

TRANSCRIPT OF THE 8TH ANNUAL GENERAL MEETING ('AGM') OF TAAL ENTERPRISES LIMITED HELD AT 11:30 AM IST ON WEDNESDAY, SEPTEMBER 28, 2022 THROUGH VIDEO CONFERENCING ('VC') / OTHER AUDIO-VISUAL MEANS ('OAVM')

- **Mr. Himanshu Choradiya – Company Secretary, Taal Enterprises Limited:**
- Good morning, ladies and gentlemen. I request Mr. Salil Taneja, Chairman of the Board to take the chair as a chairman of this 8th Annual General Meeting. Salil Sir over to you.
- **Mr. Salil Taneja -- Chairman, Taal Enterprises Limited:**
- Thanks, Himanshu. Dear shareholders, are very good morning to all of you. On behalf of the Directors, I welcome you all to the 8th Annual General Meeting of Taal Enterprises Limited. Before, we start I'd like to introduce you to my other colleagues who are here with us and I request each of them to acknowledge their presence as I introduced them.
- Mr. Shyam Powar – Independent Non-Executive Director and Chairman of the Audit Committee.
- **Mr. Shyam Powar:**
- Good morning, everybody.
- **Mr. Salil Taneja -- Chairman, Taal Enterprises Limited:**
- Mr. Arvind Nanda. -- Non-Executive Independent Director.
- **Mr. Arvind Nanda:**
- Good morning, everyone.
- **Mr. Salil Taneja -- Chairman, Taal Enterprises Limited:**
- Thanks Nanda. Ms. Rahael Shobhana Joseph, Non-Executive Director and Chairman of the Stakeholder Relationship Committee.
- **Ms. Rahael Shobhana Joseph:**
- Good morning.
- **Mr. Salil Taneja -- Chairman, Taal Enterprises Limited:**
- Mr. Ramesh Kumar Rathi, CFO of the company.
- **Mr. Ramesh Kumar Rathi:**
- Good morning, everyone. Good morning.
- **Mr. Salil Taneja -- Chairman, Taal Enterprises Limited:**
- Thank you. We also have with us here Mr. Abuali Darukhanawala from M/s. V. P. Thacker & Co, Statutory Auditors of the Company, also Mr. Giriraj Mohta, Practicing Company Secretary the Secretarial Auditor of the Company and Mr. Satish Kolhe, Practicing Company Secretary and

Scrutinizer for this Annual General Meeting. I will now request Himanshu Choradiya, the Company Secretary once again to brief the members.

- **Mr. Himanshu Choradiya – Company Secretary, Taal Enterprises Limited:**

- Thank you, Sir. The Ministry of Corporate Affairs and the Securities and Exchange Board of India wide their respective circulars have allowed companies to hold the Annual General Meeting through video conferencing or through audio visual means during calendar year 2022. Further, as per the said circulars, the companies are permitted to dispense with the requirement of sending the physical copies of annual report to the shareholders. Accordingly, the annual reports of the company for FY21-22 have been sent by electronic means to all those shareholders whose e-mail IDs were registered with the companies or depository. Now few instructions about the meeting. Members who have not voted during remote e-voting period may cast vote electronically during the meeting. The e-voting will end 15 minutes after the conclusion of this AGM. All members have been kept on mute. Shareholders who have registered as speakers will be unmuted once their name is called. We will respond to the queries received in due course of the meeting. Speed and working of the audio video mode for joining the meeting by members depends upon your Internet capacity. Now, I request Chairman to kindly start with the proceedings. Thank you.

- **Mr. Salil Taneja -- Chairman, Taal Enterprises Limited:**

- Thanks, Himanshu. I will start the meeting now formally. I have been informed based on registrations received from shareholders for the e-meeting that the requisite quorum for the meeting is present. I therefore call this meeting to order. Since the meeting is being held through electronic means, no proxy is allowed to attend the meeting. The company has received representations under Section 113 of the Companies Act 2013 and the details are available with the scrutinizer. I would also like to inform you that the statutory registers as required under the Companies Act 2013 will be made available upon request of the shareholders.

- **Mr. Himanshu Choradiya – Company Secretary, Taal Enterprises Limited:**

- I now request the Chairman to address the shareholders.

