

N R AGARWAL INDUSTRIES LIMITED-27TH AGM TRANSCRIPT

Mr. R N Agarwal-Chairman & Managing Director

So it's 11:30. We are starting our 27th Annual General Meeting, dated September 29, 2020. Good Afternoon Ladies and Gentlemen. I would like to welcome you to the 27th Annual General Meeting of your Company. It is my pleasure to connect with all of you at the first virtual Annual General Meeting of the Company. On behalf of the Board of Directors, I want to thank you for taking the time out to join us today. Your support and confidence in us, in these uncertain times, drives us to do more and create greater value. I hope all of you are safe and in good health. This meeting is being conducted through OAVM (Other Audio Video Conference) as per guidelines issued by the Ministry of Corporate Affairs and SEBI.

In line with the MCA General Circular dated May 5, 2020, and SEBI Circular dated May 12, 2020, the Notice of the AGM along with the Annual Report 2019-20 was sent only through electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories. The Notice convening the 27th AGM was also uploaded on the website of the Company and is accessible on the websites of the Stock on the website of NSDL. I wish to inform the members that in case of any technology related challenges and I am unable to continue to participate in this Meeting, any one of the Directors who is able to continue would preside over the meeting.

I would like to introduce all the other members of the Board present at the meeting through Video Conference:

Smt. Reena Agarwal	Whole Time Director
Shri Raunak Agarwal	Whole Time Director
Shri Ashok Kumar Bansal	Whole Time Director
Shri Rohan Agarwal	Whole Time Director
Shri P Kumar	Independent Director
Shri S N Chaturvedi	Independent Director
Shri C R Radhakrishnan	Independent Director
Smt. Sunita Nair	Independent Director

Shri R K Bakshi (Independent Director) is unable to attend the meeting due to health concerns.

Participation of members through video conference is being reckoned for the purpose of quorum as per the circulars issued by Ministry of Company Affairs and the Companies Act, 2013. The requisite quorum is present through video conference to conduct the proceedings of this meeting. The quorum being present, I call this meeting to order. I now request Company Secretary, to provide general instructions to the members regarding participation in this meeting.

Ms. Pooja Daftary-Company Secretary

Good afternoon everyone. As informed by the Chairman, this Annual General Meeting is being held through video conference in accordance with the Companies Act 2013 and circulars issued by the Ministry of Corporate Affairs and SEBI. Facility for joining this meeting through video conference is made available for the members on a first-come-first-served basis. The Register of Directors and Key Managerial Personnel, the Register of Contracts or Arrangements, has been uploaded on the website of the Company and are available for inspection by the members during the meeting. As the AGM is held through video conference, the facility for appointment of proxies by the members was not applicable and hence the proxy register is not available for inspection.

The Company has received requests from a few members to register them as speakers at the meeting. Accordingly, the floor will be open for these members to ask questions or express their views. The moderator will facilitate this session once the Chairperson opens the floor for question and answers. 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 Company had provided the facility to cast the votes electronically, on all resolutions set forth in the Notice. Members who have not cast their votes and who are participating in this meeting will have an opportunity to cast their votes during the meeting through the e-voting system provided by NSDL. Members can click on the "Vote" tab on their screen to avail this feature. Members are requested to refer to instructions provided in the notice or appearing on the video conference page, for a seamless participation. In case members face any difficulty, they may reach out on the helpline numbers. Thank You, back to the Chairman.

Mr. R N Agarwal

As the Notice is already circulated to all the members, I take the Notice convening the meeting as read. The Statutory Auditors, GMJ & Co. and Secretarial Auditor, Parikh & Associates, have expressed unqualified opinion in their respective audit reports for the financial year 2019-2020. The representatives of the Statutory Auditors and Secretarial Auditors are present in this AGM.

