

Transcript of the EGM of Tilaknagar Industries Limited
held on November 27, 2021

Rishika: You may start in 3, 2, 1, please start.

Mr. Amit Dahanukar: So, good morning, everyone. And welcome to this company's extraordinary general meeting. I wish you all a very warm welcome. Hope you're all keeping safe. Taking care of yourself and your family members. As you are aware that due to the onset of the COVID 19 pandemic the requirement of social distancing is in place. And for the safety of all our shareholders we are conducting this meeting through video conferencing means under the applicable circulars which have been issued by the Ministry of Corporate Affairs and SEBI. So, as we have the requisite quorum is in place I shall now commence the meeting. All the directors are present here today with the exception of Dr. Ravindra Bapat and Satish Chandra Mathur who were unable to attend this meeting due to their prior personal commitments. I will now let the directors introduce themselves one by one. I will call out their names and then they will introduce themselves. Mr. C.V. Bijlani.

Rishika: Bijlani sir, you are on mute.

Mr. C.V. Bijlani: Is it okay now?

Rishika: Yes, sir.

Mr. C.V. Bijlani: Okay. I am Shivi Bijlani independent director of the company. Attending this meeting through video conference from Varanasi. I am also chairman of the audit committee, Stakeholders Relationship committee and nomination and remuneration committee of the board of directors. Thank you.

Mr. Amit Dahanukar: Thank you, sir. Mrs. Shivani Amit Dahanukar.

Mrs. Shivani Amit Dahanukar: Good morning, everybody. I am Shivani Amit Dahanukar. I am the non-executive director of the company. Attending this meeting through video conferencing from Mumbai. Thank you.

Mr. Amit Dahanukar: Shri Kishore Kumar Mhatre sir.

Shri Kishore Kumar Mhatre: I am Kishore Kumar Ganpatrao Mhatre. Independent director of the Tilaknagar Industries Limited. Attending this meeting through video conferencing from Mumbai.

Mr. Amit Dahanukar: Thank you, sir. Major general Dilawar Singh. Sir, please unmute.

Mr. Dilawar Singh: I am Major General Dilawar Singh.

Mr. Amit Dahanukar: Mrs. Aparna Chaturvedi.

Mrs. Aparna Chaturvedi: I am Aparna Praveen Chaturvedi. Independent women director of the company. Attending this meeting through video conferencing from Mumbai.

Mr. Amit Dahanukar: Thank you, ma'am. Mrs. Swapna Shah.

Mrs. Swapna Shah: I am Mrs. Swapna Shah. Non-Executive Director at Tilaknagar Industries. I'm attending this meeting through video conferencing in Mumbai. Thank you.

Mr. Amit Dahanukar: Mr. C.R. Ramesh.

Mr. C.R. Ramesh: Good morning, sir. I am C.R. Ramesh. Old time director of the company. Attending this meeting through video conferencing from the register office of the company Shrirampur Ahmednagar. Thank you, sir.

Mr. Amit Dahanukar: Thank you. Mr. Ajit Shirsat.

Mr. Ajit Shirsat: I'm Ajit Shirsat CFO of Tilaknagar Industries Limited. Attending this EGM through video conferencing from Mumbai.

Mr. Amit Dahanukar: Okay. Thank you everyone. The company's statutory Auditor, Secretarial Auditor and also the scrutinizer, Mr. R.P. Rajguru they have joined this meeting through video conferencing. The notice conveying this EGM of the shareholders has already been emailed to the shareholders on November 3 by email and with your permission I take the notice dated November 1st as read. The company has also received corporate