- **Mr. Salil Taneja -- Chairman, Taal Enterprises Limited:**

- Thanks again, Himanshu. Good morning, ladies and gentlemen and dear members. It is my privilege to extend to all of you a warm welcome to the 8th Annual General Meeting of your company. I would like to thank all of you for your continued faith in the company and for sparing the time to be with us today. It's a pleasure to connect with you. I would love to have connected physically in a meeting, but as it is it's virtual.
- I will now like to apprise all the investors and the members of the Taal Enterprises Limited about the performance and the prospects for the company. during the year 2021-2022, the total consolidated income of the company was ₹14.13 crores as against ₹12.38 crores in 2020-2021, that is the previous year. The consolidated profit after tax was 31.91 crores as against ₹31.80 crores in the previous year. The total consolidated income stood at ₹36.79 crores in the quarter ended 30th June, 2022 as against 33.31 crores in the same quarter the previous year. While the consolidated profit after tax stood at ₹7.44 crores against ₹8.44 crores in the same quarter the previous year. I would also like to highlight that Taal Tech India Private Limited is now a wholly owned subsidiary of the company. The company had a presence in the air charter segment of the aviation industry as you all recall. During the year under review and as we had mentioned earlier as well, the company did not operate the aircraft due to an accident that had occurred and we are currently in the process of exploring various other options that are available to the company.

- We are hopeful that we consolidated business performance will improve in the near future. On behalf of the Board of Directors of your company, I express my gratitude to our shareholders for their continued support and cooperation. I also take this opportunity to express my sincere thanks to all the stakeholders of the company including investors, bankers, domestic, and global customers, suppliers, business partners, aviation authorities, and all other institutions that have been associated with us. Finally, I would like to specially acknowledge the entire Taal Enterprises family for their contribution, their hard work, and their commitment in the progress of your company. Let us continue our efforts to meet the challenges ahead and move forward in our endeavors. Once again, on behalf of the Board of Directors of Taal Enterprises, I want to thank all of you for your continued trust, confidence, and support. Thank you.
- The annual report and the notice and convening the 8th Annual General Meeting were dispatched through electronic means. With your permission, I will take the notice as read. Dear members, pursuant to the provisions of the Companies Act 2013, there are no qualifications, observations, or comments of the auditor in the audit report of the company for the financial year 2021-2022. With your permission, I will take the audit report as read as well. I now commenced transacting the business contained in the notice dated 12th August, 2022 and request the Company Secretary to read out the proceedings. Himanshu.
- **Company Secretary. Himanshu Choradiya – Company Secretary, Taal Enterprises Limited:**
- Thank you so much, Sir. As per the provisions of the Companies Act 2013 and SEBI listing regulation, the company had provided 2 modes to the shareholders for casting their vote on the resolution set out in the notice convening the AGM. The remote e-voting and electronic voting facilities at the Annual General Meeting. The remote e-voting facility was made available to the members from Sunday 25th September, 2022 to Tuesday 27th September, 2022 through the voting portal of NSDL and the same has been closed.
- The e-voting at the Annual General Meeting is being made available to enable members who have not cast their votes through remote e-voting to exercise their voting rights. The members may please go to the e-voting website of NSDL and cast their votes. Since the AGM is being held through video conferencing and other audiovisual means and the resolution mentioned in the notice convening this AGM have already been put toward through remote e-voting, there will be no proposing and seconding of resolutions. Members who have already voted through remote e-voting shall not be eligible to participate in the voting today. However, they can participate in the AGM. Mr. Satish Practicing Company Secretary has been appointed as the scrutinizer of the meeting to scrutinize the vote cast through remote e-voting and e-voting during the AGM. upon the completion of e-voting, the voting results will be declared within 48 hours based on the scrutinizer report and the same would be published on the company's website and uploaded on the website of BSE Limited. Now, I request the Chairman to continue with the proceedings.
- **Mr. Salil Taneja -- Chairman, Taal Enterprises Limited:**
- Thanks, Himanshu. I invite all shareholders that is those who have registered as speakers who asks their questions. The answers to all the questions will be provided once all the speakers have finished asking their questions. Thank you. Himanshu.
- **Mr. Himanshu Choradiya – Company Secretary, Taal Enterprises Limited:**
- Now, I request the moderator to unmute the mic for speaker on pronouncing their names.
- Mr. Rishikesh Chopra. Is he there? I think Sir, he is not there. I will move to the next speaker. Mr. Ashwin Albert D'Souza.
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- **Mr. Ashwin Albert D'Souza – Shareholder:**
- Hello. this is Ashwin. Are you able to hear me?
- **Mr. Himanshu Choradiya – Company Secretary, Taal Enterprises Limited:**
- Yes.
- **Mr. Salil Taneja -- Chairman, Taal Enterprises Limited:**
- Yes, please go.
- **Mr. Ashwin Albert D'Souza – Shareholder:**
- Okay. Good day all. This is Ashwin Albert D'Souza. DP client ID 1208160005449421. Thank you to the management, employees, vendors, and other stakeholders of Taal Enterprises. The company at a consolidated level has been performing well based on the circumstances in the last two years and as we embark on the next year and the next set of growth, I understand Taal Tech Private Limited is now fully owned by the company. Since this is the only interaction point with management and information on the overall companies parts my questions include the entire company and its fully owned subsidiaries. I request management to answer these questions fully in AGM or if needed in a separate conference call. This has been requested many times in the past, but management has not shared sighting one or the other reason. I'll get on with my questions. A special request to management okay please holds a quarterly or half yearly conference call with investors. The cost of hosting is not much and time is also just an hour, maybe a few hours of prep and you are experts. So, but this will help investors a lot in understanding better the company okay.
- Next question on Taal Tech Private Limited, since this is now 100% subsidiary do we have any plans of restructuring the company holding structure in the future? Currently Taal Enterprises is just a shell company right with no operating business and maybe the structure needs to be re-looked at okay, your thoughts on that. The company has got significant amounts of cash at a consolidated level and also, we generate good amounts of free cash about 30 crores per year per my understanding, are there any plans to use this cash like are we looking at giving any special dividends, buybacks, or any other way to utilize this cash efficiently? Your thoughts or opinions on this. Can the company share the consolidated numbers okay including subsidiaries for things like what's the total staff strength? the consolidated staff turnover that is quits and hires? consolidated revenue per employee? and what is the hiring plan in the upcoming quarters? Next question, this is on the office working space since we are mostly people driven company, what is the current occupancy of seats at overall company level? how many seats are vacant before the company needs to look at additional office space? and what are the plans on that front for the upcoming quarters or years?
- Next question, what is the current percentage of work from home versus employees working from office? okay if we can throw some light on that percentage. Next question, what is the percentage of onsite offshore billing? okay and geographically what is the spread of this revenue across America, Europe, rest of the world? Vision related based on the domain knowledge that the company has right in PIA space and the other spaces that the company operates on, does the company have any plans of developing any products or product-based services which can be given on a subscription model okay I just want to understand if there are any thoughts or direction on that? On the revenue front are we seeing, what is our expectation on the revenue front for the company? are we seeing any challenges, are we seeing a growth in a particular range, and if the management can share what is the expected revenue growth that the company is looking at? The next question what are the growth or the margin drivers for the company means are we looking at some mid-teen's kind of growth for Taal Tech in particular? if you can just give us some sense of that growth number that will also help okay growth as well as margin.

