

Transcript of the 32nd Annual General Meeting of Panasonic Appliances India Company Limited held on Friday, September 25, 2020 at 10:00 am IST, through Video Conferencing (“VC”)/Other Audio-Visual Means (“OAVM”)

PANELLISTS:

Mr. K Subramanian

Chairman of this Meeting, Independent and Non-Executive Director, Also the Chairman of the Audit Committee, Nomination and Remuneration Committee, CSR Committee and Stakeholders’ Relationship Committee of the Company

Mr. T Ganesan

Managing Director

Mr. Ken Nakayama

Executive Director

Mr. Ajit Gopal Nambiar

Independent and Non-Executive Director

Mr. Jayaprakash Kalappan

CFO & Company Secretary

Mr. S Nachiappan

Representative, M/s. BSR & Co. LLP, Chartered Accountants, as Statutory Auditors

Mr. K Vairamutthu

Representative, M/s. Venkatesh & Co., Chartered Accountants, as Internal Auditors

Mr. D Saravanan

Representative, M/s. M Alagar & Associates, Practicing Company Secretaries, as Secretarial Auditors and Scrutinizer

ATTENDEES: Shareholders

Mr. Jayaprakash Kalappan: Good Morning Ladies and Gentlemen, On behalf of the Board of Directors and Management of your Company, I have great pleasure in welcoming you all to the 32nd Annual General Meeting of your Company, which is being held through Video Conferencing.

Hope all of you are safe and in good health. Due to the outbreak of COVID-19, lockdown and social distancing, we are for the first time holding this year Annual General Meeting through Video conferencing.

At the outset, I will take you through certain points regarding the participation and voting at this meeting. All the members, who have joined this meeting are requested to mute their mobile phones.

The members who have not voted through remote e-voting can cast their votes through e-voting facilities during this AGM. Thank you for your attendance.

Now I request the Directors present, to elect one among them to act as the Chairman of this Meeting.

Mr. T Ganesan: I propose Mr. K Subramanian, as Chairman of this meeting.

Mr. Ken Nakayama: I agree.

Mr. Jayaprakash Kalappan: Mr. K. Subramanian is elected as the Chairman of the Meeting. I now request Mr. K. Subramanian to conduct the proceedings of this meeting.

Mr. K Subramanian: Thank you. Ladies and Gentlemen, I formally welcome you to the 32nd Annual General Meeting of your Company. The requisite quorum being present, I now call the meeting to order.

First of all, let me introduce my colleague directors, we have Mr. Ganesan Thiagarajan, Managing Director of the Company he is participating from Chennai, Mr. Ken Nakayama, Executive Director he is participating from Japan, Mr. Ajit Gopal Nambiar, Independent Director he is participating from Bangalore. In view of their other important commitments, Mr. Masayuki Sasage is not able to attend the AGM.

The Statutory Auditors BSR & Co. LLP, the Internal Auditors Venkatesh & Co, the Secretarial Auditors and Scrutinizer for AGM M/s. M. Alagar & Associates Practicing Company Secretary are present in the AGM.

Dear Shareholders, On behalf of the Board of Directors and the Management of the Company, I have great pleasure in welcoming you all to the 32nd Annual General Meeting of your Company.

As you are all aware, the entire world is passing through an unprecedented and difficult period. Many countries including India have imposed lockdowns stopping altogether all movement, whether airports, railways, surface transport including movement of people and goods both intra and inter State. There have been also periodic relaxations in the severity of the lockdowns. After several months of disease, deaths and destruction, the end of the pandemic is not in sight. Countries are torn between ensuring safety of citizens and easing of restrictions to spur economic growth. While all economists are unanimous in their views on the steep fall in GDP numbers for the ensuing year, they differ only on the extent of the fall. This situation makes economic forecast and planning difficult for all countries and therefore such forecasts and planning is challenging for your Company. However, your Company is still striving hard to overcome the adverse situation. We are very confident that with the cooperation of all stakeholders, your Company will be successful in steering to greater heights during the years to come.