representations from Arunoday Investments, Primate Limited and M L Dahanukar And Company Private Limited which are being represented by me. So, before we move on, I will quickly just give my opening remarks explaining what this EGM, the special business to be conducted at this EGM is and why it is necessary. So, as many of you shareholders will be aware, this company has significantly turned around in the past couple of quarters and we have established ourselves as the leading premium brandy players in the Indian IMFL industry in India. And the company has been growing rapidly. And we have demonstrated that in our quarterly performance in the first quarter of this financial year when we turned PAT positive. And then we also went on to deliver around 11 crores of profit in quarter two. I think the board felt that it was necessary that to fund the further expansion of the company and to augment the working capital required for future growth, this equity issue has been necessitated. So, broadly it is a preferential allotment in which approximately 1.18 crore shares are being allotted to an investor which is the Barclays trustee on behalf of Lotus Family Trust which will be allotted 1.18 crores at a rate of 53 rupees amounting to 63 crores. Similarly, 1.18 crores will be allotted to the promoter group as convertible warrants which are convertible within a period of 18 months. And also, the lending institution, which is the ERC, the Edelweiss Asset Reconstruction Company, will be converting part of the loan into equity. Around 14 crores of loan they will be converting into equity at the same price. So, the total issue is 140 crores, 63 crores to the investor which is the Lotus Family Trust, 63 crores to the promoters and 14 crores by way of conversion of loan into equity. The proceeds of this issue will primarily be used to, as I mentioned earlier, it's to augment working capital growth, to fund up growth. Because the company is growing has been demonstrated by our quarterly performance quarter on quarter we are growing. So, to fund the future expansion, certain CapEx requirements which may be required, general corporate purposes and also to reduce some of the debts which we may have. So, I will now ask Rishika Puri from the Secretary team to take the agenda for this meeting forward. Over to you, Rishika.

Rishika: Thank you, sir. We request the speaker shareholders to limit their speech to three minutes. CMD sir shall address the queries raised by the shareholders. After all the speaker shareholders have spoken. We now invite Dr. Arun Bhopana, shareholder of the company who has registered himself as a speaker for this EGM. Is Mr. Bhopana present with us?

Rishika: Yes, sir. Yes ma'am. Just a minute. He's unmuting. Sir kindly unmute please.

Dr. Arun Bhopana: Hello.

Rishika: Dr. Bhopana you can address your remarks to the company.

Dr. Arun Bhopana: Video is not coming but. Wait, wait what is...

Rishika: Sir, please accept my request to come in the panelist.

Dr. Arun Bhopana: Your system you didn't even check. Why didn't you bother to check? Hello.

Rishika: Yes sir. You're audible.

Dr. Arun Bhopana: One second. Yeah. Good morning to everybody. I just want to wish you all the best. And then right now I think you're going for a very small issue seeing the stock markets. You see the tech companies the valuations are too high. It looks the leopards are trying to fly and we Tilak Industries are just leopard trying to run on the track. You must handle the cash well and be a sustainer in the long run. And I wish you all the best. And I support this resolution. That's all. Nothing else. Thank you very much.

Rishika: Thank you, sir. We now invite Mr. Aspi Bhaisania, shareholder of the company who has registered himself as a speaker of this EGM.

Unidentified Speaker: Ma'am not available.

Rishika: Okay. So, we move on to the next speaker shareholder. We have Ms. Lekha Satish Shah, shareholder of the company who has registered herself as a speaker. Ma'am, could you please unmute yourself?

Ms. Lekha Satish Shah: Hello. Can you hear me, ma'am?

Rishika: Yes ma'am. You're audible.

Ms. Lekha Satish Shah: Thank you, ma'am. Respected chairman, sir, board of directors and my fellow members good morning to all of you. Myself Lekha Shah Mumbai from Andheri. First of all, I'm very much thankful to our company secretary Rishika ma'am for extending very good investment services. And also sending me the EDM notice well, in time in

such a difficult situation. So, I'm very grateful to our company secretary Rishika ma'am. Sir, I would like to ask few questions. My first question is has there been any impact of COVID second wave on the company operations? My second question is what is the road map for the next two years? So, I would like to say I strongly support the special resolutions for today's meeting. And my best wishes always our company and its prosperity. Thank you, sir.

Rishika: Thank you ma'am. We now invite Mr. Sharad Kumar Jeevrat Shah, who jointly holds shares of the company with Mrs. Surekha Sharad Kumar Shah and has registered himself as a speaker. Do we have him with us attending the EGM?

