

Paushak Limited - Transcript of 51st Annual General Meeting

2nd August, 2024

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

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

Transcript:

Company Secretary

Good Evening, Dear Members.

I, Sagar Gandhi, Company Secretary of your Company welcome you all at the 51st Annual General Meeting 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 ("SEBI Listing Regulations") 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 would 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.

I now request all other directors to introduce themselves.

Mr. Chirayu Amin:

Mr. Atul Patel. Are you there Mr. Atul Patel? I think he's lost the link or something. Dr. Tushar Shah, could you introduce yourself?

Dr. Tushar Shah:

Good Evening Members, I am Tushar Shah. I am Independent Director and Chairman of Stakeholders' Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee of the Company. I am attending the meeting from Vadodara.

Mr. Chirayu Amin: Ms. Roopa Patel !

Ms. Roopa Patel:

I am Roopa Patel, Independent Director and I am attending from Vadodara.

Mr. Chirayu Amin: Mr. Udit Amin !

Mr. Atul Patel:

Good Evening Members, I'm Independent Director and Chairman of (Audit Committee and Nomination & Remuneration Committee... could not complete the sentence due to connectivity issues).

Mr. Udit Amin:

Go ahead, Mr. Patel. Okay, I am Udit Amin, I am Director and I am attending the meeting from UK.

Mr. Abhijit Joshi:

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

Mr. Chirayu Amin:

Thank You. Mr. Tanuj Patel, 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 Ms. Megha Dave, Partner of M/s. Samdani Shah & Kabra, Secretarial Auditors and Scrutinizer for this meeting, Mr. Chintan Gosaliya, Chief Operating Officer and other Company executives have also joined through Video Conferencing.

I now request Sagar Gandhi to take over.

Mr. Sagar Gandhi:

Thank you Sir. Now, I would like you to take 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. Once the question-answer session starts, I will announce the name of the shareholders who has/have registered as speaker shareholders. The speaker shareholder will thereafter be unmuted by the moderator or the Host. The Shareholder is requested to click the video-on button. If the shareholder is not able to join through video conferencing 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. Members who are interested in raising the questions / queries through chat box option, this option is also available. They may kindly do the same. During this meeting, if the member faces any issue, he/she may contact helpline no. mentioned in the Notice of AGM.

The statutory registers as required under the provisions of the Companies Act, 2013 are kept 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 Video Conferencing and Other Audio Visual Means, 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 Auditors, M/s. Samdani Shah & Kabra, has expressed an unqualified opinion in the respective audit reports for the financial year 23-24.

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

In compliance with requirements of the Companies Act, 2013 and rules framed thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in terms of SEBI Master Circular dated 11th July, 2023, 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 30th July, 2024 upto 5.00 p.m. IST on 1st August, 2024.

Members who have not cast 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 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 your queries / questions after taking questions from all the shareholders including the questions, if any, received through the chat box option.

Now, I would request Mr. Hitesh who has registered himself as the speaker shareholder.

Now, I would request the moderator to please ask him to unmute and he may read out his questions.

Hitesh K:

Hello, Am I Audible?

Mr. Chirayu Amin:

Yes, please go ahead.

Hitesh K:

So I have in total five questions and it would be great if the management like answers all of them. So, my first question is could you please share a broad, like broad range, like broad mix of revenues between chloroformates, isocyanates, carbonates, phosgene gas and specialty chemicals; like a broad mix of revenues between these categories? That's my first question.

Second question is could you please name the phosgene derivatives, where we are domestic leaders and also the products that were introduced in the market in the last 2 years, which are import substitutes.

My third question is what has been the utilisation of the phase 1 of the downstream project in FY24 and assuming optimum utilisation what are the potential revenues from phase 1 and are the margins lower or in line to our existing operation?

My fourth question is could you please share some details on phase two expansion? Suggest quantum of the project, time lines for commissioning, product profile and what is the visibility that the Company has on the utilisation of this phase?

Lastly, my question is could you please name our competitors in both domestic and international markets? Thank You.

Mr. Chirayu Amin:

Could we have next gentleman?

Mr. Sagar Gandhi:

No Sir, registered speaker shareholder is only one. And I would like to take some more questions that are received in advance from the shareholders and thereafter we can answer those questions.

Mr. Chirayu Amin:

Yeah, go ahead.

Mr. Sagar Gandhi:

So we have received the questions from Mr. Surender Singh, a shareholder of the Company. So his question is what are the ongoing initiatives and their expected potentials to scale the business further?

Another question, what are the business opportunities that management could pursue and a shareholder shall be hopeful about?

Another question, what will it take for the management to share business views? What went well? What all to look forward to, etc., at quarterly frequency along with results since an annual communication seems too slow nowadays.

Now these questions are from one of the shareholder, Mr. Nirav Jimudia, I'm reading out the questions. If you can separately mention the capacity of both upstream phosgene and downstream phosgene derivatives and what was the utilization level for both in FY24 and expectation of capacity utilization in FY25?

Another question, update on the new multi-purpose planned capacity and its utilization, which Company commenced in 4th quarter for FY22? How much Company has spent in total for this block? And of this, how much was for building the common infrastructure?

Another question, what's the total addressable market for phosgene derivatives in India based on our current product basket? How much we are addressing out of the total market in India?

