

Paushak Limited - Transcript of 52nd Annual General Meeting

31st July, 2025

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

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|----|----------------------|---|---|
| 1 | Mr. Chirayu Amin | : | Chairman & Member |
| 2 | Ms. Roopa Patel | : | Director, Chairperson of the Audit Committee & Nomination and Remuneration Committee & Member |
| 3 | Dr. Tushar Shah | : | Director, Chairman of Stakeholders' Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee |
| 4 | Mr. Tanuj Patel | : | Director |
| 5 | Mr. Udit Amin | : | Director & Member |
| 6 | Mr. Chintan Gosaliya | : | Whole-Time Director & COO & Member |
| 7 | Mr. Sagar Gandhi | : | Company Secretary |
| 8 | Mr. Yash Bhatt | : | Partner of M/s. Haribhakti & Co. LLP, Statutory Auditors |
| 9 | Mr. S. Samdani | : | Partner of M/s. Samdani Shah & Kabra, Secretarial Auditors and Scrutinizer for this meeting |
| 10 | Ms. Kirti Shah | | CFO |
| 11 | Mr. R. K. Baheti | : | Group CFO |

Transcript:

Company Secretary

Good Evening Dear Members,

I, Sagar Gandhi, Company Secretary of your Company welcome you all at the 52nd 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 applicable provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in compliance with the procedure prescribed vide various circulars, issued from time to time 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 request Mr. Chirayu Amin, Chairman of the Company to please take over the proceedings.

Mr. Chirayu Amin:

Good Evening Dear Members.

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

Now I request all other directors to introduce themselves.

Mr. Chirayu Amin:

Ms. Roopa Patel you have to unmute. Still, you are muted. Yeah.

Ms. Roopa Patel:

Good evening members, I am Roopa Patel, Independent Director and Chairperson of the Audit Committee and Nomination and Remuneration Committee of the Company. I am attending the meeting from Madrid, Spain. Thank you.

Dr. Tushar Shah:

Good evening members. I am Tushar Shah. I am Independent Director and Chairperson of the Stakeholders Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee. I am attending the meeting from Vadodara.

Mr. Tanuj Patel:

Good evening members. I am Tanuj Patel. I am a Director and I am attending the meeting from Vadodara.

Mr. Udit Amin:

Good evening members. I am Udit Amin. I am attending the meeting from Vadodara and I am a Director of the Company.

Mr. Chintan Gosaliya:

Good evening members. I am Chintan Gosaliya. I am Whole-time Director and Chief Operating Officer. I am attending the meeting from USA.

Mr. Chirayu Amin:

Thank You, Everyone. Now, 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 Scrutinizers for this meeting and other Company executives have also joined through Video Conferencing.

Now I request Sagar Gandhi 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:

- a) The facility for joining this meeting is being available for members on first come first served basis.
- b) Once the question-answer session starts, I will announce the name of the shareholders who has or have registered themselves as speaker shareholders. The speaker shareholder will thereafter be unmuted by the moderator. The shareholder is requested to click on the video-on button. If the shareholder is not able to join through video for any reason, the shareholder can speak through audio mode. While speaking, we request shareholders to use earphones, so that their voice is clearly audible.
- c) Members who are interested in raising the questions or queries through chat box option, may kindly do the same.
- d) During the meeting, if the member faces any issue he or she may contact helpline number 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 members is not available and hence the Proxy Register is not available for inspection.

The Statutory Auditors, M/s. Haribhakti & Co. LLP and Secretarial Auditors, M/s. Samdani Shah & Kabra, has expressed an unqualified opinion in the respective audit reports for the financial year 2024-25.

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

In compliance with the requirements of the Companies Act and rules made/framed thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in terms of SEBI Master Circular dated 11th November, 2024, in relation to e-voting facility provided by listed companies, the company has provided e-voting facility to its members.

The e-voting platform provided by NSDL was open for voting from 9.00 a.m. IST on 28th July, 2025 upto 5.00 p.m. IST on 30th July, 2025.

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

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

Before we proceed, I would like to remind members to follow the instructions given earlier for participation during the AGM.

Please note that Management will respond to all your queries and questions after taking all the questions from all the shareholders including the questions, if any, received through the chat box option.

Now, one by one, I will read out the names of the members who has registered themselves as the speaker shareholders.

I would request moderator or NSDL Team to please unmute once the name is called out.

Firstly, we will start with, Mr. Samarth Singh, you may proceed with your question. First unmute yourself and proceed with the questions.

