

Mitsuchem Plast Ltd.

(Formerly known as Mitsu Chem Pvt. Ltd.)

329, Gala Complex, Din Dayal Upadhyay Road,
Mulund (W), Mumbai - 400 080, Maharashtra, INDIA.

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CIN : L25111MH1988PLC048925



Transcript of 33rd Annual General Meeting of Mitsu Chem Plast Limited held at 4.00 p.m. on September 16, 2021

Ms. Drishti Thakker – Company Secretary and Compliance Officer:

Good Afternoon everyone, I Drishti Thakker, Company Secretary and Compliance Officer of Mitsu Chem Plast Limited is pleased to welcome you to the 33rd Annual General Meeting of the Company. Due to the corona virus concerns, lockdowns and the social distancing norms, we are holding the AGM of the Company through video conference. This is in compliance with the directions of the Ministry of Corporate Affairs (MCA). All the members who have joined this AGM are by default placed on mute mode by the host to avoid any disturbances arising from any background noise and to ensure smooth and seamless conduct of the meeting.

I now handover the proceedings to our Chairman. Thank you.

Mr. Jagdish Dedhia- Chairman and Whole-Time Director:

Good afternoon, I welcome all the shareholders to the 33rd Annual General Meeting of the Company. As the requisite quorum is present I now call the meeting to order. I would like to introduce you to my fellow Board members:

1. Mr. Sanjay Dedhia, Managing Director
2. Mr. Manish Dedhia, Managing Director and CFO
3. Mr. Dilip Gosar, Independent Director
4. Ms. Neha Huddar, Independent Director
5. Mr. Has Mukh Dedhia, Independent Director

Since there is no physical attendance of the members, the requirement of the appointing proxies is not applicable. The registers as required under Companies Act, 2013 are open for inspection. Since the notice is already circulated to all members, I take the notice convening the meeting as read. The Auditors Report on the financial statements do not contain any qualification, reservation, adverse remark or disclaimer and the Secretarial Audit Report of the Company for the financial year March 31, 2021 do not contain any qualification, reservation or disclaimer and the remark made thereunder is self explanatory and do not need any further explanation. Accordingly, the reports are not required to be read out as provided in the Companies Act, 2013.

Now I would like to begin with my formal address to the shareholders.

I am happy that we completed one more year of opportunities and achievement. The world has been impacted severely due to the COVID pandemic for the financial year 2020-2021. Although your Company is not an exception, we survived this crisis and emerged stronger from it. The second wave did harm the industry, leading to unexpected lockdown and demand disruption for the first two months of FY22. The learning from the first wave of CORONA helped us to tackle the impact of the second wave.

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We can now see that the economy is normalizing. There is a pickup in demand and is gradually expected to rise slowly and at a steady pace. Yet, there is fear of the third wave. Although the risk is not predictable, the practical steps were taken by State and Central government to break the chain, vaccination across the country at various age groups and learning from COVID to a standstill in the worse situation will enable people as well as companies to mitigate the impact.

Now let me take you through the journey of Mitsu Chem Plast Ltd.

In 1990, we started our journey with the vision of providing unique packaging solution and now your Company has emerged as a leading manufacturer of high standard Plastic Blow Molded and Injection Molded products and as the encouraging player in the rapidly growing domestic market, with three integrated plants located in Maharashtra, with a total current manufacturing capacity of 22,693 MT p.a. Mitsu is a leading manufacturer with more than 500 plus SKU's, serving more than 30 plus Fortune 500 clients in India. Mitsu's plants are with latest Techonolgy and required system and high QC Methodology, which qualifies for the usage of its product under Pharma, Chemical and food applications & various critical applications .

As a listed entity, Mitsu has achieved an important milestone in FY2020-21 by migrating to BSE Mainboard on May 27, 2020, after IPO in 2016 on the SME platform through virtual listing. Migration for a company from BSE SME to BSE Mainboard is a milestone, and we thank all our investors and stakeholder for supporting us in making our BSE Mainboard journey successful. Now company shares are available on the main platform of BSE and have improved liquidity. Human resource is an essential pillar of the business. The management considers health and safety as among the most critical priority. We endeavour to develop and maintain accident and injury-free workplaces for the employees, continuous efforts are made to comply with safety standards and provide appropriate training to the concerned employees, as per the suitability in terms of departments and their respective roles.

