

Duncan Engineering Limited

Transcript of the 64th Annual General Meeting held on 24th July 2025

64th Annual General Meeting of the Members held on Thursday, 24th July 2025 through Video Conferencing

Transcript

Moderator Sarita

Good morning, everyone, a very warm welcome to all the panel members and shareholders for the 64th annual general meeting of Duncan Engineering limited. I now hand over the proceedings to company secretary. Over to you Madam. Thank you.

Shanu Gupta - CS

Good morning, everyone. I'm Shanu Gupta, company Secretary and Compliance Officer of the company. A very warm welcome to everyone to the 64th annual general meeting of Duncan Engineering Limited. The general circulars issued by the Ministry of Corporate Affairs and the circular issued by the Securities and exchange board of India has allowed company to conduct annual general meeting through video conferencing or other audio-visual means, thereby, dispensing with the requirement of physical attendance of the members at their AGM. Accordingly, the 64th annual general meeting of Duncan engineering Limited is being held through video conferencing or other audio-visual means. Member attending this meeting through video conferencing or other audio-visual means shall be counted for the purpose of recurring quorum under section 103 of companies Act, 2013. The facility to join this meeting through video conferencing or other audio-visual means is made available on 1st come, 1st serve basis for all the members. All members are kept mute by default to avoid any background noise and to ensure smooth and seamless working of the meeting. Once the Q and A session starts, the name of the shareholder will be announced who have registered themselves as speakers. The speaker shareholder will thereafter be unmuted to give a fair chance to all the speaker shareholders 5 minutes are allotted to each speaker. To start speaking, shareholders are requested to follow instructions given to them by the operator. However, if due to any reason they are unable to join the meeting through video, they can speak through audio mode. If there is a connectivity problem at the speaker's end, the next shareholder waiting in the queue will be asked to join.

Once the connectivity improves and if time permits, he or she will be called again to speak after the other shareholder complete his or her speech. For good audio video experience, shareholders are requested to ensure the following things. No other application are running in the background Wi Fi is not connected to any other device and if there is any others, if there is any other issue, they may contact the phone numbers and email IDs mentioned in the notice of AGM.

I have immense pleasure in introducing my colleagues present in the meeting. Mr. Vishal Sehgal, chief operating officer, Mr. Kamal Saria chief Financial officer, Ankit, Chief of staff, and Mr. Gagandeep head sales and marketing.

I would like to introduce the board members who are joining us from various locations. Mr. Arvind Goenka chairman, Mr. Akshat Goenka, Managing Director, Dr. D.S. Gangwar, Independent Director and Chairman of audit committee, Madam Arti Kant, independent Director, Miss Sheila Singla Independent Director. The representative of our statutory and secretarial auditors are also present at the meeting. This is to inform that the requisite quorum is present at this meeting.

The annual report for the financial year 2024 - 25 has already been circulated electronically to the members of the company whose email addresses are registered with us or with the RTA. To further to comply with the recent amendments in Sebi regulations, a web link containing the exact path to access the complete annual report has been sent by physical mode through inland letters to those members who have not registered their email IDs. With your permission, I shall take them as read. The independent auditors report on the financial statement and secretarial audit report for the financial year 31st March 2025 does not contain any qualification or adverse remark. Accordingly, they are not required to be read as provided under companies act 2013. The register of contract in which directors are interested, the register of directors and KMP and their shareholdings are available electronically for inspection by the members. Now I request mr. Arvind Goenka Chairman to take the chair and proceed with the meeting over to you sir.