Mr. Samarth Singh:

Yeah. Hi, good good evening. Am I audible?

Mr. Sagar Gandhi:

Yes.

Mr. Chirayu Amin:

Yeah. Go ahead.

Mr. Samarth Singh:

Thanks. I've shared my questions in advance. I will just read them out again for the benefit of others. So my first question was that, in F.Y. 21 we had estimated our domestic addressable market at 500 crores, while our revenues were close to 120 crores, this year we did domestic revenues of close to 190 crores. So how do you assess the current size of the domestic addressable market?

Second question is, what is our current revenue split between with the industry between pharmaceuticals and agrochemicals? And how does it compare to last year?

Third question is, on Phosgene capacity. I believe our Phosgene capacity was at 14,400 metric tons per annum, is that still the case. And what was the utilization in F.Y. 25? And what was the utilization for downstream derivatives?

In Annual Report? Our annual report talks about pricing pressure due to Chinese oversupply. Were we also impacted by new domestic capacity additions in the recent years? In terms of trade measures have we filed or considered filing for anti-dumping duties against Chinese imports?

What is the structural cost difference between Paushak and other large Chinese players, either in terms of energy or feedstock or compliance?

Are there any vulnerabilities in our raw material supply chain in terms of dependence on certain suppliers?

You know a lot of the chemical industry in Europe has been hampered due to high energy costs. Have we seen any meaningful capacity reductions in Phosgene or derivatives in Europe recently?

Could you talk about whether the Covestro–ADNOC acquisition has affected global market dynamics and/or our positioning? Despite efforts over the past few years, you know, we've our export traction has remained limited. Could you talk about the challenges that we're facing there.

For the new MPP plant. What was the utilization in F.Y. 2025? With part of phase 2 MPP plant being replacement Capex. What incremental revenue can we expect post commissioning? And what is the minimum utilization level required to sustain historical EBIDTA margins on the expanded base?

What is our customer concentration risk today? And how has it evolved over the last 3 years? And finally, are we considering forward integration into final formulations or intermediates to improve our margins?

Thank you.

Mr. Chirayu Amin:

Thank you very much.

Mr. Sagar Gandhi:

Thereafter, we have Mr. Hitesh, you may unmute yourself and you may proceed with your questions.

Mr. Hitesh K:

Am I audible?

Mr. Sagar Gandhi:

Yeah.

Mr. Hitesh K:

Yeah. Great, good evening sir. Thank you for the opportunity. So this is my second year in a row that I am attending this AGM. Last time also I shared my questions, but there was not much response to the questions. It's my request, if you could, you know, answer these questions one by one I had sent my questions in advance, but I'll just go through them quickly.

Firstly, could you please share what is a broad mix of revenues between Chloroformates, Isocyanates, Carbonates, Phosgene gas and Specialty chemicals.

Secondly, could you please name the Phosgene derivatives where we are domestic leaders? And also the products that we have introduced into the market in the last 2 years, which are import substitutes? The Annual Report talks about a lot of products being import substitutes. So could you please share what these products are?

Thirdly, could you name our competitors? I think my previous speaker had also mentioned. If you can share some names of these Chinese players with whom we compete in the domestic market and also in the overseas market? Of this 240 crore, when is this 240 crore capex of

ours is going live? And could you please share, what is a Payback Period for this capacity, Profitability and Return Ratios one should look at from this particular project?

What is the outlook on the spreads of our products in the current financial year? Assuming things stay as it is. What is the current spread vis-à-vis what it was last year? Has it got better? Or, do we see challenges in retaining the spreads that we had for last year?

Sir, that's it from my side, Again it's a request, if you could please be specific. It will help us as shareholders. Thank you very much.

Mr. Chirayu Amin:

Thank you very much and let's go to a next shareholder.

Mr. Sagar Gandhi:

So, sir, I would request the other speaker shareholders to be very concise in asking their questions. Due to constraint of time, it would not be possible for the management to take on all the questions during the AGM Time.

So they can also send us their questions later on after the AGM and we'll try to respond them properly. So we'll proceed with Mr. Rajat Setiya.

Mr. Rajat Setiya:

Yeah. Hi sir, am I audible?

Mr. Chirayu Amin:

Yeah. Please go ahead.

Mr. Rajat Setiya:

Sure, so I had also sent my list of questions. But I'll just repeat those.

Mr. Chirayu Amin:

If you have sent your questions, we will try to reply them. You know, you don't have to repeat it. But if you have anything specific, you please go ahead.

