

Paushak Limited - Transcript of 50th Annual General Meeting

1st August, 2023

Following Directors, Key Managerial Personnel & Auditors of the Company attended the meeting through VC / OAVM

1	Mr. Chirayu Amin	:	Chairman & Member
2	Mr. Amit Goradia	:	Director, Chairman of the Audit Committee & Risk Management Committee
3	Mr. Atul Patel	:	Director, Chairman of Nomination and Remuneration Committee
4	Mr. Vijay Gandhi	:	Director, Chairman of Stakeholders Relationship Committee
5	Ms. Roopa Patel	:	Director
6	Mr. Udit Amin	:	Director
7	Mr. Abhijit Joshi	:	Whole-Time Director & CEO
8	Mr. Sagar Gandhi	:	Company Secretary
9	Mr. Yash Bhatt	:	Partner of M/s. Haribhakti & Co. LLP, Statutory Auditors
10	Mr. Satyanarain Samdani	:	Partner of M/s. Samdani Shah & Kabra, Secretarial Auditors
11	Ms. Kirti Shah	:	CFO
12	Mr. R. K. Baheti	:	Group CFO
13	Dr. Tushar Shah	:	Invitee

Transcript:

Company Secretary

Good Afternoon Dear Members,

I, Sagar Gandhi, Company Secretary of your Company welcome you all at the 50th Annual General Meeting “AGM” of the Company. This meeting is held through Video Conferencing or Other Audio Visual Means without the physical presence of the members at a common venue in accordance with the various Circulars issued by Ministry of Corporate Affairs and Securities and Exchange Board of India.

The requisite quorum being present, the meeting is declared in order and open for business. In accordance with the referred circulars, Members attending the AGM through VC / OAVM shall be considered for the purposes of quorum under Section 103 of the Act.

Now, I would request Mr. Chirayu Amin, Chairman of the Company to please take over the proceedings.

Mr. Chirayu Amin

Good Afternoon Dear Members,

I am Chirayu Amin, Chairman of the Company. I am attending the meeting from Vadodara.

I now request all other directors to introduce themselves.

Mr. Atul Patel

I am Atul Patel, attending this meeting from Vadodara and I received the agenda papers and while attending this meeting, there is no one around me.

Mr. Amit Goradia

I am Amit Goradia, Director. I am attending this meeting from Baroda and I have all the agenda papers and there is no one around me while I am attending this meeting.

Mr. Vijay Gandhi

Good Afternoon Members, I am Vijay Gandhi, Independent Director and Chairman of Stakeholders' Relationship Committee. I am attending the meeting from Baroda.

Ms. Roopa Patel

Good Afternoon, I am Roopa Patel, Director. I am attending the meeting from Gandhinagar. Thank You.

Ms. Udit Amin

Good Afternoon Members, I am Udit Amin, Director of the Company. I am attending the meeting from London.

Mr. Abhijit Joshi

Good Afternoon Members, I am Abhijit Joshi, Whole-time Director & CEO of the Company. I am attending this meeting from Vadodara. Thank you.

Mr. Chirayu Amin

Dr. Tushar Shah, who is proposed to be appointed as an Independent Director of the Company at this meeting has also joined us. Mr. Yash Bhatt, Partner of M/s. Haribhakti & Co. LLP, Statutory Auditors and Mr. S. Samdani, Partner of M/s. Samdani Shah & Kabra, Secretarial Auditors and Scrutinizer for this meeting and other company executives have also joined through Video Conferencing.

I now request Sagar, Company Secretary to explain the statutory details pertaining to this meeting.

Mr. Sagar Gandhi

Thank you Sir. Now, I would like to take you through certain statutory details pertaining to this meeting.

The facility for joining this meeting is being available for members on first come first served basis.

During the meeting, if the member faces any issue, he/she may contact helpline no. mentioned in the Notice of the AGM.

The statutory registers as required under the provisions of the Companies Act, 2013 are open for inspection electronically. Members who want to inspect the registers can send their request at investors@paushak.com.

As the AGM is held through VC / OAVM, the facility for appointment of proxies by the members is not applicable and hence the proxy register is not available for inspection.

The Statutory Auditors, M/s. Haribhakti & Co. LLP, and Secretarial Auditor, M/s. Samdani Shah & Kabra, have expressed their unqualified opinion in the respective audit reports for the financial year 2022-2023.

Since the notice of AGM was already circulated to the members, with the permission of the Chairman, I propose to take the same as read.

In compliance with the requirements of the Companies Act, 2013 read with rules framed thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in terms of various relevant SEBI Circular dated 9th December, 2020 in relation to e-voting facility provided by listed companies, the Company has provided e-voting facility to its shareholders.

The e-voting platform provided by NSDL was open for voting from 9.00 a.m. IST on 29th July, 2023 upto 5.00 p.m. IST on 31st July, 2023.

Members who have not casted their vote through remote e-voting can cast their vote during the course of the meeting.

