



PASUPATI ACRYLON LIMITED

Transcript of 38th Annual General Meeting

Day : **Tuesday**
Date & Time : **28th September, 2021 at 10:00 A.M.**
Venue/Mode: **Through video-conferencing and Other Audio Visual Means only**

10:00 A.M.

Mr. Bharat Kapoor, Company Secretary

Good Morning Dear Shareholders,

I, Bharat Kapoor, Company Secretary of Pasupati Acrylon Limited, participating from New Delhi, welcome you all to this 38th Annual General meeting of your Company at this virtual platform. Hope, all of you are safe & in good health.

This meeting is being held through Video Conferencing because of ongoing pandemic situation. This is in compliance with the circulars issued by Ministry of Corporate Affairs and SEBI.

Before I hand over the proceedings to the Chairman of this meeting, I would like to highlight certain points regarding the participation in this virtual meeting.

1. The members holding shares as on cut-off date *i.e.* 21st September, 2021 have been provided with the facility to participate in this meeting and to exercise their right to vote by electronic means both through remote e-voting and e-voting at the AGM, through the e-voting system provided by CDSL.
2. The facility for joining this meeting through video conference or other audio visual means is made available for 1000 members on a first-come-first-served basis.
3. Members joining this meeting, who have not cast their votes through remote e-voting, may vote through e-voting facility during this AGM.
4. Since this meeting is being 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.

We have received requests from five members for registration as speaker shareholder in this AGM and we shall be allowing them to speak once the Chairman directs the same.

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

With this, I now hand over the proceedings to Mr. Vineet Jain, MD and request him to chair and proceed with the meeting.

Thank you

Mr. Vineet Jain, Chairman

Good Morning Everyone.

I, on my own behalf and on behalf of the Board of Directors, extend you all a very warm and cordial welcome at this 38th 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. Mr. S.C. Malik, Independent Director and Chairperson of Stakeholders Relationship Committee, Nomination & Remuneration Committee and Corporate Social Responsibility Committee
3. Mrs. Kamlesh Gupta, Independent Director
4. Mr. Satya Prakash Gupta, Director (Operations)

Apart from them, we also have:

1. Mr. Satish Kumar Bansal, CFO of the Company
2. Mr. Ankur Bagla - Statutory auditors- Suresh Kumar Mittal & Co.
3. Mr. V.K. Sharma, Secretarial Auditor and;
4. Mr. S.K. Hota, Scrutinizer

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 31st March, 2021, 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 31st March, 2021 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 2020-21.

Brief performance of the Company during the year

The Company has recorded a production of 29,826 MT and a Sale of 31,335 MT during the year under review as against 41,250 MT and 38,771 MT respectively during the previous year. During the year, the production and sale of CPP Films were 3,757 MT and 3,868 MT respectively as against 4,531 MT and 4,420 MT respectively during the previous year.

The turnover during the year stands Rs. 505.45 Crore as against Rs. 663.64 Crore in the previous year. During the year under review, sales volume came down because of negative sentiments of COVID-19 since last year and lockdown announced during the last week of March, 2020 till May, 2020.

Despite a decline in revenue, the Company reported EBIDTA in financial year 2020-21 is Rs. 68.56 Crore as against Rs. 32.04 Crores in the previous financial year and Net Profit in the financial year 2020-21 is Rs. 43.05 Crore as against to Rs. 13.05 Crore in the previous financial year.

Current Years Outlook

The onset of multiple waves of COVID-19 in almost all geographies and renewed lockdown and restrictions on movement of people imposed by the government in various parts of the world might prove detrimental to growth estimates.

For the first quarter ended on 30th June 2021 the Company recorded a sale of Rs. 122.57 Crore as compared to Rs. 61.14 Crore in the corresponding quarter last year.

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.

1. The first item of the Notice is an ordinary resolution for adoption of Annual Accounts for the financial year ended 31st March 2021 together with the Directors' Report and Auditor's Report thereon.

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

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

3. The Third item of the Notice that is a Special Resolution for re-appointment of Mr. Satya Prakash Gupta as Whole Time Director for a further period of three years and approval of his remuneration.
4. The Fourth item of the Notice is Ordinary Resolution relating to Ratification of remuneration of Cost Auditors for the financial year ended 31st March, 2022.

Now, I would like to invite queries and comments from the shareholders, who had registered themselves as speakers for this meeting.

- 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 and to avoid repeating questions already asked.
- 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. Lokesh Gupta and I request him to ask question or express his views.

Bharat Kapoor: Mr. Lokesh has not joined this meeting, I request Mr. Chairman to please move on to the next speaker.

Vineet Jain: Let's move the next speaker. The Second speaker is Mr. Harish Thakershi Shiyad. Please ask his question.

Bharat Kapoor: I request Moderator to unmute Mr. Harish.

Harish Thakershi Shiyad: Hello? Hello? Hello? Hello?

Vineet Jain: Yeah, good morning Mr. Harish

Harish Thakershi Shiyad: Hello?