Mr. Arvind Goenka- Chairman

Good Morning ladies and gentlemen. I welcome you all to the 64th annual general meeting of your company. For the year ended 31st March 2025, your company delivered a resilient performance building momentum in a dynamic and evolving business environment. I am pleased to share the revenue from operations group by 26 % rising from 65.10 crore in FY 23-24 to 84.71 crore in FY 24-25 our profit before tax to that 6.75 crore in FY 24-25 compared to 9.25 crore in FY 23-24. The profit was lower due to investments and strategic initiatives, certifications etc. Focusing on building a pipeline for future of broad base and sustainable growth in the business of the company. In appreciation of your continued trust and support, the board of directors has recommended a final dividend of 30 % for the year that is replaced 3 %. For 2024-25 was a transformative year. Against the volatile yet recovering global economy driven by 6.5 % GDP growth we remained agile and forward looking. We capitalize on strong tailwinds and power cements steel infrastructure and industrial automation, ruling demand for numatic and well automation systems. Our concluded emphasis on product innovation led to key additions including pulse check wells, spool wells, and complete well automation systems. Our pending EIL approval or one on off wells will be a breakthrough which will under lock entry into the core oil and gas segment. While our deeper engagement with and different sectors underscores our progress towards strategic national initiatives. I thank all our shareholders, employees, customers, and partners for their interest. With your continuous support, we will come we are confident of delivering sustainable growth and long term value in the years to come.

Shanu Gupta - CS

Thank you sir. After, after tabling of the resolution is over, registered speaker can express their view and ask questions. Now I will pick up the formal items of the business of this AGM.

The 1st item of business relates to the adoption of audited financial statements of the company for the financial year 31st March 2025 along with the report of the board of directors and the statutory auditors thereon. The objective of this item is to comply with the requirements of the company's Act 2013.

The 2nd item of the business relate to the proposal to pay a final dividend at a rate of rupees three, that is 30 % per equity share for the financial year, 31st March 2025. The objective of this resolution is to declare final dividend for the financial year 24-25.

The 3rd item of business relates to the appointment of a director in place of Mr. Akshat Goenka who retires by rotation and being eligible. Offer himself for re-appointment. The objective of this item is to reappoint mr. Akshat Goenka who retire by rotation in compliance with the requirement of article of association of the company as well as companies act 2013.

The 4th item of the business relates to the reappointment of S S Kothari Mehta & Co. LLP as Statutory Auditor for 2nd and the final term as statutory auditor of the company and to approve their remuneration.

The 5th item of business relates to the appointment of S Vaishnav & Associates practicing company secretaries for their 1st term as secretarial auditor and to fix their remuneration. This appointment is related to the recent amendment in the SEBI listing obligation and disclosure requirement regulation 2015. I now invite the speakers to put forth their queries and suggestions and I would request the speaker to be precise. We shall be happy to answer your questions or to provide clarification after all the questions are raised. Over to you ma'am, Sarita ma'am.

Moderator Sarita

Thank you mam. Now I invite speaker number one, mr. Hitesh Kiran. Sir, you are in the panel. Please enable your video and you may ask your question.

Hitesh K

Yeah am I audible?

Okay, thanks for the opportunity. I had sent my questions by email should I read them through or the management has them.

Akshat Goenka (Managing Director)

We have, we have already got that list. Thank you and there is NO need to read through them. We have it written down here.

Hitesh K

Just a request if you can elaborate on these points, it'll be very helpful because again we are interacting with you after a year now. So it's a request.

Akshat Goenka (Managing Director)

All the speakers are heard, then we will answer all the questions. Okay, great. Thank you.

Moderator Sarita

Now I invite our speaker number two, mr. Vaibhav. Sir, you are in the panel, please enable your video and you can ask your question.

Vaibhav Badjatya

Hello?

Moderator Sarita

Yes sir, you're audible.

Vaibhav Badjatya

Yes, good morning, everyone, and thank you very much for Giving me the opportunity to speak at this platform. I have also sent my list of questions via email, so if that is there in front of you, I shall not repeat it again. Otherwise, I can go over it once more if required.

Akshat Goenka (Managing Director)

No, we, we have it. Thank you.

Vaibhav Badjatya

Just a request sir, if you can answer all these questions in a point wise manner pertaining to each question separately, it will be highly appreciable sir.

Akshat Goenka (Managing Director)

Yeah, we will, we will read the question and then get the answer. Sure sure sir.

Vaibhav Badjatya

Thank you very much.

Moderator Sarita

Thank you sir. Now I'll call upon our speaker number three, Mr. Keshav Garg. Sir, you are in the panel. Please enable your video and you may ask your question.

KESHAV GARG

So thank you very much for providing me this opportunity. I hope my voice is audible.

Moderator Sarita

Yes.