- I know it's a forward-looking statement, but based on historical experience and looking at how the market is, what is the field for that okay. Going to the next question who are the typical clients okay and also like the infra boom that is happening in India and also the rebuild America theme that is playing out right, how well is this company situated to leverage that boom and what are the strategic things we are doing to leverage that? Has there been any recent hires in the top management especially in the last couple of years okay and are we trying to beef up our sales domain strength so that we have the required muscle to kind of leverage some of this upcoming macro trends, right? Can you share more information on the competitors especially IT companies, other companies which are primary competitors for Taal Tech? most of the questions that I asked right, I think these are something that most listed companies provide as part of the disclosure and I know these are more tending towards Taal Tech, which was earlier a subsidiary, but now since it's fully-owned, I believe management might be more comfortable in answering that okay. So, once again thank you for providing the opportunity to ask the questions in today's AGM. Good day. Jai Hind. Thank you.

- **Mr. Salil Taneja -- Chairman, Taal Enterprises Limited:**

- Thanks, Ashwin.

- **Mr. Himanshu Choradiya – Company Secretary, Taal Enterprises Limited:**

- Now I'd like to connect with the next speaker, Mr. Hardik Jain. Mr. Hardik?

- **Mr. Hardik Jain – Shareholder:**

- Hello. Am I audible?