Bharat Kapoor: Mr. Harish, please ask your question.

Harish Thakershi Shiyad: Hello I can hear you. Can you listen to me?

Bharat Kapoor: Yes, I can hear you.

Harish Thakershi Shiyad: Okay. good morning to all of you and comprehend what you would set of numbers. My query is regarding the raw material prices and the product, and the end to end duties applicable to raw materials as well as finished goods. And what is our market share in India?

Vineet Jain: We have drastically gone up in the last 7-8 months resulted in a good profit, because whatever we were making, we had cheaper material in stock. And when the price is suddenly moved up, that resulted in good profit. Subsequently, in the 2nd and till the last quarter of this year, we still had cheaper material. And the prices had mellowed down which again resulted in good profit in June. We think, we will be in a positive room as far as any dumping is concerned. Fabric has no anti-dumping. The raw material is not made in India. It is totally imported and it comes from U.S. and Europe.

Harish Thakershi Shiyad: Okay, okay. What's your market share?

Vineet Jain: Some market share is domestic and our market share is about 30%-35% in India. We have largest market share in the Northern India. As far as the market is concerned, you can call us like, we are the market leaders.

Harish Thakershi Shiyad: How about the CPP? What is the demand for that? And what is this business is also doing? Well.

Vineet Jain: we have 2 lines of 5,000 MT each. 2nd line has just got commissioned in July. It had some technical problems, which quite rectified. The market is overall good. Now we are making about 3000 MT, approximately 1212 MT per quarter and we are able to sell them. As far as the 2nd line is concerned, it has just got commissioned. We are now developing more markets for it. We are in process of developing more markets for the 2nd line.

Harish Thakershi Shiyad: So, I am just asking a question again about Mr. Manish Jain, one of the promoter. It is related to your family member or promoter, or anything like that.

Vineet Jain: Manish Jain is already having around 5% equity in our company. So, he's a minor shareholder. He's my brother, but he has nothing to do with the Company.

Harish Thakershi Shiyad: Okay, okay Thank you very much for your answering questions quickly and all the best to you.

Vineet Jain: Thank you Mr. Harish. Moving on to the next shareholder – Mr. Shlok Dave. I request Mr. Shlok Dave to come onto the screen and ask his question.

Shlok Dave: Good morning, thank you very much for the opportunity. Good morning members of the board also. And, thank you very much to you as well, sir I would like to say based on record that your company secretary has been amazing. I sent a long list of questions and he answered it very well. I wish every company does this, and even before the AGM, I have all the answers in front of me. So I am really, really grateful, Sir. Congratulations on running a very professional organization. Not many companies have done this.

Bharat Kapoor: Thank you Mr. Shlok

Shlok Dave: Yes, sir. All the questions are answered very well and. There are 2 follow up questions that I had from my interaction with other, competitors of yours. It seems that one of them had mentioned that overall global demand is not growing. So, is that true? Do you think this is something which will carry on for long, or will we see certain at the global level certain demand uptake, in the future. Seconds of what is the capacity utilization according to you globally for the industry? Would it be like, very low, 50, 60% or would you be at a higher level? And the 3rd question is on margins now that the 2nd line has been properly, installed and the technical features are behind us. If we ramp up to full capacity, what kind of, conversion costs do we have and what kind of margins can we can enjoy it? And where are these products going on, the CPP site? Have you developed any value added products? These are my questions and I would again, like, to thank you very much, sir. You're giving me a great opportunity. And one request to everyone to continue online AGM next year. If we can continue to have this online meeting, it would be a great help. So, I would request to please keep it online. And if possible. So, keep the AGM in August. It's much simpler and easier for us to it. Other than that. Sir, I have no words to describe the place that I have for you guys and the way you have answered the questions. Thank you very much all the best for next year.

Vineet Jain: Thank you, sir as the 1st question, which you said was the global demand. So, as far as the global demand is concerned, the global demand is more or less, I would put it like, this is not doing at a very high piece or anything. I would say the same every year or maybe. it's not going down. it's similar here. With the biggest markets of fiber in the world that China and Turkey, these are the big consumers of fiber. Turkey has the largest plant followed by the Chinese installations of fiber. And Iran doesn't have a plant right now, they had a plant, but that plant is not operating it. The global demand, what you heard is correct it's not going up but it's not declining, so it is like constant. Iran is a big corporate market. China is a bit big sweater market and Turkey again is a big carpet and sweater market. China is a net importer of, acrylic fiber, rather than an exporter. 2nd question was about the capacity utilization. Last year, if you see in the 1st, 6 months, the company ramped up the production and we were able to touch 30,000 MT last year which is about 70-75% utilization. So, CPP, right now we had, as I mentioned, first line was running until now. And the amount of capacity we had 100% selling it. It is used basically for Maggie

noodles, Cadbury James. We are working with big companies. It is also heavily used in Britannia. So it has a very good market. Basically, I believe the advantage of is now our 2nd line is coming to production in July. But that we have for the developing the market earlier, we had no product to export. We had limited product, but now we have more product. So we are already talking to big companies and we are hopeful that will become registered vendors to them also. Laminate used becomes recyclable. The entire country says, don't use plastic. Don't use plastic. Don't use plastic. When you make a laminate of it becomes recyclable so, most of the like, Britannia Nestle, they are all doing a lot of heavy R & D. So, these items are going on which makes us very hopeful that if not this year but by next year, The CPP market will become much more and will do very well, but it is a developing market. It is under development right now. It is a film which is getting popular by the day. As far as AGM is concerned, we are very, very happy to do it online. You are sitting at their respective premises and talking. So, we would like to continue like this in future, as per the guidelines of Ministry of Corporate Affairs and SEBI.