Now I shall take you through the Company's performance in the previous year. N Agarwal Industries Limited is pleased to present record revenues and profit after tax in 2019-20, which surpassed the best it had achieved in the previous financial year. During the year under review, the company reported profitable growth as revenues increased 6.58 per cent while EBIDTA increased 18.50 per cent and profit after tax strengthened 23.36 per cent. The improvement in performance was also accompanied by an improvement in business health. The company reported an increase in EBIDTA margin from 14.62% in 2018-19 to 16.25% in 2019-20. During the year under review, the combined production from Packaging Board, Writing & Printing paper and Copier stood at 338988 MT and the capacity utilization stood at an average of 93%. The Company is continuously focusing on improving operating efficiencies and reducing costs with for better financial performance.

PANDEMIC IMPACT

The performance of the company was affected from the second half of March 2020 when the first signs of the Covid-19 pandemic began to become evident across India. As schools began to shut, the offtake of writing & printing paper declined. This also affected the off take of the company's writing & printing paper products and, in turn, our manufacturing operations where capacity utilization declined to around 20 per cent in the first quarter of the current year.

However, the off take of the company's packaging board business remained largely unaffected. Since this business serviced the growing needs of the FMCG and pharmaceutical sectors, whose sales sustained through the lockdown, the impact on this segment was moderate. The manufacturing operations of the company's packaging board remained shut for a period of 30 days. The outlook of the writing & printing paper business will be affected as long as schools remain closed; the prospects of the packaging board business appear buoyant, given that the company selected to be present in the grey back duplex board and white back duplex board segments that escaped demand erosion.

The message that I wish to communicate to our stakeholders is that there will be a decline in our revenues and profits during the current year. However, NR Agarwal will continue to remain profitable on account of a broad-based business model. The company will protect the integrity of its Balance Sheet and its competitiveness for a time when demand revives and the company is better placed to enhance value for its stakeholders once more. On behalf of your Company's Board, I convey our gratitude to all the banks, financial institutions, stakeholders, business associates and the Central and State Governments for their co-operation and support. Let me express our deepest gratitude to each of you, our shareholders. I look forward to your ongoing support.

Thank you for your patient hearing.

I now move the Resolutions relating to Items nos. 1 to 8.

Items Nos. 1 & 2 are Ordinary Business Items relating to statutory compliances. Item No. 3 & 4 relates to appointment of Shri Rohan Agarwal as Whole Time Director, Items Nos. 5 relates to continuation of office of Shri C R Radhakrishnan as he attains 75 years of age, Item No. 6 & 7 relates to appointment of Shri S N Chaturvedi and Smt. Sunita Nair as Independent Directors and Item No. 8 relates to ratification of the remuneration payable to the Cost Auditors.

Ms. Pooja

Item numbers 2, 3 and 4 will be presided over by Mr. P Kumar, the Chairman of the Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee as Mr. Agarwal is deemed to be interested in these resolutions.

Mr. R N Agarwal

Agenda Item No. 1

To receive, consider and adopt the audited financial statements of the Company for the financial year ended March 31, 2020, together with the reports of the Board of Directors and, Auditors thereon.

Now Mr. P Kumar will conduct the meeting.

Mr. P Kumar-Independent Director

Agenda Item No. 2

To appoint a Director in place of Shri R N Agarwal (DIN 00176440), who retires by rotation and being eligible, offers himself for re-appointment

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Agenda Item No. 3

Appointment of Shri Rohan Agarwal (DIN: 08583011) as the Director.

Agenda Item No. 4

Appointment of Shri Rohan Agarwal (DIN: 08583011) as the Whole Time Director.

I now request Shri R N Agarwal to re-occupy the Chair.

Mr. R N Agarwal

Agenda Item No. 5

Continuation of holding the office of Directorship by C R Radhakrishnan (DIN: 01309312) as an Independent Director.

Agenda Item No. 6

Appointment of Shri S N Chaturvedi (DIN:00553459) as an Independent Director.

Agenda Item No. 7

Appointment of Smt. Sunita Nair (DIN: 08701609) as an Independent Director.

Agenda Item No. 8

Ratification of Cost Auditors' remuneration

We will now open the floor for any questions by members. We will request each member to turn on their video only once when you are projected on the broadcast screen. Kindly unmute yourself and proceed to ask your questions. I would request each member to be brief and avoid repeated questions. As has been the practice to avoid repetition, the answer to all the questions will be provided after all the members have spoken. Once you ask your question, you can mute yourself and continue to hear and watch the proceedings.