Another question, when are new blocks of downstream phosgene derivatives coming into operation and by how much it will increase our capacity? How much asset turnover one can expect from this block based on average prices of products over last few years, considering current scenario of lower product prices based on Chinese dumping?

Another question, are we planning any expansion in the existing block of phosgene derivatives?

The last question, mix of pharma agro in our current sales mix?

Now we can answer those questions Sir.

Mr. Chirayu amin:

Udit will you take up?

Mr. Udit Amin:

On Mr. Hitesh's question in terms of specific product details and our market share, etc., because we are in a niche product segment, we cannot reveal specific product information, because those are proprietary, key to our Company which leads us to have extra margins, as

you can see in our profitability and top line. In terms of domestic leaders, we have multiple domestic leaders that we have built over the years over many years of technology, improvement and seeding products from an early stage into the pharma market so that we will continue to remain leaders in this field, in our product baskets of chloroformates, carbonates and isocyanates. After our phase 1 expansion, we are using at least 75% plus of the capacities of that project phase 1. Although our realizations are much lower than expected due to Chinese competition, we have made technology improvements. The margins are lower than the existing plan but we are still making a contribution at these levels of revenue. At full capacity it can be anywhere between 40 to 60 crores. In terms of phase 2 expansion, a large part of the phase 2 expansion is also a replacement Capex because as a Company, we have to take care of health, safety standards and old facilities and old plans may need to be decommissioned. So some part of this Capex is a replacement Capex. We will start commissioning in the end of FY25 and FY26 is when we will start revenues for this facility. We will share more information as we go ahead and keep you updated. In terms of competitors, there are many competitors that we have which are domestic and global and from China. Paushak is a Company that works on capability and not specific categories of products. We have a mix of pharma, speciality, performance and we grow across different geographies and different capabilities and different applications, so there is no existing competitors as such.

Mr. Surender Singh, so, in terms of as we discussed last year as well our strategy for Paushak is to become a global player in the specialty chemicals, pharma and agro market with a niche of phosgene chemistry. So, as a business option, business opportunities, we are upgrading our safety standards and slowly getting into global players where they expect better quality and service standards. So that we have done and a part of our replacement capex is to address that market. So once we start developing a relationship with them, we will keep growing our business with them. In terms of specific projects and custom CDMO projects, we cannot give you specific, forward looking statements, but the strategy is a place where we are a global player with good safety standards. We have worked on our technology and we have a niche market. So this gives a good value add for global players as we move forward ahead.

What will it take for management to share business views at quarterly frequency? So because Paushak is in a very specialized chemistry platform of phosgene for many decades, we are focused on creating long-term value for all stakeholders. At current scale of operations, there's not much to share on a quarterly basis. Also quarterly performance or minor event don't impact our vision, because we are looking for a more long term business plan in terms of future growth of the Company. Quarter on quarter, we have multiple minor events across segments which would be very hard for investors to understand as well because it's a niche market that we are in with very specific technologies and product applications.

Mr. Nirav Jimudia, you are right. Our phosgene capacity is 14,400 metric tons and the utilization for the year was about 75%, which we can take up to 85% by FY25. Our downstream products, again like mentioned before are very complex multiproduct applications. We don't have a fixed number of downstream capacity. There's different products at different scales and margins that we operate in. So this will keep changing, month and month and quarter to quarter.

On MPP plant question, so our new multi-product plant got commenced in FY22 and has an annual capacity of 4,800 metric tons. There is a mix of derivatives which does impact this capacity so it can go up and down depending on the product mix. The plant had about 75% utilization in FY24 and as per our last declared documentation and financial statements, we have spent about 120 crores on the Capex.

In such a large Capex we have about 40 or 50% which has also gone into infrastructure and utilities to help support this plant. So, our phosgene sale itself is insignificant because our focus is on downstream derivatives. We are catering to the major segments of the country having a good outlook. We are ready to cater to this opportunity with the help of expanding the product mix that we offer. We are a reliable partner and where there is a need for derivatives in India, we are quickly scaling up and addressing those needs in these markets. There are some areas of phosgene, where a majority of products go to applications which are large volume and do not come into our current capability or expertise.

There's another question about future products and capex. So, we intend to complete phase 2 product capex in FY26. That's when we will be operational. We will have as it's a large plant. We will scale up in phases by different products coming in at different points of time starting with FY26. We will share the numbers through the Stock Exchange filings. In the phosgene derivatives as we said, we are already going into phase 2 expansion.

Thank you, everyone.

Mr. Udit Amin:

Sagar, you may continue.

Mr. Sagar Gandhi:

Sure Sir, so no questions are received through chat box option. With that I shall handover the proceedings to Chairman Sir for the concluding remarks.

Mr. Chirayu Amin:

In case of any queries, members may please write to us at our registered email id. Our team will endeavour to respond to your queries at the earliest.

I would like to thank all the Directors & members for joining this meeting through VC.

And 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 now.

The results of the voting will be announced on or before 4th August, 2024 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.

77 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 51st Annual General Meeting of the Company:

https://www.paushak.com/videos/APL%20AGM%20Recording/Paushak-Limited-AGM-Recording_FY_2023-24.mp4