Unidentified Speaker: No, ma'am, not Surekha ma'am nor Sharad sir.

Rishika: Okay. CMD sir, I now request you to please address the queries.

Mr. Amit Dahanukar: Well, it seems that both the shareholders who spoke, they were supportive of the resolutions, but to generally just address the queries that they had. I think Mrs. Lekha Shah, she had a query in terms of the impact of the COVID second wave, which I had mentioned before also and which we really communicated that yes, there was an impact of the COVID second wave particularly which was felt in quarter one. Some of our principal markets, like Kerala and Puducherry, they remained closed for a long period of time, almost six weeks we lost. So, the impact was certainly felt in the first quarter of this financial year. Of course, it wasn't as pronounced as it was in the first quarter of the earlier financial year, but nevertheless the impact was felt. But I'm pleased to say that we've had a very strong rebound in terms of quarter two. I think that consumption metrics remain strong. I think the products and brands of the company continue to grow and which was clearly demonstrated by a robust financial performance in quarter two. So, I think the impact was there, but I think we have moved beyond that. And I think going forward also the outlook for consumption in the IMFL space remains very good just because of the metrics. In terms of if you look at the per capita consumption levels in India are very, very low compared to global averages. So, there's tremendous headroom to grow. I think we are in a great space in terms of the Brandy category. We are the leading players in the Brandy category, which is the second largest in the IMFL category. So, I think the company positioned really well. It's going to get further strengthened by

this capital raise. This equity issuance thing is strengthen the balance sheet and the company will be well poised to take the opportunities for growth going into the future. So, I think that adequately addresses the queries which were raised. I will now move over in terms of the resolutions; I think that the E voting facility has been provided to all the shareholders. The E voting commenced on Wednesday, November 24th at 10am it was kept open till Friday, 5pm November 26th for the convenience of all the shareholders. And for all the shareholders who are attending today's meeting and who have not cast their votes, the facility is being kept open for you all to exercise your vote. I think now I will move over to the business which we propose to conduct at this EGM. The first resolution is the increase in the authorized share capital of the company and consequent alteration in the memorandum of association of the company. That's item number one. Item number two is the issuance of equity shares of the company to the investors on a preferential basis. I think I've given my commentary on that before in terms of the raise I think it is 63 crores 1.18 crores number of shares at a price of 53 rupees. For item number three I will vacate the chair, and I will request Mr. C.V. Bijlani Independent Director and Chairman of the Audit Committee to conduct the proceedings for the next item on the agenda. Over to you, sir.

Rishika: Bijlani. Sir, please unmute yourself.

Mr. C.V. Bijlani: Is it okay?

Rishika: Yes, sir. You're audible.

Mr. C.V. Bijlani: Ladies and gentlemen, the next item of the idiom is notice number three. Issue of convertible debentures on preferential basis. Sorry convertible warrants on preferential basis. I now vacate the chair and request Mr. Dahanukar, chairman of the meeting to take the proceedings further. Thank you.

Mr. Amit Dahanukar: Thank you, sir. I will move to the fourth item, which is the last item on the list which is the issuance of equity shares by way of conversion of loan into equity. Again, in my opening remarks I had elaborated on what this resolution is. Essentially the company's lender is converting 14 crores of loan into equity at a price of 53 rupees, which is in accordance with the agreement which we have signed with them. I think I will now hand over to Rishika now to conduct the further proceedings. Over to you, Rishika.

Rishika: Thank you, sir. Advocate R.T. Rajguru sir has given his consent to act as a scrutinizer to scrutinize the remote e voting and e voting process. And he has been appointed as a scrutinizer for this meeting. Please note that the facility to vote at this meeting is only for those shareholders who have not cast their votes through remote e voting. Shareholders may also note that since this EGM is being held through video conferencing and the resolutions mentioned in the EGM notice have already been put to vote through remote e voting and e voting. There will be no proposing and seconding of the resolutions. The copy of the consolidated report of the remote e voting and e voting at EGM provided by Scrutinizer will be submitted to the stock exchanges and CDSL and will also be placed on the website of the company. Over to you sir.

