director of the company and approval for remuneration payable to him.

Resolution number six is to appoint Mr. Shivkumar Malu as an Independent Director for the company. Resolution number seven, approval for remuneration payable to Mr. K V Rao as a Whole Time Director of the company.

And last resolution, approval for remuneration payable to Mr. Mayank Mittal, Joint Managing Director of the company.

Now, we can take the question answer session. Moderator, please can you announce the name of who is available for question answer session.

**Moderator:** Thank you sir. We will start the question and answer session now. Total eleven speakers registered for this event today. So, the first registered speaker is Mr. Keshav V Garg. Mr. Keshav V Garg, we request you to unmute yourself, switch on your camera and speak please. Sir Keshav V Garg. As there is no response, we will move on to the next speaker, Rajendra Jamnadas Sheth. Rajendra Jamnadas Sheth. Mr. Keshav Garg, you can unmute yourself and speak please.

**Mr. Keshav:** Yeah. Sir, thanks for providing me this opportunity. Sir. I just wanted to understand that sir we did 133 crore revenue and 25 crore operating profit, with 19% operating profit margin in first quarter. So, can we expect the same performance to repeat in the coming quarters or there is some one off in this quarter? And sir, also wanted to understand sir that how does our company compare with Usha Martin in terms of various parameters? And sir, at maximum capacity how much revenue and volumes can we generate? And, sir also wanted to understand your capex plans and your deleveraging plans? And, sir that is about it. Thank you very much.

**CS:** Thank you so much, Mr. Keshav.

**Moderator:** Sir, first we will listen to all the questions then you can give the answers in the end sir.

**Mr. Mittal:** Okay, no problem.

**Moderator:** Next speaker is Rajendra Jamnadas Sheth. Rajendra Jamnadas Sheth. There is no response from Rajendra Jamnadas Sheth. We will move on to the next speaker, Rohit Suresh. Mr. Rohit Suresh. Mr. Rohit Suresh, you unmute yourself, switch on your camera and speak please.

**Mr. Rohit:** Yeah. Good morning, sir. Thank you for the opportunity. So, I had a few questions. First was, what was the capacity utilization at both Chalisgaon and Atgaon for FY 22 and the financial year 21? And how do you see it going forward in the next couple of years? My second question would be, why have the realizations per kg, you know, not increased in the past few years in spite of a higher contribution of

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exports? What would be the range of EBITDA per tonne? That you have said internally when you reach a capacity utilization of around 80 to 85%. And if any sustainable number that you could provide?

Fourth would be, has the company been able to pass on all of the input price hikes? And if not the entire hike, how much has been passed through? And how do you see it going forward in the next two to three quarters? Fifth is, what is the individual contribution of all the three segments which is ropes, strands and wires for the last two years? Seventh, what is the status on the Bekaert deal? And do we have any contribution from this segment to the total sales? And in addition to the last question, are we selling any of our products through Bekaert in the European and the US region? What is our market share in India as well as the global market and which are our top three exporting countries? How has the contribution of value added products moved in the last three years and how do you see it moving in the next couple of years? And finally, can you highlight if there have been any recent management changes? So, that is it from my side and wishing you all the very best. Thank you so much.

**Moderator:** Thank you Mr. Rohit Suresh. We will move on to the next speaker, Bharat Pratap Singh Negandhi. Bharat Pratap Singh Negandhi. As there is no response from Bharat Pratap Singh, we will move on to the next speaker. Fifth speaker, Lata Bharat Negandhi. Lata Bharat Negandhi. No response. So we will move on to next speaker, Mohan Ghanshyam Das Chandiramani. Mohan Ghanshyam Das Chandiramani. No response.

