

**TRANSCRIPT OF 25<sup>TH</sup> ANNUAL GENERAL MEETING OF PONDY OXIDES AND  
CHEMICALS LIMITED HELD AT 3.00 P.M. IST ON MONDAY, SEPTEMBER 28, 2020  
THROUGH VIDEO CONFERENCING**

**Anil Kumar Bansal:**

Good Afternoon Ladies and Gentlemen and Fellow Shareholders.

I am happy to welcome you to the 25<sup>th</sup> Annual General Meeting of the company being held through video conferencing or other audio-visual means as prescribed by MCA/SEBI on CDSL platform. Thank you for your presence here today inspite of the difficult situation which we are facing due to the COVID 19 pandemic. I sincerely thank you for your support and goodwill for the past 25 years and I am happy to announce that this is the Silver Jubilee annual general meeting of the company.

The Quorum being present, I call the 25<sup>th</sup> Annual General Meeting of Equity Shareholders of the Company to order.

Before we start the main proceedings of the meeting, I would request the Directors and Key Managerial Personnel's to introduce themselves from their respective places.

Myself Anil kumar Bansal, Chairman and Whole Time director and I'm attending the AGM from the registered office of the company in Chennai.

**Ashish Bansal:**

I am Ashish Bansal, Managing Director and I'm attending the AGM from the registered office of the company in Chennai.

**R.P Bansal:**

I am Rajendra Prasad Bansal, Whole time Director and I'm attending the AGM from my Residence in Mumbai.

**Vijay Anand:**

I am Vijay Anand, Independent Director and Chairman of the Audit Committee, Nomination and Remuneration Committee and Stakeholder Relationship Committee. I'm attending the AGM from my Residence in Bangalore.

**Ramasubramani:**

I am Ramasubramani, Independent Director and I'm attending the AGM from my Residence in Chennai.

**Kumaravel:**

I am K. Kumaravel, GM finance and Company Secretary and I'm attending the AGM from the registered office of the company in Chennai.

**Anil Kumar Bansal:**

We also wish to inform the presence of the Auditors of the Company Mr. L. Mukundan representing M/s. L. Mukundan & Associates, Chartered Accountants, the Statutory Auditor and Mr. Krishna Sharan Mishra, Partner, M/s. KSM Associates, the Secretarial Auditor and Scrutinizer for this meeting and remote e-voting process.

I request Mr. K Kumaravel to continue the proceedings of the meeting.

**Kumaravel:**

Thank you, Sir.

Good Morning Ladies and Gentlemen!

I welcome you all to the 25<sup>th</sup> Annual General Meeting of the Company held through Video Conferencing due to the prevailing COVID 19 pandemic and consequent restrictions like social distancing to contain the spread of the pandemic. Hence the physical presence of the shareholders has been dispensed with in view of the circulars issued by the Ministry of Corporate Affairs and SEBI. Due to this, no proxy received and the proxy register is not available for inspection.

The Company has received request from a Shareholder to register him as a speaker at the meeting. Accordingly, the floor will be open for the shareholder to ask questions or express their views. The moderator will facilitate this session once the Chairman opens the floor for questions and answers.

Coming to the proceedings of the meeting, I draw the attention of the shareholders that relevant registers and documents as per the Companies Act, 2013 are available for inspection by the shareholders in electronic mode at the website of the Company.

The Company had provided the facility to cast the votes electronically, on all resolutions set forth in the Notice. Shareholders who have not cast their votes electronically 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 CDSL. Shareholders can click on EVSN of the Company to vote.

Shareholders are requested to refer to the Instructions provided in the notice for a seamless participation through video conference. In case shareholders face any difficulty, they may reach out on the helpline numbers.

Now, I request the chairman to address our shareholders.

**Anil Kumar Bansal:**

**Dear Shareholders, Ladies and Gentlemen,**

I am delighted to welcome you all to the 25<sup>th</sup> Annual General Meeting of the Company. It may be a different setting than what we are normally used to, however it is wonderful to see so many of you joining us from different parts of India. I thank you for your presence here today inspite of the difficult situation which we are facing due to the COVID 19 pandemic.

I also thank you all for sparing your time and for your continued trust in the Company. I look forward for the same support and confidence for the years to come.