Coming to the industry's perspective for the plastic molding segment, the global blow molded plastics market size was valued at USD 75.7 billion in 2020 and is expected to grow at a compound annual growth rate (CAGR) of 3.3% from 2021 to 2028. Increasing demand from the key application sectors, including construction, automotive, and packaging, particularly in BRICS (Brazil, Russia, India, China, and South Africa). In addition, due to global Covid-19 pandemic, the demand for various pharmaceutical products, disinfectants, and sanitisers has increased, driving the need for blow molded plastics in medical applications. As a result, the segment is expected to grow higher than the consumables & electronics and building & construction segments.

The market in Europe is expected to witness slow growth owing to various factors, such as stalled industrial output caused by the Covid-19 pandemic, rising unemployment, and debt crisis. However, a favourable scenario across Eastern Europe is expected to drive the market in terms of consumerism and manufacturing.

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Stringent regulatory scenarios regarding medical-grade polymer use in healthcare sectors will positively impact the growth in the industry over the next few years. Furthermore, rising preference towards bio-degradable polymers among medical device manufacturers is also anticipated to create profitable opportunities in the medical industry over the forecast period, providing an edge to the unorganised market.

In India, plastic consumption is around 15 million tonnes and is expected to grow faster to reach 25 million tonnes in the next seven years. However, India's per capita usage is very low at 11 kg compared with 109 kilograms in the US, 65 kg in Europe and 38 kg in China. Therefore, there is enormous potential to increase the same driving the growth of the industry. Mitsuchem Plast Ltd is all set to leverage the opportunity from growing demand. The Company possess strong capabilities in Injection Molding, Blow Molding and Custom Molding. Customised molding capabilities make Mitsu a preferred supplier against its competitors. In 2020, your Company was awarded Excellence in Compliance SME 2020 Award.

I thank each of you as a Mitsu Family for being a part of our extraordinary journey from SME platform to BSE Mainboard. I am grateful to all of you to stand by us in the most challenging time of the COVID pandemic and trust the Company. We assure you that Mitsu will continue to grow and expand its product and client portfolio to ensure a better return for your valuable investment. Finally, I thank the entire Mitsu family for their esteemed support to make FY2020-21 a most successful year.

Now, I request Mr. Sanjay Dedhia to take you to our business insights.

Mr. Sanjay Dedhia- Managing Director:

Thank you Mr. Jagdish.

Good Afternoon dear Shareholders. I would like to take this opportunity to thank all of you to be part of the Mitsu Family and for trusting us in this Covid pandemic.

Mitsu possesses strong capabilities in injection molding, blow molding and custom molding. Product innovation is in our genes. It is through product innovation and value engineering, your Company has set new benchmarks in offering quality products and achieved highest customer satisfaction, which has made the 'Mitsu' brand name to be reckoned with.

Our business has four main divisions. Molded Industrial Packaging, Hospital Furniture parts, Automotive Components and Infrastructure Furniture. Our Molded Industrial packaging is our significant segment contributing around 85% to our total revenues. Following with Hospital furniture, which contributes around 11%. Infrastructure furniture and automotive equipment are tiny segments with less than 5% combine contribution.

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We provide custom molding solutions to our customers to cater to their unique requirements and thus have the edge over competitors while taking care of market trends. In addition, we ensure our customer about the confidentiality of their designs and protect from other competitors. As a company, we not only meet customer requirement but also when the society needs us, we are there. We innovated new products like Corona sword which helped many fellow Indians to safeguard themselves and packaging material for sanitizer, which is a mandate requirement in each family today.

Our customer's satisfaction helped us grow our client portfolio year on year. Our vast client base comprises renowned names like Tata, BASF, Cipla, Castrol, Thermax, Parle, Venky's, Emcure, NPL, Galaxy Surfactants. We have more than 30 clients of Fortune 500 serviced by us.

It is due to our incredible sales team that FY2020-21 one of the most difficult year in mankind turned to be a remarkable year for Mitsu. We expanded our product portfolio as well as client portfolio in the past year. I sincerely appreciate the efforts of each sales and marketing personnel for their enthusiastic efforts and achievement, which enable the Company to report better numbers.

Now I request Mr. Manish Dedhia to take you through the Company's financial performance for FY2020-21.

Mr. Manish Dedhia- Managing Director & CFO:

Thank you, Mr. Sanjay.

Today I feel so proud to be part of Mitsu Family. I am pleased to inform you that your Company has closed financial year FY20-21 with robust sales of Rs 178.33 crore compared to Rs 138.55 crore in the previous year, registering a growth of 28.7%. EBITDA recorded at Rs 24.19 crore viz-a-viz Rs 16.18 crore; splendid growth of 50%. Our EBITDA margin expanded 183 bps to 13.5%. The Company's net profit grew 2.5 fold to Rs 9.71 crore from Rs 3.97 crore in the previous year.