Mr. Amit Dahanukar: Mr. Mhatre, I think you are trying to say something only.

Shri Kishore Kumar Mhatre: Sir only whatever you have stated in last 15 minutes will you please give a gist in Marathi. Because most of our shareholders at Shrirampur waiting for your address.

Mr. Amit Dahanukar: Sure sir. I think that is the valid suggestion and I will before we close this meeting I will enumerate in terms in Marathi to the shareholders. Aata sagle apan sabhaasadanna mahiti aahe ki 2014-2015 pasun company chi paristhiti thodi shi adchanachi hoti tyachya mule aaple je karja hote je loans hote tyachya mule company chya functioning madhe thodishi adchane aali hoti aani te purna banks barobar apan restructuring 2017 madhe suru karun 2020 apan te restructuring purna kelele aahe. Mhanje 3 varsh aaplyala lagle purna restructuring complete karayla. Tyachya nantar company chi growth suru jhaleli aahe jasa mi aaplyala suddha saglyanna mahiti aahe ki brandy madhe company cha sthal apan pratham sthala varti aahot Mansion House Brandy ani Courier Brandy he Bharatat le saglyat jasti viknari brandy aahe. Mansion House brandy chi sale kiman 5 million cases varti aahe Courier chi sale kiman 1 million cases varti aahe they are the leading brandies in the country. 2020 nantar aapli paristhiti halu halu halu halu improve karat geleli aahe restructuring chya nantar. Aani aata board la vatla ki the timing is right to go in for an equity issuance of kiman 140 crore apan raise karto aahe from investor from promoter and from bank tyachyamule amhi 53 rupaye price finalize kelela aahe which is in accordance with the SEBI guidelines and other prevailing laws and regulations. Aani he paise

aata company madhe purna aalyachya nantar aapli balance sheet chi paristhiti faar sudharnaar aahe. Ek veli chya aaplya vyavhaara mule apan suddha pahila asta ki aapli business aata grow hoti aahe profitability improve karti aahe. He paise aalyachya nantar equity infusions jhalyachya nantar ajun aapli sudhar honar aahe. Balance sheet chi paristhiti March 2022 madhe atishay changli rahnar aahe. Aani je pudhcha growth aaplalya karaycha aahe pudhla expansion chi ji board chi ji kalpana aahe ki apan vikaasachya margaaavarti aata laglelo aahe he kaayam theun tyachaa veg apan hyachyane vadhau shakto. Je aaplyala kaam aata 4 varsha madhe karaycha hota hech kaam apan aata 2 varsha madhe karu shakto. Apan saglya sabasadanni aapli ekdam company chi adchani cha jo period hota jo kaal hota adchanicha tyachya madhe apan saglyanni faar sahayog kelela aahe. Vyavasthapanachi saglyanni apan kaayam apan samarthan dilela aahe. Karyakaari mandal aapla samarthan rahilela aahe aani hich pudhe jaun suddha mi hich aaplya salgyan kadun apeksha karto ki je aapla sahakaarya aahe je aapla sneh aahe company prati company chya vyavasthaana prati company chya sanchaalak mandal prati he je sneh aani shraddha aapli aahe he apan kaayam theva. Aani mi aaplyala aashwaasan deto vishwas deto ki pudhchya 2-4 varsha madhe company chi faar pragati honar aahe and tyachya madhe sagle je aaple shareholders milalele aahe sagle je stake holders aahe tyancha saglyancha atishay kalyan honyachi ashi aapli kalpana karun mi majhya shabdanna aata ithe viraam deto. So, I now declare that we will keep the e voting facility open for a period of 15 minutes to all the shareholders who have participated in this meeting. The facility will be kept open for 15 minutes and thereafter this meeting will be closed. I again thank my board for the cooperation extended to me from time to time. My secretarial team which has been very active and resilient in dealing with this issue and in communicating with the various shareholders. And of course, all you shareholders who have joined today and also those who have not been able to join today. We remain committed to delivering shareholder value. With these I close my remarks and again wish you all the best and request you to take care of yourselves and your family. Jai Hind.