Mr. Rajat Setiya:

Sure. So sir, I have sent my list of questions, but if you can, you know, answer it on point by point, because I have also attended the AGMs in the past. So some of the times the questions do get skipped, so request you to answer it on a point by point basis.

Mr. Chirayu Amin:

We will try to answer as much as possible and we'll go through your questions and try to reply them later on. If you have skipped anyone, anything, any question.

Mr. Rajat Setiya:

Sure. Thank you.

Mr. Sagar Gandhi:

Thereafter, we have Mr. Vedant Sablok.

Mr. Vedant Sablok:

Hello!

Mr. Sagar Gandhi:

Yeah. You may go ahead with your questions.

Mr. Vedant Sablok:

Yeah. Hi sir. So I have also emailed my questions. So my questions must have been, you know, with you. But with the specific question, which I want to ask you is, sir, what is the current utilization rate of for a legacy capacity, compared to the new lines, post 2022? And what is the realistic peak revenue or asset turnover possible with today's realizations from the total asset base?

So historically, sir, 1.5 to 2.0 X asset turns have not been maintained, despite the significantly higher asset base which we have. So we just wanted to understand the breakup of 14,400 metric ton per annum capacity, and the peak revenue which we can achieve from the same. Yeah. Thank you.

Mr. Chirayu Amin:

Thank you.

Mr. Sagar Gandhi:

Further, we have Mr. Chirag Maroo. You may please unmute yourself and go ahead with your question.

Mr. Chirag Maroo:

Yeah, thank you for the opportunity. Most of my questions have already been asked by the other participants, so I'll just ask a couple of them. I would like to have a broad view on how this industry functions.

What is the size of the industry? Domestic as well as internationally. What kind of technological advancements are taking place? What are the demand drivers? And Paushak, which is moving towards CSM and CDMO? Would like, if you could just highlight certain pointers on which we are working on currently. And what kind of mix are we expecting to come from CSM and CDMO? With the timeline of how long does it take to add on one client on both? Thank You.

Mr. Chirayu Amin:

Thank you.

Mr. Sagar Gandhi:

Now, we have Mr. Yashovardhan Banka.

Mr. Yashovardhan Banka:

Okay sir, so two quick questions. So which I wanted to understand, which key industry variables or indicators should investors, you know, monitor to better track future pricing dynamics and trends in the Phosgene derivatives market?

And the second one is, are there any major risks, whether regulatory, market driven or technological, that could alter Paushak's growth prospects in the medium term?

So rest of the questions are mailed. Thank you.

Mr. Sagar Gandhi:

So we have received questions from the shareholders through email and the speaker shareholders have also spoken at the AGM venue. Now, I have also received certain questions in the chat box option. I will read out some of them with the name of the shareholder.

So we have received the question from Mr. Nirav Jimudia.

Mr. Nirav Jimudia's Questions:

Out of Rs. 240 crores, if you can share the broad breakup of areas of this capex. Whether we'll see the benefit of the capex into sales? Broad asset turnover of the Capex. And when we can expect full utilization. Our fixed cost, excluding interest and depreciation was close to Rs. 60 crores for F.Y. 25. How much this will go up once our new Capex is fully ramped up.

We have invested lot of capex in modernization of plants and improvement in production process. If we want to compare ourselves with any large global size Phosgene plant. How are we in terms of efficiency, solvent recoveries, input-output ratios and operating cost?

Another question that he has asked is, have we identified further products or projects beyond the capex of Rs. 240 crores? Is there a further scope to improve on process efficiency for the existing plants, or we have reached the optimum level of benefits in the process.

Mr. Sagar Gandhi:

The other shareholder, Mr. Rohit Ohri, has also asked some questions through chat box option. I'll try to cover up the same.

Mr. Rohit Ohri's Questions:

Rs. 190 crores of CWIP, by when will this be commercialized? By when can we start expecting some turnover from the same in phase 1 and phase 2?

The other question he has asked, who will be the major customers for this expansion, whether Agrochemicals or Pharma? Another question, what are the expecting volume driven growth or price driven growth for the next 2 years? We see good operational performance for the quarter under review, which is despite the drop in the other income. Do you think we can maintain this margin profile of 31 to 33% going forward for the full year as well?

Mr. Sagar Gandhi:

Another shareholder, Mr. Vishwas Saraf, has asked some questions.

Mr. Vishwas Saraf's Questions:

Sir, we almost tripled our fixed asset base in 21-22, but our revenue growth is not so much. So, why has the Capex not generated additional revenues?