Shlok Dave: We also don't need to travel. Next year, we will have it online. Thank you very much for answering everything else. Thank you very much. And all the best.

Vineet Jain: Thank you Mr. Shlok. The next is Mr. Saket Kapoor. I request him to ask his question

Saket Kapoor: Thank you Sir. Digital platform is convenient for all – shareholders and directors also. I would suggest continuing holding AGM electronically. Government should provide both options for conducting AGM – electronically or physically. My mostly questions have been answered in this AGM during addressing to other shareholders. Now, my question is what is market share in CPP Film?

Vineet Jain: Mr. Saket, There is no big market for our CPP. There are many CPP plants in India, so it is very difficult for me to say what our market share is. We have two lines of CPP and I just know that all CPP products manufactured by us are sold. We are developing more market and we are trying in international market, Dubai, Nepal etc. Further, demand of CPP depends on the MNCs. Now, Britannia has started to use CPP on a big scale for the last one and a half year. Recently Maggie Noodles and Cadbury have also started to use CPP on big scale for the last 8-10 months. After the 2nd line, our CPP production has been doubled and there is no big market for us but we are hopeful, in the next 6-8 months Pasupati will be able to develop more market and till next year, CPP may work in full capacity.

Saket Kapoor: What is current capacity for CPP

Vineet Jain: 10,000 MT p.a. and last year, it was 4,500 MT p.a due to COVID-19 pandemic.

Saket Kapoor: Is it after additional line?

Vineet Jain: Yes, it has been since July- Aug, 21

Saket Kapoor: I would suggest the Company to consider the option of Buy-back, dividend etc. so as to attract investors and build their confidence.

Vineet Jain: We are trying to strengthen the Company, to strengthen the Acrylic Fibre capacity. We may also consider to add one more line of CPP so that we may compete with big players and handle fluctuations in market prices.

Saket Kapoor: Can PBT remain constant in the coming quarters?

Vineet Jain: I can't say that it will remain constant. Profitability depends on market prices. When prices go up, profitability will increase and when prices go down, profitability will be low.

Saket Kapoor: What is outlook of the Company in the current year:

Vineet Jain: I am seeing the positive outlook and as of now, there is no negativity. I just want to say that Pasupati is doing good.

Saket Kapoor: As regards, quarterly numbers, to whom, I can speak to the company officials?

Vineet Jain: You can contact Mr. Satish Kumar Bansal, our CFO and Mr. Bharat Kapoor, our Company Secretary.

Saket Kapoor: I would like to bring to your kind attention towards the business environment and sentiments. If we look currently the advantage of digital platform, you can upload the presentation for investors' convenience. I would suggest to interact with the investors and share the information through press release, conference call, analyst investor presentations on quarterly, bi-annually basis and to think about create shareholder value.

Vineet Jain: We will think over it and will definitely consider your suggestions in future.

Saket Kapoor: Please also have a transcript uploaded on the website.

Bharat Kapoor: Thank you Mr. Saket, AGM Transcript will be uploaded on website of the Company www.pasupatiacrylon.com.

Vineet Jain: Thank you Mr. Saket. The next and last speaker is Mr. Kirti Shah. I request him to ask his question.

Bharat Kapoor: Sir. Mr. Kirti Shah has not joined this meeting. Please carry on with the proceedings.

Vineet Jain: Okay Bharat. 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.

I thank all the members and Directors for participating in AGM.

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

Thank you All.

Bharat Kapoor: Thank you Mr. Chairman

Members, please note that, e-voting on the CDSL platform will continue to be available for the next 15 minutes after the closure of this meeting. Therefore, members, who have not cast their vote through remote e-voting, are requested to do so within the next 15 minutes. The resolutions, as set forth in the Notice, shall be deemed to be passed today subject to receipt of requisite number of votes.

The Board of Directors has appointed Mr. S K Hota, Practicing Company Secretary, as the scrutinizer to supervise the e-voting process. Based on the Scrutinizer's report, the voting results will be announced by submitting to BSE Limited and by posting it on the website of the Company within 2 working days of the conclusion of this meeting.

As all the items of business as per the AGM notice have been taken up, the proceedings of the AGM have been concluded. I now propose a vote of thanks to the Chairman and hereby declare the meeting as closed.

Thank you for joining us today, I wish you all a safe and healthy future.