The Notice convening the 32nd Annual General Meeting, the Board's Report and the Audited Financial Statements of the Company for the financial year ended March 31, 2020 are already circulated to you through electronic mail and with your permission, I shall take them as read.

During the financial year under review, your Company has reported net sales of ₹274 Crores, with a growth of 2%. The Company has earned a profit after tax of ₹3.67 Crores. The operating margin was 1.8% and net margin was 1.3%.

The Company has increased its focus on cost reduction measures, at its manufacturing facility, office and branches. All the input costs and overheads are scrutinized and pruned.

The Company's export sales is likely to increase in the next few years as the Company has become the hub for manufacture of electric rice cookers for Panasonic Corporation, to cater to the demand across the globe. New models of Mixies and Grinders are also being introduced this year. While the year 2020-21 is unlikely to be good, in view of the complete shutdown in the first quarter and uncertain market conditions, the Company is striving hard to increase the shareholders' value during the years to come.

I express my thanks to the shareholders for continuing their faith in the Company. I thank Panasonic Corporation, Japan for their support and guidance. I thank also the bankers who have been very supportive. I thank also my colleagues on the Board for their assistance and contribution.

I must particularly mention the dedicated work done by all the employees of the Company under these difficult circumstances.

I take this opportunity to request all of you to take care of yourself and families during this critical time and wish you all the best. Thank you very much.

As per Statutory Auditors Report, there are no qualifications, observations or comments on the financial transactions or matters, which have an adverse effect on the functioning of the Company.

The Register of Directors and Key Managerial Personnel and their shareholding as per Section 170 of the Companies Act, 2013 and the Register of contracts or arrangements in which directors are interested as per Section 189 of the Companies Act, 2013 is available electronically for members' inspection.

Before I read out the Resolutions, I now request the Managing Director, Mr. T Ganesan to make a brief presentation on the performance of the Company and its immediate future.

Mr. T Ganesan: Good morning to all of you. Good morning to the Board of Directors, Chairman and CFO and all my dear colleagues and Shareholders.

As Mr. Chairman said we already gone through the bad patch-up period. Though the last year was ended with very bad note. Because of the sudden outburst Covid-19. Though your Company is able to perform well until February 2020, we could see the good growth in the fiscal year 2019 by sale by 2% and by net profit of ₹3.67 Crores. Though this is compared to less versus last year. Because the one month though we produced goods we could not able to despatched the different destination in the export markets as well to the domestic. This is we lost nearly ₹100 Million of the sales value in one single month, which triggered the profit as substantially come down by ₹3.5 Crores, which is resulted worst performance versus last year. Though we have positive, we could not achieve as last year performance. However, I take this opportunity to thank the Board of Directors, Chairman, all our colleague marketing team, factory team, finance team and all our stakeholders stood with us and extent the great support to pass through the fiscal year 2019 though we face the challenges at the end of the fiscal year.

Though I said then, I would like to share some of the key landmarks what your company could progress in the fiscal year 2019. One is if we go by sales, your Company able to do one million cooker sales last year, which is the great landmark. And secondly, your Company had a very good opportunity to service a great institutional order in a year to Reliance Industries about 1,39,650 sets of cookers. This is the one of the single largest institutional order. We could successfully expand the commercial cooker by 120% by sales growth versus last year and we successfully expand our commercial cooker business with 4.8 litre, 7.2 litre and 3.6 litre Jar cooker to the market to UK, France, Australia, News land and Hong Kong.

These are all the markets very challenge to such a commercial cooker business viability and much good in the market. And it is moving successfully well. And we could achieve first time highest operating profit in the month of October 2019, which is about ₹20 Million and by percentage 6.5%. This is one of the highest ever, we could reach. And the growth of the Mixie product is the second product category. We could grow by 109% versus last year. And in CSD market, that is Canteen Defence Stores, our Mixie growth substantially gone up by 145% versus last year. Because, your Company is the first Mixie certified by the ISI and with that challenge we could able to penetrate a good appreciation in the CSD. Having said that, the overall other operational front your company in the factory can do one million production of cooker as well. And your Mixie second category, the enhancement of capacity from 1200 mixie to 2000 mixie by which your company have a capacity to reach 0.55 Million annually, which is growing in-line with the market demand and which is growing by 150% year on year.