- **Mr. Himanshu Choradiya – Company Secretary, Taal Enterprises Limited:**

- Yes.

- **Mr. Hardik Jain – Shareholder:**

- Hi Sir. Thank you for giving this opportunity to prudential partners. Sir we have a few questions. Sir our questions are you know our main subsidiary is Taal Tech, but not much is mentioned about its business in annual report. So, if you could please explain its business in various industries like aero, auto, industrial etc. and if you could help us understand what is the order book of Taal Tech in different verticals? what is the typical time cycle of order execution? and Sir we wanted the industry wise breakup of 129 crores of sales in FY22 and also if you could break up this sales in terms of domestic and exports and what percentage of sales came from Europe? and what is the impact of geopolitical crisis in Europe you know on our business? and Sir Mr. Prakash was the CEO of the company earlier, so who's heading the business now if you could you know tell us that? and what percentage of our top line comes from top five clients? and Sir our employee cost is 72 crores, so we wanted to understand how big is our team and if you could give us a break up of offshore versus onshore employees? and Sir is there any annual recurring income that we generate from these orders?, and Sir my last question is what are our growth plans for next couple of years if you could you know help us understand that, Sir? Thank you so much. Appreciate this.

- **Mr. Himanshu Choradiya – Company Secretary, Taal Enterprises Limited:**

- Thank you.

- **Mr. Salil Taneja -- Chairman, Taal Enterprises Limited:**

- Thank you so much.

- **Mr. Himanshu Choradiya – Company Secretary, Taal Enterprises Limited:**
- We have one more speaker called as Shweta Jain, but I think she had not joined. So, Sir you can proceed with answering the queries of the shareholders.
- **Mr. Salil Taneja -- Chairman, Taal Enterprises Limited:**
- Yeah. Thanks, Himanshu. So, I will pick up some of the prudential questions first and then move on to assurance questions. I think there's some amount of overlap between the two and I'll try to answer these questions to the best of my ability. Essentially Taal Tech is in the engineering design space, which means we provide engineering design services, back-end engineering design services to our customers. We have business is divided into four verticals within Taal Tech, that is product development engineering, which includes aerospace, auto, trailers, industrial machinery those kinds of equipment. Plant services engineering, which is services that we provide typically to EPC companies working in the refineries, let's say refineries and petrochemical space. Civil and infrastructure, which is to a large extent in our case building information modeling, and then we have a new area that we've entered into which is embedded in IoT engineering. You asked what is the order book of Taal Tech.
- We don't really have an order book. We work on a time and material basis, so we really don't have a concept of an order book. We have repeat purchase orders from customers and the projects keep on changing. So, there is there is a visibility in terms of orders because we have the same customers who are giving us orders again and again, but there is no order book so to speak. The industry wise break up in the same sort of industries that I told you about product development engineering out of the 129 crores of sales in FY22 product development engineering was 55 crores, plant service engineering was 44 crores, civil and infra was 24 crores, and embedded in IoT which is a new area for us was 6 crores. All of our business is export, so there is actually no breakup between domestic and exports. 100% of the revenue is exports. 37% of it came from Europe, the majority of the I mean the majority of the rest came from the US. I think there was a very little small quantities perhaps from Australia and New Zealand, but the majority the balance was largely from the US.
- Prakash, as you said Prakash Saralaya was as you correctly mentioned the MD of the company, was the CEO of the company. I am now the MD of the company, so in effect I have taken over from him. The top five clients I think did you ask what is the revenue from the top five clients? The percentage revenue from the top five clients is 32%. I think that should give you a fair idea of the concentration or the diversification of the business. The employee cost is 72 crores that is last year and just to give you a sense of the break up, as of March 22, the total employees offshore was 370 and on site was 40. As of as today, as currently the total employee strength offshore is 422 and there are 55 on site. This question I think I've answered whether we have repeat customers as I said there's no order book, but we obviously do have repeat business from customers. Growth plans for the next couple of years? The growth plans are pretty much to focus on the businesses that we are currently doing. We see ample opportunities within the space that we are. We actually for the size of company that we are, I'd say compared to our peers, we have fairly diversified that is we have a number of -- we are active in a very large number of spaces, so I believe we do not really need to look outside of that space currently to look for growth.
- I think I didn't answer one of your questions yeah, what is the impact of the geopolitical crisis? Well, I think the impact particularly in Europe is that there is an increase uncertainty in the business. Certainly, we can see that, we sense that from our customers, and the uncertainty is resulting in delays in terms of decision-making, and in terms of new businesses, but I'd say there's a positive and a negative side to that. The negative side is of course the delay and the positive side is that I think companies are more and more looking sort of convinced that they need to outsource their business to companies like us and they don't really want to hire locally because hiring locally is much more of a permanent commitment as compared to outsourcing business to companies like Taal Tech.