KESHAV GARG

So I have also sent my detailed questionnaire, so I would request you to kindly answer them point by point. I don't want to take the time of this meeting repeating the same questions instead, sir, you can take the time to answer those. Those questions in a more elaborate manner and so just want to get the outlook and the progress on new product development answer in the previous AGM you had told us about 15 % operating margin and business doubling between three to four years or so.

So are we on track to do that and what is in store for the shareholders, so that's about it. Rest all the questions are with you. Thank you very much and best of luck to you and your team.

Akshat Goenka (Managing Director)

Thank you.

Moderator Sarita

Thank you sir. Now our speaker number four and speaker number five and Amit sir is currently not present in the panel. So we call upon our speaker number six. Ma'am, you are in the panel. Please enable your video and you may ask a question.

Yeah ma'am, you audible.

Veena

Good morning, everyone, I have already sent a list of queries but broadly I want the management to focus on two major areas for us to understand as shareholders about what strategy and how the company outlook is going ahead. But in the last takeaway was that as developing the export market has been a long down process with approvals also taking significant long time. We have shifted our focus on developing the domestic market which again is very highly competitive. So if you can just give us some detailed information about what initiatives has the company taken to grow the domestic business with regard to the new product development or the new application areas that has been set out in the recent annual report and I just want to understand have we identified certain product gaps in our existing portfolio or we have looked into some of the white spaces in the industry offerings that are not being provided by the existing players. So that's the one part of the question. And secondly looking at our beta margins profile.

As now we have focused more into the public sector dominant sectors like oil and gas, the power and the defense comparatively to the private sector dominant sectors. Should we assume that our Ebitda margin guidance that we have provided earlier around.

Percentage seems to be getting now on the lower side of it or not. And so finally with regard to the existing infrastructure that we have created, what are the peak revenues that are possible from that and how would we look about your program for the next two years? Thank you sir.

Moderator Sarita

Our last speaker shareholder Mr. Sanjog is currently not present in the panel. So with this we complete our speaker shareholder queries. Over to you, sir. I request to please reply to the questions that are in front of us. Thank you so much everybody for asking these questions. We will try our best to answer all of them as much as possible. We also have to keep in mind that a lot of initiatives and a lot of questions that have come to us are, are things that are work in progress and cannot necessarily be.

Akshat Goenka (Managing Director)

Discussed in this forum currently, but we will be trying our best. So I'll start off with the questions. The 1st question that is there with me, what is the outlook for the current year, FY 26 in terms of top line and bottom line? So we are targeting well over a hundred growth in top line from this year. Well over a hundred crores in order booking this year, our ebitda margin guidance remains approximately 15 %. Our execution pace and order realization will basically guide the trajectory within that range. Now I'll also answer the question about.

You know us moving into public sector enterprises and hence margins being reduced over there. And yes, that is correct. In places like BHL, the margin will be very low. However, as operating leverage kicks in and as our top line goes up, there will still be ample score. To deliver 15 % plus ebita margin. The reason the margins were down last year were basically fixed costs were high and as the top line goes up, that absorption will take place. Why have our top five most paid employees

exited the company during FY 25 and have we been able to find the replacement for the same? So all of these exits were part of internal restructuring to align with our fresh growth.

Both priorities. All replacements have been onboarded with a mix of internal promotions and external talent. Three of these guys are here on the call, Vishal, Gagan and Ankit, and from a people perspective, we are far far better placed today to achieve our objectives than before.

What is our current order book? In quarter one FY 26, we did an order booking of 24.3 Crore rupees. In quarter one FY 25, which is the previous the corresponding quarter previous year, we did an order booking of 18 Crores.

So from 18 Crores, the order booking in quarter one has grown to 24.3 Crores. In the entire FY 25 last year, we did an order booking of 75 Crore rupees. So we are well placed to, to grow handsomely from this number.

Also, one more figure which will to the board meeting is tomorrow, but last year quarter one was one and a half Crores approximately. This year quarter one in the results that will come out tomorrow, expected to be around 2.4 Crores.

It's question, why is our margins ebita falling since FY 23 year on year? This is largely due to upfront investments in people processes. These are, so a lot of the investments have been already have been done and they are ongoing, but the revenue for that has not come through.