## **ECONOMIC OVERVIEW**

The Indian Economy that was witnessing a slowdown till December 2019, showed signs of recovery in early 2020 but the outbreak of the COVID 19 pandemic in March 2020 destroyed the hopes of revival and also plunged the entire world into darkness. The GDP of the Indian economy registered the lowest ever annual growth rate of 4.3% in the last two decades.

## **INDUSTRY OUTLOOK**

### **LEAD**

Lead prices were volatile during the year, rising and falling in response to developments in International Trade Dispute between the US and its trading partners. The Volume of secondary lead produced across India in 2019 was over 465 thousand MT. The demand for Lead continues to be stable for the coming years.

## **COMPANY PERFORMANCE**

POCL recorded a strong operational and financial performance in the FY 2020, delivering growth year over year. Growth in volume resulted in EBITDA of ₹ 3,904.01 lakhs, even in unfavorable price environment. The exports increased by 24% to ₹ 68,068 lakhs for the year 2019-20 from ₹ 54,930 lakhs in the previous year.

The profit after tax before exceptional item was ₹ 1,634.56 lakhs in FY2020. Considering the profits of the Company for the year, the Board had declared an Interim Dividend of 30% on the equity shares of ₹ 10/- each.

## **AWARDS AND RECOGNITIONS**

During the year, your Company has obtained the prestigious India's first and only London Metal Exchange (LME) Brand Listing Certificate from the London Metal Exchange (LME) for its Lead Metal produced in Tamil Nadu.

Further your Company received the Gold Trophy for being the top exporter (Medium Enterprise) in the year 2018-19 from Engineering Export Promotion Council (EEPC), Southern Region, Ministry of Commerce and Industry, Government of India.

## **COMPANY OUTLOOK**

During the year 19-20, the company increased its overall production capacity and significant improvements have been made in capacity utilization. Due to restructuring proposal approved by NCLT overall lead production capacity increased to 1,32,000 MT per annum from its present capacity of 84,000 MT per annum. In view of the above capacity creation, your company will be the market leader in production of Lead Metals and alloys in India.

## **ACKNOWLEDGEMENT**

I would like to place on record our sincere acknowledgement and appreciation to the company's managerial and operating team both at Registered Office and Factory for all their efforts during the year 2019-20. I deeply appreciate all our employees for their resilience and continued support.

I would like to thank my colleagues on the Board for their valuable guidance and contribution for the growth of the Company to higher levels of achievement.

I would also like to acknowledge the support of our customers, suppliers and bankers for their continued support.

Finally, I am grateful to our community of shareholders for the trust and the confidence reposed by them in the Company

Warm Regards.

**Kumaravel:**

Thank you, Sir.

The Notice for the Meeting along with the Auditor's Report, Secretarial Auditor's Report and Board's Report in respect of the financial year 2019-20 have already been circulated to you. There have been no qualifications by the Statutory Auditors or the Secretarial Auditors. Therefore, I take the Notice, the Auditor's Report, the Secretarial Auditor's Report and the Board's Report as read.

The proposing and seconding of resolutions is not required as per the Secretarial Standards as the resolutions are being put to vote through e-voting facility.

Now, we will go through the agenda for this meeting:

The first two items are ordinary business and next five items are special business.

### **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 Board of Directors' and Auditors' thereon,

### **Item No. 2:**

To appoint a Director in the place of Mr. Ashish Bansal (DIN: 01543967), who retires by rotation and being eligible, offers himself for reappointment

## **SPECIAL BUSINESS**

### **Item No. 3:**

To re- appoint Mr. Ashish Bansal (DIN: 01543967) as Managing Director and fixing his remuneration

### **Item No.4:**

To re-appoint Mr. Anil Kumar Bansal (DIN: 00232223) as Whole-Time Director and fixing his remuneration.

### **Item No. 5:**

To re-appoint Mr. R.P. Bansal (DIN: 00232708) as Whole-Time Director and fixing his remuneration.

### **Item No. 6:**

To appoint Dr. M Ramasubramani, as Independent Director of the Company

### **Item No. 7:**

To ratify the remuneration of the Cost Auditors for the Financial Year ended March 31, 2020.

In this regard, the Board has appointed Mr. Krishna Sharan Mishra, Practicing Company Secretary representing M/s. KSM Associates as the Scrutinizer, to scrutinize the votes cast by remote e-voting and ballot paper.

If any member desires to ask any questions pertaining to any item in the Notice, he/she may do so now. Shareholders are requested to keep their questions brief and specific. To avoid repetition, the answers to all the questions will be provided towards the end.