Ms. Pooja Daftary

Mr. Anil Parikh can start, he has been unmuted. Mr. Anil Parikh, can you hear us?

Mr. Anil Parikh

Yes, yes, I'm hearing. Let me start my video. Hello. Am I visible?

Mr. R N Agarwal

I can see you and hear you both.

Mr. Anil Parikh-Shareholder

Rajubhai, it gives me immense pleasure to be one of the speaker at this AGM. This being online and therefore would like to congratulate the Secretary and Team particularly Pooja. for providing me with full support, assistance and guidance in attending this AGM electronically. It would have been great to meet with you in person, as we were doing from last so many years. And we hope and wish to Almighty God that next year, we'll get an opportunity to meet with you in person. Sir, I heard your opening remarks. Congratulations to all of you for record achievement and record performance this year. Our revenues has increased to 6.5% and PAT has a huge jump of 23%. Congratulations, Rajubhai, Rohan and everybody in the board, you're doing excellent work. And this is one of the most investor friendly company which I have come across. So all in all, I would like to say that you are doing the right kind of corporate governance, right kind of shareholder social responsibility. And right kind of things you're doing as far as business is concerned. I'm very much happy. My investment in the company is very sound and safe. I don't want to take your much of time, since you have elaborated everything in the detail. I would only say that I am supporting all the resolutions today. And thank you for presenting me and may God bless you good health in times to come. Thank you Rajubhai. Thank you.

Mr. R N Agarwal

Thank you. Thank you so much.

Ms. Pooja Daftary

Next speaker Mr. Bharat Raj but I don't see him in the attending list. So we will move on to our next speaker Mr. Brijeshwar Singh.

Mr. Brijeshwar Singh-Shareholder

Thank you, sir. And thank all the Directors for this wonderful meeting. I'd like to just ask questions which are really COVID related. One is that China has said that in 2021, they will stop importing waste paper, we are major consumers of waste paper. So does the Company Board feel that China will really go ahead with this ban? Or will they retract and what will be the impact on the wastepaper prices, which is our import? And secondly, going forward we have two critical areas, Writing & Printing and Duplex Board. Duplex board, the Company had mentioned it might do another plant. Are we going ahead with that, will that be? How will that affect our overall cost structure? And then WNP you've already mentioned sir, that we have got a problem with schools being closed now the lockdown may continue on and off for two years, we don't how COVID will go. So what are our contingency plans? I'd also point out that in the WNP segment, I'm very happy we got out of newsprint which was the worst market. In the WNP segment, we have a large number of consumers to deal with. But when I look at the website, I don't find dealers' details and other things on the website very easily. So if I was a consumer and I came to the Company website and I wanted writing paper, I don't know how I'd get it because the dealer details aren't there. And in this context of limited domestic market for WNP does the company have any export plan so that you know we don't suffer this huge revenue loss which you are foreseeing?

Mr. R N Agarwal

Is that all?

Mr. Anil Parikh-Shareholder

That's all sir.

Mr. R N Agarwal

Thank you so much.

Ms. Pooja Daftary

Sir, I don't think we can see Mr. Bharat Raj. So that's it for the list of speakers. Mr. Chairman will now answer these questions.