Another question, what is the total capex planned over the next 2 years, and what sales turnover is likely to generate? Can you also indicate the EBITDA Margin range we can earn on this sales?

Mr. Sagar Gandhi:

So the chat box questions comes to an end here.

I would request Udit sir and Chintan Gosaliya sir to respond the questions, so Chintan sir and Udit Sir over to you.

Mr. Udit Amin:

Good afternoon investors and thank you for your interest in Paushak.

So, I think as per some of the requests from some shareholders that we answer every point of this which I don't think is possible, because a lot of the questions have common themes, and it'll take too much time to go point wise on every specific question.

But, before I start I'd like to give all the people who have asked some questions, a broad background on what Paushak is, and what Phosgene is, so that it just helps your understanding of what the business does and how it does it. So Phosgenation is basically just a chemistry, (phosgene) which is an early stage chemical molecule, which is a capability that we have. Phosgene by itself is not a product, or there is no direct correlation with Phosgene in 2,000 tons multiplied by 3, leads to some form of calculation there, specifically for Paushak.

So, our business is divided into multiple streams of downstream products ranging all the way from a few 100 kgs to tons. We have a mix of products which are between very high value products and we have large volume products as well and across geographies and business applications. So, we supply products that go into pharmaceuticals into agro, into performance, into polymers, and some other niche applications. So to try to understand the business by asking this much capex or this much capacity into this much revenue is very hard

to define, and it's evolving as we move ahead. But what I can say to you is, we are constantly looking at our business, and we evaluate every vertical in the best way possible. We come up with a product mix which is a blend of core streams of volume products, as we saw in some of the recent capexes to add volume. So, the baseline business is set and then we work on niche products which other competitors are not able to manufacture, or they don't have that capability at those scales. Which is why, once in a while, you see very high contributing products.

So, coming back to your specific questions, there's a lot of questions about the 2022 capex, so that capex was a mix of upstream and downstream capacities. We did increase our Phosgene license from 5,000 to 14,400 tons. So, at this point today, Paushak is utilizing about 70% of the upstream Phosgene capacity and our derivatives plants are broadly 100% occupied at this point of time. So, this new Capex that we have is a mix of a replacement capex and new capex, to allow for new capacities to come in. Asset turnover was a large question, many people have asked. Asset turnover usually we should calculate on downstream assets only. In the past, because we had old assets, it was much higher than what is possible today. So, you could expect to range all the way from 0.8 to 1.25 of asset turnover.

In the current capex cycle, we are not enhancing upstream capacity. So the downstream capacity, as mentioned is a 50% mix of replacement capex and the 50% new capacity for future products and some existing products that we want to plug into the plant. The reason we have spent this money is because our earlier manufacturing facilities were quite old, and they were not up to standard, and we needed to upgrade it to continue being in business. So, as a company, we phase-wise move from very old manufacturing facilities to a very modern plant. We have invested in capacities. We have improved our technologies and efficiencies as we move into these new plants, and we allow for new space within these multi-purpose plants to add future products or CDMO projects that we would like to work on. So, this capex is a blend of replacement and future project prospects.

Safety is very important in our business. Many other people have gotten into our business but there is competency and know how, which is niche to us, which is not as easy to replicate at this scale and at this diversity of product Mix. So, to have better safety systems and standards of quality and plant operations, a large part of this new Capex also goes to improving our core competency as a business. Someone asked about CDMO opportunities. So I think the definition of CDMO is quite broad, and it is a very commonly used word in the market, but CDMO can work from small grams to 100 kgs to across the spectrum products. We as a strategy are developing key relationship with European players or international players where we do projects for them. For that, a prerequisite is the right safety and quality standards which we are improving and we have improved.

Coming to some specific questions of people. I think, Samarth or Hitesh had asked, we have about a 60% mix of pharma products and the rest in other areas which will change as we move ahead. I think Chintan is going to get into more details as we move ahead.

Mr. Yashovardhan were asking about risks. So at this point we try to get into a product stream where we know that at the lowest Chinese prices we can still make money and we are not losing profitability as we move ahead. So we make sure that our technology is able to compete with global players. So that's how we move ahead one by one by one.

Chintan, I think you want to take over on specific questions moving ahead, please. Chintan, our COO will be able to answer things in more details.

Mr. Udit Amin:

Okay, I think I can continue until (Chintan rejoins). We have some network issues with Chintan. I think I can answer the questions. It's fine.