Seventh speaker, Rajesh Kevalram Chainani. Mr. Rajesh Kevalram Chainani. I believe he has not joined the session. We will move on to the next registered speaker. Eight speaker, Yusuf Yunus Rangwala. Mr. Yusuf Yunus Rangwala. Okay, no response from Mr. Yusuf Yunus Rangwala. Next speaker, Celestine Elizabeth Mascarenhas. Celestine Elizabeth Mascarenhas. No response. Tenth speaker, Rajat Sethia. Rajat Sethia. No response. 11th speaker, Kirti Shah. Kirti Shah. No response. Out of eleven speakers, only two speakers joined no sir. One second just, one second. I will call the not joined people once again. In case if they're joining, I'll just give them a chance to speak sir. Second speaker, Rajendra Jamnadas Sheth. Mr. Rajendra Jamnadas Sheth? No response. Bharat Pratap Singh. Mr. Bharat Pratap Singh? No response. Lata Bharat Negandhi. Lata Bharat Negandhi? No response. Mohan Ghanshyam Das Chandiramani. Mohan Ghanshyam Das Chandiramani, no response. Rajesh Kevalram Chainani. Rajesh Kevalram Chainani, no response. Yusuf Yunus Rangwala. No response. Celestine Elizabeth Mascarenhas. No response. Rajat Sethia. Mr. Rajat Sethia? Mr. Rajat Sethia, I can see that you are there in the session? Can you unmute yourself and speak please?

**Mr. Rajat:** Yeah, yeah. Hi. So, I have mailed my questions, you know, if you've received them okay. Otherwise, you know, I can repeat my questions. So other than that, I had this one question regarding our past. So we, you know, we took on debt, and then there was a restructuring plan. So, I just wanted to understand at that time, what went wrong for our company? And yeah, other questions I have sent over email. So if you could just respond to them. Thank you.

**Moderator:** Thank you, Rajesh Sethia ji. We will move on to the next speaker. Last speaker, Kirti Shah. Kirti Shah? Okay. As there is no response from Mr. Kirti Shah. We will hand over the dias back to the Chairman, sir. Sir, thank you.

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**Mr. Mittal:** Thanks, valuable shareholders and well, we should have a company. I think all the questions are more or less common. And we got the mail also. First of all, let me tell you, your company was in ICU up to march 21 and has come out of the ICU and we are performing well. And I promise that we'll be doing extremely well in the future also. As all the shareholders are aware that there is a restriction by the SEBI to give any forward looking statements or forward looking numbers. So, that's why any numbers forward looking will be difficult to project in this meeting. But past we can say that yes, the capacity utilization which was 30 to 40% is gone to 50% in March 22. And we are targeting 60% in the first quarter, which we achieved 60%. The EBITDA also we start improving continuously from, you know, up to 18 to 20% we are operating right now and we hope that trend will be continue.

So, for restructuring concerns, the company after setting a plant, there were some delay in the implementation, there were some delay in the marketing and you know, necessary orders and huge financial cost. Then working capital from the banks got delayed almost by one year, need based working capital. So, all this led to the financial mismatch in the company. There was no problem in the company's product, you know, qualities or marketing. But at same time, sufficient fund was not available for the company, that's why company gone restructuring. And we thank all the banks, they did a restructuring by converting 382 crore rupees loan into compulsory convertible preferentials to be converted within 13.5 years to 20 years. And balance 225 crores loan is sustainable loan, which will be repaid in a thirteen and a half years period. And that is a very good restructuring and interest we are paying 9% as compared to earlier we used to pay 12 to 14%.

So, restructuring has given the lifeline to your company and after restructuring, which completed 31st March 21. Every quarter company is working very positively and every quarter, last five quarters every quarterly earning profits. Top line is improving, capacity utilization improving. At the same time, if you see the financial numbers. There was one question that why the sales price not increasing? But if you see numbers, sales price every quarter, there is an improvement in the realizations. So, production and sales both sales price both are increasing. That's why we could earn the profits in the March 22 and current quarter first quarter also numbers already published, there also we earned substantial amounts. So, that numbers also with, all the shareholders. The EBITDA which was 18.9% in first quarter, last quarter it was 16.25%. EBITDA margin improving, top line improving, the realization improving and we are able to pass on the major steel hike and nowadays most of the customers we are going for the FOB basis instead of CI basis. The shipping for **unclear** in control and that will be mitigated. In the business we have the two major, you know contingency, that we have one steel prices, second is shipping cost. Up to past let us see, 1920-21 we were supplying goods on the basis of CI basis. But last one and a half years, we have shifted business from the CI to FOB basis. So most of the customers we are going FOB basis that's why we are able to mitigate the risk of the shipping cost as well as steel price. Steel price also, the moment steel price increase, there is a three to four months cycle and definitely we are able to pass on all the plus minus plus and minus to the customers. So, customers also happy that in case of sharp decline, the steel prices will pass on and in case of sharp increase in steel prices, we will recover from customers. So, steel prices and the EBITDA, I told EBITDA we are earning 18-19% range and that range we are continuing.