Dear Shareholders, before we go Live with the Question and Answers, here are some of the points to note for your convenience.

Kindly turn on your video when you are projected on the broadcast screen, unmute yourself and proceed to ask the question. Please mention your name, Folio Number, and the location from where you are joining. Each shareholder will have three minutes for their questions. To avoid repetition, the Board will respond to all the questions at the end. Once you have asked your question, you can log off and continue to watch the proceedings.

As there are no questions asked by the Shareholders on Live, On behalf of the Board and the Chairman I will reply to the questions asked by a Shareholder 'Vaibhav Badjatya' who has sent the questions priorly to the Company:

Questions and Answers:

Q1) Our asset turnover ratio (Total sales/net Assets) is consistently higher than Gravita while gross margin of the company is consistently lower than Gravita? Can you please explain the reasons for such differences?

Ans: Our Asset turnover ratio is better due to effective control over the cost of Fixed assets and current assets, Gross margin of the company also equally high if you eliminate nonbusiness income of Rs. 9 crores of subsidy received and if you go in detail others as well, by the other company referred by you in 2018 19 and it is not consistently high as referred by you.

Q2) While we import nearly 80% of our RM requirements, Nile imports are only around 22%. Why there are such big differences in RM sourcing?

Ans: Our export share to the total sales is more than 70% - to avail export benefits and to meet out the total requirement of Raw Materials we are sourcing majority of RM from foreign countries. We have a large international network for Raw material supply built over the years.

Q3) Are there any import restrictions on import of raw material in India like licencing requirement etc.?

Ans: For importing of Lead scrap we require Ministry of Environment and Forest Clearance and your company has all the required permission and license in place.

Q4) Which are the countries from which company import most of the Raw materials?

Ans: Your company imports Raw Material from across the globe. We have tie-ups globally with our vendors which has been built over a decade. A Large part of our sourcing is from Europe, UK, Africa, Australia, USA and South East Asia.

Q5) What is the duration between sourcing the raw material and delivery to customers?

Ans: Duration ranges from 30 to 45 days

Q6) What is our policy to hedge raw material price fluctuation risk that arise from time of sourcing RM to time of delivery of finished product to customers? What is the annualized hedging cost in % terms?

Ans: Usual policy of the company is to sell products at monthly average prices linked with London Metal Exchange (LME). However, to minimize price risk involved in procurement of major raw materials for the manufacture of finished goods and to achieve monthly average, hedging is done. In exceptional circumstances, we may enter into strategic hedging with prior approval. Cost of hedging is around 0.15% to 0.5% depending on the period of hedging.

Q7) What is the conversion margin per Tonne Company generally earns based on contracts with customers (without taking into account RM price fluctuation risk)?

Ans: Our gross conversion margin is in the range of 8% to 10%.

Q8) Is the conversion margin per tonne is generally dictated as a spread over RM cost?

Ans: No, conversion margin is dictated independently and it is based on the type of Raw material.

Q9) How is the RM benchmark decided for finished product pricing? Is it last month LME lead average prices?

Ans: RM benchmark decided based on the percentage of Lead content in RM procurement and FG sale price is based on Average LME over the period.

**Anil Kumar Bansal:**

Shareholders have been provided the facility for voting through electronic voting system during the meeting. Only those shareholders who have not voted through e-voting can vote at the meeting.

The voting will continue to be available for 15 minutes from now on the e-voting platform. The Scrutinizer, Mr. Krishna Sharan Mishra, is available to supervise the voting process and to give his report on the voting. The results of the voting will be placed on the website of the Company and on the website of CDSL. The same will also be intimated to BSE. The resolutions, as set forth in the Notice shall be deemed to be passed subject to receipt of necessary number of votes.

I, along with all the Board Members, would like to thank you dear shareholders for your active participation in the meeting. I am grateful to you for your time and involvement.

I declare that necessary quorum was present throughout the meeting.

I now authorize the Company Secretary to announce the closure of the meeting upon expiry of 15 minutes. Permit me to take leave now. Take care and be safe.

(Krishna Sharan Mishra supervises the Voting process by having a Timer for 15 Minutes.)

**Kumaravel:**

The Voting time is over now. I convey our sincere thanks to all the members for participating at the meeting. 55 Shareholders attended the meeting. I hereby declare the meeting stands closed. The Meeting concluded at 3.37 p.m. IST.

Thank you.