Someone asked about Chinese capacity additions and heavy dumping. So we have experienced, if you see, in Paushak our pricing has dropped substantially on products that large volume products that we compete on, and some of the prices have dropped by 40 to 60% and this is a global phenomenon which is being seen by European players and Indian players. We have still managed to get volumes, and we are still profitable at these price levels at the core end of it. So that's something about Chinese companies. Cost structures for kind of Chinese companies are not available.

We cannot comment on pricing, today and going forward, but overall, when we get into a product, we make sure that at the lowest price we can still make atleast decent margins on that and we work on the technology for that. We have not worked on anti-dumping duties as someone had asked. There are a new set of products that are driving volumes which have lower margins than we currently have.

So I think as we've been seeing in Paushak, and a lot of you have interest in Paushak's EBIDTA levels and margin levels, but as we scale, and as we grow, and as we see Chinese pressure from competition, we will come back to industry standards, margins, and profitability.

We try our best, and we will keep working on niche projects where we do get bumper profits as you've been seeing in some quarters here and there, but as a core business as we scale up, we will need to have more costs control, and the margins will not be as strong as we have on niche products.

Our investments are based on market demand for products and are backed by confidence in our capabilities. We do a proper market study and evaluation before we get into a product, or we work on where we want to optimize our product mix.

Someone asked about capex, so the intention of capex, as mentioned before, is sustainable operations, setting a footprint for the future, half is replacement for safety, and to ensure we have standards, and then the rest is for utilities and support services, electrical infrastructure, boilers that go along with the added capacity.

So, our customer concentration risk was someone's question. So we don't have too much customer concentration. Our top 10 customers are about 50% of our total turnover and there are a mix of different industries and different applications from pharma to agro.

So, on exports that necessarily don't look like they've grown too much, but what is happening globally is a lot of our end users are coming to India, and India has become a major producer of pharma and agro products. So because Phosgene is a small molecule, and we are earlier on in the product process, we have a lot of products that go to Indian customers which land up as export sales. So that's about export sales.

Our addressable market size is very hard to comment on, because we are in multiple streams and multiple divisions. So it's not possible to give a specific market size. I mean, globally the largest Phosgene market is in PU foams with TDI and MDI and that is not the business we are in. So we are in very niche segments of products in pharma and agro and materials in polymers.

We don't have any standards that we can tell you on product categories or very specifics in terms of revenues of specific products, because it's a complicated business, and it's too diverse to give you standardized responses which some people have asked for.

There is pressure on European players, but we don't know specifically on the Phosgene derivative side, what is happening or going on. We do know that energy prices in Europe are creating havoc for European producers and Chinese pricing pressure exists. We are looking to get into this business, and as a Phosgene producer our intent is to try to capture as much of that market as we can from our end.

On specific collaborations we cannot share information on specific deals, because it's niche IP to our Company and we build on very specific relationships on some products which are unique to Paushak. There is no relationship with Covestro—ADNOC to our business. That again, Covestro is more based on TDI and MDI which is not what we are into, and polycarbonates.

We are the largest merchant player in the Phosgene business in the country. So some of the new competitors that have come up in the country are not affecting us. I think, they have their own strategies, and like we have our own strategies, there are some products that we overlap, but we don't see any major issues on that end.

I hope, I've answered all your questions, for very specific revenue projections and product specific details. We don't give forward guidance on revenues or peak revenues, because honestly, even we don't know it. It's a very diverse market which evolves as we move ahead. What we do know is; what we are doing and we want to make sure that we do it right, and we do it for the long run. So that's about it. I hope I've answered all your questions.

Thank you. Everyone.

Mr. Chirayu Amin:

What I suggest that, go through the questions, what they've sent and if anything is left, please do answer them, get proper reply, and whatever we can part to them. Please communicate to them.

Mr. Sagar Gandhi:

Sure sir.

So now, since we have answered all the questions I would like to hand over the proceedings to Chairman Sir. Sir, you may please start with the concluding remarks.

Mr. Chirayu Amin:

As I said that, we will try to reply to some questions which we might not have addressed, so that they will do so. I would like to thank all the directors and members for joining the meeting through VC.

I request Sagar to take it forward.

Mr. Sagar Gandhi:

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 now.

The results of the voting will be announced on or before 2nd August, 2025 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 at www.bseindia.com.

85 number of shareholders have attended this meeting.

With this the meeting is concluded. Thank you.

Mr. Chirayu Amin:

Thank you very much.

Please find hereunder web-link to access the recording of the proceedings of 52nd Annual General Meeting of the Company:

Link: <https://www.paushak.com/wp-content/uploads/2025/08/Paushak-AGM-2025-video.mp4>