M/s. Samdani Shah and Kabra, Practising Company Secretaries has been appointed as the scrutinizer to scrutinize the votes cast through remote e-voting and during the meeting.

The Company had provided an opportunity to all the shareholders to register themselves as registered speakers. Please note that no shareholder has registered themselves as a speaker at the meeting.

The facility for raising questions / queries through chat box option is also provided by the Company.

Now, I would request the moderator to check questions / queries received, if any and to confirm if no questions / queries are received.

Moderator

Thank You. We have one question on the chat from Mr. Sai Krishna: Hi Sir, when can we expect quarterly conference calls will be initiated?

We don't have any other questions.

Mr. Chirayu Amin

Who is answering that, when are we trying to do this?

Mr. Udit Amin

Mr. Baheti, would you like to take this?

Mr. R. K. Baheti

Yeah, it's a very small shareholder base and we have no plans to do any separate conference call for Paushak as we send all the relevant information to the Stock Exchanges. However, since the honourable member has raised this issue, we will also deliberate internally and we'll come back to you. Thank You.

Mr. Chirayu Amin

Meanwhile, if you have any queries you may please contact to us and our executive will be more than happy to answer any specific query about operations of the Company.

Moderator

Sir, we have another question from the same Mr. Sai Krishna Pathri: Sir are we facing any dumping pressure from China? If yes, then how many quarters we might need to face such scenario? The third question is; Request management to release quarterly results with presentations with management commentary. End of question.

Mr. Chirayu Amin

Udit, would you like to take up this?

Mr. Udit Amin

Sure, so specific to your question on Chinese dumping? I think it's a phenomenon, you must be aware that the whole industry is facing at this point. For Paushak, how it's structured is that we have a diverse product mix with some products at high value and some products are competitive with Chinese products. So for this coming year, we foresee China will continue to dump stocks in the market. We don't have visibility, actually, how long and how not, the good thing is when we have designed our new plants, we have designed them where, even at the lowest price point of Chinese dumping, we are still able to make money or not make a loss on those products. So we will continue to scale up our volumes in the market, and tomorrow as the pressure eases, it will only add to the top line of the company.

Mr. R. K. Baheti

To the second part of the question, we do not have a practice of sending the business presentations to the shareholders or to the stock exchanges. We are compliant as far as the requirement from Stock Exchanges and SEBI are required and we send every information, whatever is required very, very promptly to the exchanges. Thank you.

Moderator

Sir we have 2 more questions on the chat. One is from Siddhesh Capital. They are requesting for a demand outlook.

The next question is from Mr. Nirav Jimudia. He is requesting for the capex plan for the next two years. End of question.

Mr. Chirayu Amin

I think. The first question was already answered. May be Udit you can re-emphasize?

Mr. Udit Amin

I think in demand outlook, I mean, obviously market uncertainty exists. But this year as per our budget, we will maintain volumes similar to last year and then we will add new capacities

as we do. It depends on the environment which is constantly changing. Currently, I think there's a lot of churn with Chinese imports coming in and there is a destocking in the entire industry, as you might know. But besides all these actions, we are still committing to maintaining similar lines of revenue, as we did last year. We are adding new capacities in the plant. So in this year we will be adding a new stream for a specific product which will help. We are spending 12 Crores this year and we are also in process of executing a large multi-purpose plant over the next 2 years. That capex will come in and be approved in the next quarter and we are also developing R&D facilities which will help us de-bottleneck for our new product pipeline and be able to receive technical approvals into the Company for future business. So that is how we are seeing this current year going forward.

Moderator

So we have a couple of few more questions, I will read all of them out.

Siddhesh capital: Details on the Company's growth plans.

Mr. Sai Krishna: Sir when do we expect the CEO's appointment?

Mr. Nirav Jimudia: We have already developed capabilities in terms of world class plant. Global players too have visited our facilities. What sort of capex is planned over next 2 years? Is management geared-up to take our sales to rupees 500 Crores and timelines to achieve this sales?

Mr. Rohit Ohri: Sir, as a general procedure of the AGM, the chairman should deliver a speech and let us know about the current affairs of the Company, opportunities, risk and other operational developments.

Mr. Rahul Jain: Capex plans ahead, how do we look ahead for the next 2 years, Current capacity, Peak sales possibility at capacity?

Mr. Saurabh Jain: Can you please talk about the capex which has commercialized and when do you expect to reach optimum utilization? What can be the revenue at full utilization? Also, Can you share revenue from derivative products in F.Y. 23.

Mr. Anirudh Shetty: What is the steady state EBITDA Percentage of our business, one given hazardous high risk nature of Phosgene. What drives consumers to use phosgene versus other substitutes? Are there any less hazardous routes being developed which could substitute phosgene in the future?

End of all questions.

Mr. R. K. Baheti

You have read too many questions. Udit you may take few of them.

