



# PASUPATI ACRYLON LIMITED

## Transcript of 37<sup>th</sup> Annual General Meeting

---

Day	:	Tuesday
Date & Time	:	29 <sup>th</sup> September, 2020 at 10:00 A.M.
Venue/Mode	:	Through video-conferencing only

---

10:00 A.M.

**Mr. Bharat Kapoor, Company Secretary**

Good Morning Dear Shareholders,

I, Bharat Kapoor, Company Secretary, welcome you all to this 37<sup>th</sup> Annual General meeting of your Company at this virtual platform. Hope, all of you are safe & in good health.

Before I hand over the proceedings to the Chairman, I would like to highlight certain points regarding the participation and voting at this virtual meeting. In accordance with the circulars issued by Ministry of Corporate Affairs and SEBI, this meeting is being held through Video Conferencing.

1. The facility of participation at the AGM through video conferencing or other audio/visual means is made available up to 1000 members on first come first serve basis.
2. Members, who have not voted through remote e-voting, can cast their votes through e-voting facility during the AGM.
3. Since this meeting is held through VC facility and resolutions are put to vote only through e-voting, the practice of proposing and seconding of resolutions is not being followed.

The Register of Directors & Key Managerial Personnel and their shareholding and Register of Contracts or Arrangements in which Directors are interested, are available for inspection electronically during the AGM. Members seeking to inspect such documents can send their requests to [palsecretarial@gmail.com](mailto:palsecretarial@gmail.com)

Now, I, hand over the proceedings to Mr. Vineet Jain, Managing Director and request him to chair and start the proceedings of the meeting.

*Thank you*

**Mr. Vineet Jain, Chairman**

Good Morning everybody.

I, on my own behalf and on behalf of the Board of Directors, extend you all a very warm and cordial welcome at this 37<sup>th</sup> Annual General Meeting of your Company. Before I proceed further, I would like to introduce all board members to you.

1. Mr. D.K. Kapila, Independent Director and Chairperson of Audit Committee
2. Mrs. Kamlesh Gupta, Independent Director
3. Mr. Satya Prakash Gupta, Director (Operations)

Apart from them, we also have Mr. Satish Kumar Bansal, CFO of the Company and Statutory Auditors- Suresh Kumar Mittal & Co.- Mr. Ankur Bagla , Secretarial Auditor – V.K. Sharma & Co. and Scrutinizer – Mr. S K Hota.

The requisite quorum is present and therefore, I call the meeting to order.

The AGM notice and the Director's report for the financial year ended 31<sup>st</sup> March, 2020, have already been emailed to all shareholders. These documents have also been made available on the Company's website. Considering the above, the said documents are being taken as read, with the permission of the shareholders.

The Auditor's report on the financial statements for the financial year ended 31<sup>st</sup> March, 2020 do not contain any qualification, reservation or adverse marks or disclaimer. Accordingly, the report is not required to be read out, as provided in Section 145 of the Companies Act, 2013.

Before, I take up the agenda items of Notice, I would like to brief you about the performance of your Company during the financial year 2019-20.

**Brief performance of the Company during the year**

The Company has recorded a production of 41,250 MT and a Sale of 38,771 MT during the year under review as against 43,462 MT and 44,505 MT respectively during the previous year. During the year the production and sale of CPP Films were 4,531 MT and 4,420 MT respectively as against 3,223 MT and 3,243 MT respectively during the previous year. The consolidated turnover during the year stands Rs. 663.64 Crore as against Rs.825.31 Crore in the previous year.

The company posted a Net profit of Rs. 13.05 Crore as against Rs.27.38 Crore in the previous year. The Turnover and Net Profit declined during the year due to sluggish market resulting low sale and downward trend of A CN prices resulting low sale price.

**Current Years Outlook**

Pursuant to outbreak of COVID-19 worldwide and its declaration as global pandemic, the Government of India declared lockdown on March 24, 2020 which led the temporary suspension of

operations of the company and has impacted the overall business activities of the company. For the first quarter ended on 30<sup>th</sup> June 2020 the Company recorded a sale of Rs. 61.14 Crores as compared to Rs.191.60 Crores in the corresponding quarter. Barring unforeseen circumstances it is expected that company shall do well in the current year, though the business environment is challenging.

Now, I move to the business to be transacted at this AGM. We will briefly talk about the resolution proposed to be passed at this Meeting.

The first item of the Notice is an ordinary resolution for adoption of Annual Accounts for the financial year ended 31<sup>st</sup> March 2020 together with the Directors' Report and Auditor's Report thereon.

I, now, vacate the chair and request Mr. D.K. Kapila, Independent Director, to take the chair and proceed with 2<sup>nd</sup> item of the AGM Notice.

**Mr. D.K. Kapila**

Thank you. Can you hear me ?

**Mr. Bharat Kapoor, Company Secretary**

Yes Sir, we can hear you. Please proceed.