The other things, our Chairman said the Company could achieve a very good substantial material cost reduction about ₹4.14 Crores, which is about 20% than the last year average. And your Mixie acquired the ISI certification in last year. These are all some key points or landmarks we could do in the fiscal year 2019, though it was ended up with the sad note, because outburst of covid-19. I take this opportunity one more time to thank.

Going by the fiscal year 2020-21, your Company has taken a key policy to accelerate the growth of the company, with the four policy, which is enhancing the value of the product line-up, second strong R&D, third strongest present in commercial market segment and fourth want to become consolidate this operation and hub for small kitchen appliances in globe. Currently your company exporting over 50 plus countries except Russia. By this, we have lined-up futuristic products to accelerate the growth though this covid has put end up with slowdown. However, we looking forward for the new Mixie 600 Watts, 750 Watts and commercial cooker range by expanding like 2.8 Litre cooker, stainless steel cooker and expanding markets to exports to difference places. And these are all some line-up of the activities, we are going forward to take it very stronger business to sustain the fiscal year 2020, though we have set back in the first quarter and until now. We are closing growing up.

By this, the Management is confident to overcome the current challenging situation by our team work, strong with passion for the job, drive on adversity and never quit attitude to regain to our Company healthy financial position. Let us work together and looking forward for the support and everyone guidance and I hope we will overcome this current challenging situation untidily and will come soon

well. Stay safe. Thank you once again to all my Board members, Chairman, Colleagues and the Stakeholders. Thank you very much.

Mr. K Subramanian: Thank you Mr. Ganesan. I now list out the Resolutions and on the basis of the Resolutions, you can ask for questions and clarifications and this shall be also replied by Mr. Ganesan suitably.

The first Resolution, it is the ordinary resolution, to consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2020, together with the Reports of the Board of Directors and the Auditors thereon.

Second Resolution, to appoint a Director in place of Mr. Ken Nakayama (DIN: 08377188) who retires by rotation and, being eligible, offers himself for re-appointment. This is also the ordinary resolution.

Third, to Reappointment of M/s. B S R & Co. LLP, Chartered Accountants (Firm Registration No. 101248W/W-100022), Chennai as Statutory Auditors of the Company. This is also the ordinary resolution.

Fourth, to approve the Remuneration of Mr. Ken Nakayama (DIN: 08377188), Executive Director and Key Managerial Personnel of the Company, by way of ordinary resolution.

I now ask the Company Secretary to list out the questions and Mr. Ganesan will answer it suitably.

Mr. Jayaprakash Kalappan: Sir, none of the shareholders have registered themselves as speaker of the AGM and no questions has ben raised. Hence, I request the Chairman to proceed forward the meeting.

Mr. K Subramanian: Thank you Jayaprakash. Now a proceed to voting. Those who did not cast their vote through e-voting may now exercise their voting rights by using the same login & password, till 15 minutes from the conclusion of the AGM. The results of e-voting will be announced upon receipt of the Report from Mr. M Alagar, Scrutinizer of the AGM and will be announced on September 26, 2020 and will be uploaded on the website of the company along with the report of the scrutinizer.

Now, I request Mr. Jayaprakash deliver the vote of thanks.

Mr. Jayaprakash Kalappan: I would like to take this opportunity to thank you all the Directors and Members who have attend the meeting through Video Conferencing.

Also, I would like to thank all the Board Members, Management Team and Employees of the Company for their continuous support and efforts for the performance of the Company. Definitely this year will put our best efforts to turnaround the situation and come with good results. With this the 32nd Annual General Meeting of your Company comes to end. Thank you for attend the meeting.

Mr. K Subramanian: I hereby declare the proceedings of this meeting as closed. Thank you very much.

Mr. Ajit Gopal Nambiar: Thank you.

Mr. T Ganesh: Thank you.