Mr. Chirayu Amin

Anyway Mr. Baheti before Udit starts, there was one referred to me as the Chairman. Well, it will be my pleasure at next AGM, I will give a small brief outlook of the Company and what is happening? And the remaining questions, some of them have been already answered, but you can add back any other basic fact about reappointment of COO, and have a capital expenditure and plans, etc. Go ahead.

Mr. Udit Amin

So I think, I will address; a large part of the questions were on similar lines, so just to re-summarize. Giving a detailed break up as someone asked of actual capex plans in this meeting, it's too much information to provide. It cannot be done right now. We can provide the data if necessary. The second question many people asked was, where are we on peak capacity? So as of now at downstream capacity, we are occupying all downstream facilities. So the only variance in our sales and revenues and profits would be of a product mix variation which happens on and off at Paushak. So for most people to realize at today's capacity, we are at optimal revenue. What will determine that will not be capacity. It will be the market and external forces that will affect our numbers based on that. Paushak as a company has cash on the books, as you might know. We also have plans to invest in continuously to grow for the future. But when we do invest, one thing we do make sure is that we invest in a plant that will remain sustainable and competitive for the long run. We would not like to get into a situation where we make a capex on an inefficient plant, which is why we carefully plan our capexes phase wise, where in any scenario, we guarantee that we will give returns to our investors. So we are working on the new multi-product plant as we speak. International customers; we are developing relations with them, and we are also improving our safety standards and compliance in terms of what these customers need from our end. Phosgene, is a hazardous chemical. So we make sure that whatever capex we do, whatever teams we have in place, we meet all global standards, and that improvement is a continuous process. So we are ongoing a large change. We have got responsible care re-certified last year. We will continue to do that. We will have better focus on a safety plan, including behavioural training and safety. Coming to people and operational management, we have identified a senior team member that will come in 3 months; and building a middle management and depth in the team, is a continuous initiative that we will do. We have a strong organizational change program through HR that will groom talent from the ground up and develop a middle management skill where we are not dependent only on a senior leader but the organization runs regardless of whether a senior personnel is involved or not. We need to de-risk from market forces from China, which we are doing on capex and we will also de-risk on over dependence on senior

management, where the company has its own capability regardless of who comes and who goes. That would be Paushak's core competency which will remain with the organization. And on capexes and global customers; we will continue to work and develop these relationships as we move forward.

Mr. Chirayu Amin

Are there any more questions?

Moderator

Yes, sir. While sir was responding. There are a couple of questions, some of them are repetitions, so I will not again state them but I will just state the ones which are different ones.

Mr. Rahul Jain: How much space do we have for further capacity at present location?

Mr. Aamir: Can you share current capacity utilization and when can we reach optimum utilization on expanded capacity?

Mr. Anirudh Shetty: What is the minimum IRR payback period we seek when we do any large projects?

Mr. Rahul Paliwal: Where do Paushak stand in terms of competencies in sectors? How many PHDs are working in R&D?

End of questions Sir.

Mr. Udit Amin

So I think at Paushak we are running at the peak capacity, as we speak today - that is one question. We do not have a high dependence on phosgene and PHDs for Paushak's future because the chemistry with phosgene is relatively simple. The bigger focus is on engineering and chemical engineering and scale up, which is where we are scaling up and adding competency in the Company. And what was any other questions? Am I missing something.

Mr. R. K. Baheti

About the land availability, I think Paushak has an adequate land bank to take care of its expansion plan, as of now.

Mr. Chirayu Amin

Anything missing.

Mr. R. K. Baheti

I think broadly, we have covered everything.

Mr. Udit Amin

And one person asked earlier what would be our baseline EBITDA margin. I am saying 22 to 25% EBITDA margin will be a norm for Paushak.

Mr. Chirayu Amin

Yes, any further question coming up.

Moderator

No, Sir we don't have any further questions.

Mr. R. K. Baheti

Thank you Members for participating.

Mr. Chirayu Amin

In any case, if you have further more queries, you can contact us at our registered email Id. Our team will endeavour to respond to your request at the earliest. I would like to thank all the directors and members for joining this meeting through VC.

I request Sagar to take it forward.

Mr. Sagar Gandhi

Thank you, sir. Members please may note that the voting on NSDL platform will continue to be available for next 15 minutes to enable the members who have not casted their vote yet and who would like to cast their vote.

The results of the voting will be announced on or before 3rd August, 2023 and the same would be available on:

- (i) Notice Board of the Company at its Registered Office;
- (ii) Company's website www.paushak.com;
- (iii) NSDL's website www.evoting.nsdl.com; and
- (iv) Stock exchange's website www.bseindia.com.

70 number of shareholders have attended this meeting.

With this the meeting is concluded. Thank you.

Please find hereunder web-link to access the recording of the proceedings of 50th Annual General Meeting of the Company:

https://www.paushak.com/videos/APL%20AGM%20Recording/Paushak%20Limited-%20AGM%20Recording_FY_2022-23.mp4