- I will now move on to Ashwin questions. Ashwin, I think asked why don't we have a conference call yes, it is certainly something that we will look into, something that we will consider positively. As far as consolidating Taal Tech with Taal Enterprises is concerned, that is a decision. It's a natural question of course now 100% owned subsidiary and this question will be taken up at the Board level and I'm sure it will be discussed favorably and I cannot comment on behalf the Boards decision. In terms of what do we want to do with the cash yes, there is cash. We've already declared a dividend. The company has been declaring you know a regular dividend. In terms of other opportunities yes, we are obviously looking at all opportunities available to us and again the Board will decide what to do with the cash, but I think the dividends will continue. Consolidated numbers for 22-21 in terms of staff strength, staff turnover. As I said, the number of people employed I already gave you that number. Staff turnover quits and hires, I don't have details on that separately, but roughly these turn over has certainly gone up as of late. The last number that I had which I reviewed was roughly 19%. Yes, we are hiring people. Yeah, consolidated revenue per employee, I don't have exact numbers with me, but I believe it's roughly 30 lakhs per employee, that's been -- I think we've been very close to that number for the last two to three years.
- In terms of office space, we have 52,000 square feet of total office space and we are working out of Bangalore and is divided between two offices. Almost all employees are now back to office, yeah there is some amount of flexibility that people are still enjoying, but I'd say largely everyone is back to the office. On site, offshore billing between America, as I said Europe is 37%, balance is largely North America. In terms of where we want to go from here, as I said we want to focus on the verticals where we are already present simply because we are already fairly diversified and there are significant opportunities for growth within those sectors. Are we seeing revenue growth, are there challenges? Yes, there will always be challenges. There are challenges in the market, there are challenges in terms of attrition, there are challenges in terms of recruiting people, but I think this is all part of the business. We see we see good opportunities for growth. We see increasing demand for outsourcing engineering services. I don't want to comment specifically on numbers, on what kind of sort of forward-looking comments at this point of time, but I'd like to say that yes, there is certainly a lot of opportunity within the business space that we are operating in.
- Two other types of clients, as I said we are operating within four different verticals. I don't want to give client names, we don't divulge client names, this is actually embedded in most of our contracts with clients, we're not allowed to divulge their names, but I'd say that they are highly recognizable names. We are working with many industry leaders within the space that we are operating in. who are our competitors? So, we are operating I'd say if you want to give a sense of what businesses are, we compete with, I'd say the larger companies in our space the names that you probably be familiar with are companies like Quest, Scient LTTS, Access Cades. I think this should give you a good sense of the kind of business that we are involved in. Yes, we are trying to -- certainly we're trying to beef up the management of the company, the sales team. We are also very actively trying to increase our digital presence. Hopefully, we'll see this in the next 6 to 12 months. Currently, a lot of our sales is outbound, we hope to change that and see a lot of inbound sales as well once we increase the digital presence that we have.
- I believe I have answered most of the questions and so I'd like to move on to the next item on the agenda Himanshu.
- **Mr. Himanshu Choradiya – Company Secretary, Taal Enterprises Limited:**
- Yeah. Sir there are no more speakers. Requesting you to please continue with proceeding of this AGM.

- **Mr. Salil Taneja -- Chairman, Taal Enterprises Limited:**
- Thanks, Himanshu. The members who have not yet voted may now please cast their vote. I request the scrutinizer to submit his report in order to declare the results of the voting within 48 hours of conclusion of the AGM to the Stock Exchange and display the same on the company website. With that, we conclude the business of the meeting and I thank all members present for attending the meeting and casting their votes. I now declare the meeting is concluded and thank you all for your active participation.
- **Mr. Himanshu Choradiya – Company Secretary, Taal Enterprises Limited:**
- Thank you so much Sir.
- **Mr. Salil Taneja -- Chairman, Taal Enterprises Limited:**
- Thank you, Himanshu.
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End of Transcript