So if you actually see our, our material cost margins has not our gross margin has not gone down. It's basically the fixed cost that has come up without the revenue going up. As the new businesses come in and the revenue goes up, these margins will improve and become ok.

How many shifts are we operating at currently? We are currently operating at a single general shift. This remains adequate for now with flexibility to scale as demand necessary. Question, our revenue growth is dependent upon the growth or CapEx in which sectors?

Our revenue is actually linked to both CapEx and maintenance cycle predominantly in power, oil and gas, steel and cement sectors. Question is Duncan trademark owned by the company? Yes, the Duncan trademark is fully owned and registered under the company.

At what rate do you see our company growing over the next five years? We are targeting the CAGR well over 15 % what are the levers going to be? The levers for this are going to be the after market business. Gagan is sitting here, there was a question somewhere about about Gargan and after market also.

So, so he's well placed to lead this. He's also leading projects but with special focus on after market because that's where the margin is going to come from. And there's a lot of room to grow our after market business. Wall automation system is going to be another very big lever of growth which is predominantly going to go into the oil and gas sector. Up till now we were focusing on selling actuation systems, but now we have changed our strategy and now we are going to be selling. The entire world automation system and that's why we think we're gonna get in.

End user approval is going to be a another critical part of our growth strategy because what we have seen is in cases where we have the approval of the end user, we can command margins and also guarantee our business.

Whereas, places where there is NO end user brand preference, it becomes a race to the bottom on price and many people come in. In the next three years or so, I don't see a lot of top line coming in from defense and nuclear, but that will come in later.

Question does the diversification into electrical actuators make sense for us? Yes, it absolutely does. We are currently evaluating it as we speak. It's not, it has not been there, it has not yet been declared as part of our official product pipeline because we are evaluating it but it.

Makes absolute sense for us. What are the entry barriers in this business? Entry barrier to this and all allied businesses is predominantly approval at the end user level. So this is a question that I just answered recently, but.

If we have approvals, we'll have business. Even why the answer to why we did not grow last year is because we spent a lot of time in developing products, but not enough time in actually getting end user approvals.

So as a result, whenever you went to sell these products to new customers, they always came back and said, you know, where are your approvals? So hence we started this journey to get the EL approval in January. Once we get that in, a lot of these things will click.

Question in FY 25, we did not hit the milestones that we were confident about at the start of the year. Could you please share what went wrong for us? Basically what went wrong for us is VAS. We were not, we had taken a target to sell wall automation systems. At that time we were.

It's focusing more on just the automation part and it's very clear that selling only automation is next to impossible. One has to sell the entire package with the valve and we changed course, we realized our mistake and by the end of last year around December we realized this has to change and we've been working on that.

And once we get the EL approval, it's gonna happen. The other thing that we realized is that a lot of the business is now in BHEL, and we did not have a good proper BHL strategy in the last year. That has again been rectified and we are confident of winning a lot of orders from BHL this year. Margins.

To below as one of the speakers has already pointed out.

Question, what is happening with the replacement after sales business? We had an interesting recruitment to head this vertical. Would it be possible to share the developments here with some numbers to get a sense if this can be a meaningful business going forward? The after market vertical has gained solid traction under Gagan's leadership.

From approximately three point 75 Crores a month in FY 25, we are currently operating at 4.4 Crores a month and we have a clear path already outlined to go to 50000000 a month.

And our target is that by the end of this year we should be in a position to enter next year at six growth a month. Dealer expansion and product availability have both been improved and there is a lot of focus in growing after market and we are optimistic about this becoming a steady growth pillar. Again.

Earlier, this was not a focus area. This is something that we again realized in the last year that after market is where a lot of business can come from. Question, could you please give more color on the opportunities that we are looking to tap in through the approval of EIL? Which products are we looking at and the kind of customers we are looking to tap here? The EIL approval will allow us to.

Automation systems to all oil and gas clients. The opportunity is huge and next year and next year's AGM we will be much better placed to talk in concrete terms about this because we'll have the EL approval and we'll have some business coming in this year.

On a conservative basis, is it possible to give some direction to where things are headed to both in terms of scale across different verticals, projects, products, and after sales, and also on the, on the profitability? As already said, our long term target is to focus on after market and grow it in a very profitable manner.