Mr. R N Agarwal

Okay, here are my answers for the questions raised by two shareholders Mr. Anil Parikh and Brijeshwar Singh. Mr. Anil Parikh was appreciative of the company. I thank him for the appreciation. And we had a tremendous performance in the last year. It was our all time historical best and we were hoping to surpass it or maintain. But for the COVID situation, things went out of control. But still our company is quite balanced and we are confident of not going totally haywire. So the COVID situation has definitely affected the company. We were shut for almost 25 days to one month in the month of April after the lockdown was declared on 25th March. So, that affected the performance in the first quarter of all our units and later on the packaging board got steady because of the good demand from FMCG sector and Pharmaceutical sector. And we could maintain reasonable profits and top line also for the packaging sector. But for writing-printing sector, the schools' closure meant a heavy reduction in the demand for various grades of writing-printing for use for schools, for offices or even for use in the courts. So the consumption and the demand went down substantially. Still we are not able to achieve a 100% capacity utilization for writing-printing, we are waiting for government to reopen the schools and most of the offices that are partly open but all are not still open. So we hope that writing-printing demand picks up. So as somebody, Mr. Brijeshwar Singh asked me that China is going to ban import of raw materials, especially wastepaper, from other countries from the year 2021. So I see that as a very positive impact for other countries which are importing paper, especially our company which is importing wastepaper and are based completely on wastepaper recycling. So the ban, I see, China is pretty serious because they announced a partial ban some three years back and they stuck to their ban. So I feel China may stick to what they announced. And if that happens truly then the wastepaper would be in surplus all over the world. And India and our company especially would be benefited by the reduction in the prices of the cheap availability of imported wastepaper. So that would place us you know, at an advantage compared to our competitors who are manufacturing paper out of wood because their cost is fixed. And for us, we were having a higher cost whenever the wastepaper prices were higher. Then if the wastepaper prices remain low for most of the times, I think we would have an advantage compared to our competitors who are using wood as their raw material. So I see that as a positive development. Now, he also asked me about schools being closed and if writing-printing demand permanently is affected maybe by 10% or 20%. So there we have a plan, we're working on a plan to see the flexibility of converting our Unit 2, one of our Unit which is producing writing-printing into craft paper manufacturing which is packaging. So that sector, the demand has not come down and in fact, in future it is likely to rise. So we are examining the option, it's too early for us to take a decision now because we can't give up on writing printing demand. It is a big

sector and we are not totally bearish or negative about it. So let's see, we will wait for another three to six months. Meanwhile, we'll keep all the papers ready and work on that plan. We will take a decision maybe three or six months down the line. So we have an alternative plan, it's not that we don't have an alternative plan, if the writing-printing consumption goes down. As far as Unit 5 is concerned, we are pretty comfortable in that Unit because we produce the top quality of writing-printing which are wastepaper based and we are neck to neck in terms of quality even compared to emerging manufacturers, we have launched our copiers successfully which has got very well appreciation in the market. And we are producing around 1500 tons of copier per month as of now. So I don't feel any problem for Unit 5 in future. As far as a new duplex board plant is concerned, we have postponed our plan for maybe a year or one and a half. We are waiting for the COVID situation to improve. We are hoping that the vaccine comes very soon. The moment the vaccine comes in India, we would start the work on our new board plan because everything was ready, in fact we had approached the bankers for financial assistance, we were very positive. So the same things will start rolling once we are confident that COVID is behind us, which will be I think hopefully with the grace of God one year down the line. I would apologize to the shareholders for not declaring their dividend because I felt that the company should keep that money as a buffer this year. So I promise the shareholders that in times to come we'll make up for the loss of dividend to the shareholders. Some shareholder asked me about the details not being available on website as far as our dealers and customers are concerned. We are working on the CRM package, wherein we are going to improve our disclosure on the website.

I think that's all about the questions. I just would like to assure the shareholder that in spite of the bad market, we are on a strong footing, our top line and bottom line may be affected but we are cash-rich and we are positive in our liquidity. And we would be going for the new project the moment the COVID situation improves. Thank you so much. I thank all the shareholders for the questions, comments and suggestions. I have answered most of the questions.

Members may note that the voting on the NSDL platform will continue to be available for the next 15 minutes. Therefore, members who have not cast their vote yet are requested to do so. The Board of Directors have appointed Parikh & Associates, Practicing Company Secretary as the scrutinizer to supervise the e-voting process. Further, I hereby authorize the Company Secretary to declare the results of the voting and place the results on the website of the company at the earliest. The resolutions as set forth in the notice shall be deemed to be passed today, subject to receipt of the requisite number of votes. Thank you all for attending the meeting and I hereby declare the proceedings as closed. Thank you very much and see you next year.