**Mr. D.K. Kapila**

Okay. Right. Thank you

The second item of the Notice that is an Ordinary Resolution for re-appointment of Mr. Vineet Jain, who is retiring by rotation and being eligible, offers himself for re-appointment as a Director on the Board of your Company.

Now, I handover back the proceeding to Mr. Vineet Jain and request him to resume the chair.

Thank you

**Mr. Vineet Jain, Chairman**

Thanks Mr. Kapila

The following items of special business are to be considered at this meeting:

1. The Third item of the Notice that is a Special Resolution for re-appointment of Mr. S.C. Malik as an Independent Director for second term of five years.
2. The Fourth item of the Notice is again a Special Resolution for re-appointment of Mr. D.K. Kapila as an Independent Director for second term of five years.

3. The Fifth item of the Notice is an Ordinary Resolution for appointment of Mrs. Kamlesh Gupta as Independent Director, to fill the casual vacancy caused by the death of Late Smt. Remmy Jain.
4. The Sixth item of the Notice is Ordinary Resolution relating to Ratification of remuneration of Cost Auditors.

Some of the shareholders have registered themselves as speakers for this meeting. There are many queries which are common and related to each other. We have also received many suggestions along with these queries. We have noted each of your valuable comments and suggestions and will consider them in future.

- Members are requested to un-mute their microphone before speaking and mention their name, folio number and location.
- Members are requested to keep their questions brief and specific.
- It may be noted that the Company reserves the right to limit the number of members asking questions depending on the availability of time at the AGM.

The first speaker is Mr. Prabhjot Singh Sahni and I request him to ask question or express his views.

**Mr. Prabhjot Singh Sahni**

Good Morning, Thank you. I believe that you are the first people, who first started this business in India.

I had following queries:

1. I wanted your future view to our companies business into acrylic fibre industry. What is our SWOT's. At what growth rate industry is growing and what is our share.
2. How much do the crude prices put effect on our profits.
3. Recently Govt had reduced export benefits what effect did it had on our company's profit.
4. Is there any hope of anti-Dumping duty imposed on our products produced . Have we approached the Govt and asked them to look into this.
5. What is the current capacity utilization in fiber division. Are there any plans to expand in near future. What effect did Covid19 Pandemic had on our capacity utilization. (PRE and POST)
6. What efforts are taken to increase our exports. What is been done to search for new markets as we have a stagnant exports for lost few years.
7. What exactly is our Dividend policy as we have been profitable for so many years but shareholders have never been rewarded?
8. I request you to have better investor communication. If possible every quarter, a brief summery what company has been upto, which may enable shareholders to understand the results and company.

That is all. Thank you very much.

**Mr. Vineet Jain, Chairman**

Thank you Mr. Prabhjot Singh.

Like, as far as, you know, what you said is way through that, we came into this type of business long back and since then we have been in this business for about 30 years. The reason, and when we set up this company, it was about 15000 MT. And today the company's capacity is approximately 45000 MT. So slowly, and gradually over the years, we have expanded from 15000 to 45000 MT. The fiber in the early nineties, when the company was established that the demand was very, very good. The company came in to problems in the late nineties and then, we got to restructure. After a while, we started to invent since last 4-5 years and now, we enjoy one of the biggest market shared in the county. And you asked about the capacity utilization that company, since last 4 years, has been running at 100% capacity. World wide Acrylic fibre industry is growing at an annual pace of 1.5 to 2%. This growth will ultimately lead to increase in the consumption of Acrylic, which is a good sign for the industry.

SWOT Analysis

- a) Strength - Acrylic is a substitute for wool which is an expensive fiber, so Acrylic has crept into various blends with wool. Moreover, the temperatures are rising all over the world resulting in less consumption of wool and increase in usage of Acrylic.
- b) Weakness: The growth of Acrylic is slightly low and less specialty products are being produced.
- c) Opportunities: Opportunities are immense with less usage of wool, Acrylic is being used more and more in apparels. With change in blend ratio, the use is likely to increase. New product development may also increase the consumption of Acrylic.
- d) Threat: Polyester is trying to get into traditional uses of Acrylic since polyester is a cheap fibre and has found it's way in blend with Acrylic.

Crude price effect the ACN prices as it is a by-product of Crude. Your company is exporting around 25% and the reduction in exports benefits may affect the company to that an extent. Anti-dumping duty has already imposed by the govt. vide notification dated 01.09.2020 on the Imports originating in or exported from Belarus, Peru, European Union and Ukraine and vide notification dated 31.08.2020 on the Imports originating in or exported from Thailand. As there is sufficient demand in the domestic market, exports are not significantly increased. So, when, the company becomes healthy, there's no doubt that we will be giving dividends but right now our balance sheets don't permit us to do that. We think that we will do well in the next couple of years. So hopefully we should come into the dividend. We will consider your suggestion on investors' presentation.