In projects, as far as our current traditional product offerings are concerned, we are close to saturation because we are not going to be chasing business by, reducing price. So project business will go basis the market. I don't see any big growth coming from there from my existing customers.

But where growth will come is by selling wall automation systems to our existing customers as well as new sectors. And, and BHL will give growth in the top line. And later that BHL business will convert into a lot of bottom line into the after market business.

One question, where do you see the light at the end of the tunnel? What will be the group triggers in the 1st and 2nd half? Light at the end of the tunnel is again EIL approvals and deeper integration with BHL and after.

Market scale up. H one is about accelerating after market momentum. H two will be driven by execution on the project wins from BHL.

Question which are the top industries we cater to? Cement, steel power engineering. Question, what will be the growth drivers for the company? I think we've already answered that. Question steps taken to increase the aftermarket revenue?

We are actively expanding our distribution footprint and adding new products like spool walls and pulse walls, increased customer touchpoints are showing early signs of impact. Question, Our scale of operations has remained stuck at 60 to 80 crores for the past decade. So is it because of unfavorable favorable industry environment or smaller time? It was basically a TAM constraint. It was a TAM constraint of existing products and existing sectors, and now we are unlocking new times through new sectors and new end user approvals and new products.

As ownership of Duncan is more structured now with AG ventures owning the stake and since they don't have any other operational business post demerger, can we expect more aggression in this business towards growth? Definitely Duncan is the focal point of the, of the AG ventures holding company and all energies will be aligned here. The intent is long term and. Strategic and you'll see that play out.

What are the nature of the investments that we have of 250000000 and going forward will the cash flow of this business be reinvested in the core business or used by the parent in making financial investments and startups et cetera like we do in AG ventures? The investments that are part of the Duncan balance sheet are year marked.

For duncan's strategic roadmap, any financial deployment from the Duncan balance sheet will be in direct alignment with Duncans for growth strategy. Some questions remain unanswered by us. This is primarily because several initiatives are currently in progress and yet to be fully crystallized. As these take more definitive shape.

Like we will communicate them transparently and they will automatically start reflecting in the performance and the results as well. So please be assured the entire Duncan engineering team is

operating with strong focus and intent to grow the company. We acknowledge that there were some strategic errors made by us in the past which impacted the rate of growth. Corrective steps have been taken and we are very confident that the coming years will reflect meaningful progress and sustainable growth.

Thank you once again for your continued trust and support.

Arvind Goenka- Chairman

Thank you. The agenda items have already been put to vote by remotely voting and now been put for voting electronically during the meetings. I would like to inform you that person to the provisions of companies Act 2013 and the regulation 2015, the company provided remotely voting facility to all his members through the. Provided by MUFG in time in respect of each of the businesses contained in the notice convening the meeting. Such remote voting was open on Monday 21 July at 09:00 A.M. and concluded on Wednesday 23 July at 05:00 p.m.. So one more point I forgot to address because it was there regarding Capex in various things.

So I would like to highlight that we are operating under the CapEx light model and any CapEx that will be incurred capturing the market. Members present at the meeting who are not cast votes during remotely voting must available of the facilitator of e voting during the meeting.

The guidelines to vote during the AGM have been mentioned in the notice of the meeting. The result of evoting during the AGM along with the results of remote evoting will be scrutinized and a consolidated result will be declared subsequently. Please refer to the notice for the same manner is in connection with the e voting process. This concludes the transaction of business mentioned in the notice meaning 64 general meeting of the company. I now request the e voting to take place. Please note that the e voting can be done for another 15 min from the conclusion of this meeting. The result of e voting will be announced and received the report. E voting results will be announced within two working days of the conclusion of the AGM as required under the company's act, and Sebi. The result will be submitted to stock Exchange and hosted on company's website. Thank you. Thank you.

Shanu Gupta- CS

Thank you so much sir. I'm pleased to propose a vote of thanks to the honourable chairman and to the board of directors and other representatives who are with us in the meeting. I thank each of one for you for being here. Thank you for your continued support and we look forward to the same in the years to come. Thank you once again. Have a good day.

Moderator Sarita

Hey everyone for joining. The meeting is now concluded. We have displayed the closing banner and voting lines are open for next 15 min. Now you may take.