Our major focus, our product is mainly exports. So, almost if you ask the geography, our product is going 25% in the Asian countries 50% in the European countries and 25% going to the USA. USA is a new market which we **unclear** last year only and we are going to continue penetrate in the US market.

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Definitely there is a volume and there is a payment safety is one aspect, which focus you know by your company. So, luckily there is no bad debt in the last three, four years because export. Domestic market also we are targeting and we are improving our presence in domestic market. We are supplying to the Coal India, we are supplying to the Shipping Company, we are supplying to various dealers in India.

One more question asked that which are the ultimate consumers? In fact, in Europe, we are selling or other countries, we are selling to dealers. So, they are distributing to the various you know, actual consumers. We are not targeting at present directly consumers only, we are selling maximum products through dealers and international markets. The Capex side, let me tell you that since we have just come out of the restructuring phase. So, now, we are not planning major Capex except the balancing bottleneck you know, balancing some bottleneck in the operations that will give some value addition and increase our production capacity. Right now we are 60% and we are going to have 75-80% in the coming years. So, that will definitely be a good realization and EBITA and the bottom line will improve. So, we are very confident that your company will perform much better in the coming years after restructuring.

See, Bekaert Bridon is one of our customers and we are selling through Bekaert Bridon also. There was no specific deal announced by the company. So, there is no official deal status of the company with Bekaert Bridon. They are one of the customers in Europe and other countries and we are selling it just like normal customers. So, we don't have any specific you know, transactions with the Bekaert Bridon. And India also, we are selling through some stock dealers and directly also to OEMs like elevator ropes we are supplying to Pune, Western and there are two three more companies. So, customers list in India also increasing, international market also we are increasing and your company will definitely penetrate more international market and your company is a very young company hardly five years into production and we could penetrate in the international market almost 80 to 85% production. That is the biggest achievement and the major portion is Europe, which is a very difficult market due to quality you know parameters and your company's having all type of parameters and quality checks. That's why we are able to penetrate in the international market and that you know, efforts will be continuing. And going forward also, definitely we will penetrate more in international market and get the better realization. And right now energy cost is also increasing in India because gas, other things. There are challenges in the business but at the same time wherever there are challenges we are able to pass on, you know, to the customers and give the realization. So we are able to maintain our EBITDA. If you see last three, four or five quarters performance, consistently there is improvement in the EBITDA percentage also.

One more question was that whether any change in management? There is no change in management of the company since inception. So, I'm continuing you know, controller of companies and we are continuous. There is no change in management. These are the, I think I covered all the questions. If you still have anything you can definitely ask me.

**CS:** Thank you so much Mittal sir. I hope Mittal sir able to give all the questions all the reply for all questions registered by speaker shareholder. If any question is still arise or any query you can get get back to me. Thank you. I now request Mr. Mihir Halani, practicing company secretary to complete the E voting process which will be kept open for next 15 minutes to enable the shareholder to cast their vote. Who have not cast their vote, they can still cast their vote for 15 minutes. The result along with scrutiniser

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report will be uploaded within two working days on the company's website and KFin as well as both stock exchanges website. All the business as per the notice have been transacted. I confirm that the quorum was present throughout the meeting and declare the meeting as concluded. Thank you so much for all shareholders, all Managing Directors, participants, stakeholders supplier and dealer. Thank you so much for showing faith in our company. Thank you so much.