Thank you.

Let's move the next speaker. The Second speaker is Mr. Dheeraj Kumar Lohia. Please ask his question.

**Mr. Dheeraj Kumar Lohia**

Thank you. Most of my questions have been asked by previous speaker. I just want to add two more questions.

1. What is the status of anti-dumping duty case filed by you against import of fibre from some countries like Peru,EU,Belarus and Ukraine. There has been news report that adds will be levied shortly, f it is levied how much margin improvement we can expect.
2. Majority of your exports are to Iran and they are rupee denominated. Management is talking about hedging imports by exporting more but if exports are rupee denominated they how it will help us. Is sanctions on Iran any way is going to affect us?

**Mr. Vineet Jain, Chairman**

Thank you Mr. Dheeraj. The Designated Authority vide Notification dated 01.09.2020 has imposed anti dumping duty on the imports of Acrylic Fibre originating in or exported from Belarus, European Union, Peru and Ukraine.

With the imposition of ADD, the demand in Indian market would be better. The sale price to Iran determined considering prevailing USD vs. INR, therefore it covers under natural hedging to that an extent. We have been exporting good quantities especially to Iran. The export to Iran is reduced but not totally stopped. We are still exporting to Iran and we expect the quantity to increase in the near future. We are also exploring new market like Syria, Egypt, China and some African countries. We expect to start exporting to these countries very soon.

**Mr. Dheeraj Kumar Lohia**

Sir, I have one more question. I am going through the balance sheet from the last 2-3 years. I am seeing that your business does not require working capital. Our inventories and trade receivables are almost equal to trade payables and advances received. I just want to understand that this is the strength of the Company or i am missing something?

**Mr. Vineet Jain, Chairman**

So, what you're saying is correct, like, if you see at the face of the balance sheet, it shows that our capital requirement is less. But it's not that the case, because, you know, we are an import based company. So, what happens is that we don't require CC limits, which are fund based. We require more non-fund based limits. So, when you see a positive balance in the sheets, actually, it wasn't a trade pay. Well, it is future liability, which the company has to pay. You know, these days banks are so strict that you make 1 day's default, they catch all of your neck.

**Mr. Dheeraj Kumar Lohia**

Okay, sir, thank you very much for giving the opportunity. I wish you best of luck and your all future endeavors. Thank you very much.

**Mr. Bharat Kapoor, Company Secretary**

Now, I invite the last speaker Mr. Kapil Chopra and request him to ask question.

**Mr. Kapil Chopra**

Sir, Thanks most of my questions have been asked by previous speakers. Now I want to ask.

Where you see the light in the end of the tunnel? What will be the growth triggers in first half and second half? One of the speaker said, you are making profits but you are not giving dividend to the shareholders, when we are struggling in 2020 to be alive. This is the time to make everybody happy to get blessings of everybody. So I request the management to consider this thing. We should become a dividend paying company

**Mr. Vineet Jain, Chairman**

Thank you Mr. Kapil. Company's activities were closed w.e.f. 25.03.2020 till 05.05.2020 due to lockdown announced by the Govt. of India to combat COVID-19. Even after un-lockdown, the demand of the product was very sluggish therefore the company's operations remain at very slow pace. During August and September 2020, demand scaled up. First half would remain in tunnel but light will brighten in second half.

Company is consolidating its resources and utilising the same to financially strengthen your Company. The entire investment in CPP has been done out of internal accrual only. In CPP business, we added turnover of approximately 4853 projecting last year. And we have another 5000 timeline, which is going to start operation in December. So, the total capacity of the film business will become 10000 MT. In both the businesses, we hope that we will do. Well. Whenever, Company's financial permits, dividend will also be considered by management.

**Mr. Kapil Chopra**

Thank you.

**Mr. Vineet Jain, Chairman**

I thank all the members for participating in AGM. The resolutions, as set forth in the Notice, shall be deemed to be passed today subject to receipt of requisite number of votes. The results of the voting will be announced by posting it on the company's website and sending it to the stock exchanges.

Now, I would like to handover the remaining proceedings to Mr. Bharat Kapoor, Company Secretary to brief about the voting process.

**Mr. Bharat Kapoor, Company Secretary**

Members, please note that, as required under the Companies Act, 2013, the Company had provided you the facility to cast your vote electronically through the e-voting system provided by CDSL. The Board of Directors has appointed Mr. S K Hota, Practicing Company Secretary, as the

scrutinizer to supervise the e-voting process.

Therefore, members who have not cast their vote are requested to do so and voting on the CDSL platform will continue to be available for the next 15 minutes after the closure of the meeting.

As there is no other agenda item to be discussed, I hereby declare the meeting as concluded.

Thanks to all of you all for participating in the meeting. Now, I propose vote of thanks to the Chair.

Thank you.

---