Segment-wise, molded industrial packaging grew 25.7% to Rs 151.41 crore and is the highest contributor to our revenues. Our hospital furniture segment did exceptionally well due to higher demand from medical necessity and recorded 823% YoY growth in revenues to Rs 19.94 crore and contributed ~11% to total revenues. Industrial infrastructure grew 82.7% to Rs 5.46 crore. On the other hand, the automobile segment was severely impacted by a dip in sales and has de-grown 85% to Rs 1.85 crore.

Your Company debt-equity ratio is comfortable at 1.6x. RoE and RoCE are impressive at 24.43% and 21.06%, respectively.

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As spoken by Mr Sanjay Dedhia, product innovation and value engineering continues to be the Company's focus area. However for future, higher capacity utilization of plants, new product launch, with a focus on margin improvement, higher RoCE would be key growth strategies for the Company. We are all set to garner a higher market pie through client addition and inorganic growth opportunities to widen our product and client portfolio. Mitsu is known for customised molding, and that would drive us even in future.

We believe healthcare would continue to be the focus area for the government. Mitsu sees an ample opportunity in this business as we are the first indigenous player and pure export substitute .The segment is expected to have an investment of US\$245 bn over the next two decades, which will need the addition of 3.5 million beds over this period. We would continue to report substantial numbers with our product and services matching the industry's growing need.

In the end, it is essential to appreciate the efforts put in by my workforce. Therefore, I sincerely thank each one for making Mitsu a most successful company in FY2020-21.

Thank you. I hand over the proceedings to the Chairman.

Mr. Jagdish Dedhia- Chairman and Whole-Time Director:

Since the AGM is being held through Video Conferencing and the businesses to be transacted at this AGM are put to vote by e-voting, there will be no proposing and seconding of the resolutions. I would now request Ms. Drishti to provide you with the instructions regarding e-voting.

Drishti Thakker – Company Secretary and Compliance Officer :

I would now like to inform the members that as per the provisions of the Companies Act, 2013, the remote e-voting process was carried out by the Company from Monday, September 13, 2021 till Wednesday, September 15, 2021 through the services of National Securities Depository Limited. The members who have not cast their vote earlier through remote e-voting can cast their vote, during the course of this AGM through the e-voting facility, which is now open. The e-voting facility will remain open upto 15 minutes after the conclusion of the AGM.

I now handover the proceedings to our Chairman. Thank you.

Mr. Jagdish Dedhia- Chairman and Whole-Time Director:

Now I take the questions. The Company has received request from 2 shareholders to speak at this AGM. I request Mr. Manish Dedhia to reply to the shareholder queries, if any.

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Drishti Thakker – Company Secretary and Compliance Officer :

To conclude the meeting in good time, I request each speaker to limit their speech to 2 minutes and also avoid repetitions. Once all the speaker shareholders have asked their questions the same will be replied. I will now call the names of those shareholders who have registered themselves to speak one by one.

I now request our 1st speaker Ms. Aasna Shah to please speak.

Ms. Aasna: I would like to ask one question. The dividend distribution to Company's cash accruals is very less. When can we see higher percentage of distribution by the Company?

Drishti Thakker – Company Secretary and Compliance Officer :

Ms. Drishti: Thank you Ms. Aasna. May I now request our 2nd speaker Mr. Paresh Ashar to please speak.

Mr. Paresh: Hi, my name is Paresh Ashar and I thank our Chairman for permitting me to speak. I thank the management of the Company for excellent performance delivered. I have one question. The Company has revenue growth of around 20% YoY. Is this growth sustainable without compromising on the margins?

Drishti Thakker – Company Secretary and Compliance Officer :

Thank You Mr. Paresh.

I now request Mr. Manish Dedhia to reply to the queries of the shareholders.

Mr. Manish Dedhia- Managing Director & CFO:

Thank you for your questions. The first question asked was about dividend. So, although the Company has achieved excellent financial results, the Company needs to conserve cash for the purpose of debt servicing & capital expenditure. We also understand the importance of dividend and will actively balance the need to plough back more funds and distribute dividend to the investors.

The second question was from Mr. Ashar. During the last year, your Company has added 50 plus new customers for our range of products and has added in sales growth. Commencing of new machinery for larger volume drums in FY 2020 also contributed to the volume growth as these products have higher average selling price. Now customers have been placing repeated orders and have become regular customers with us. So further machine utilisation in the newly commissioned

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machinery is also consistently high. So, we expect the turnover growth to be sustainable. Also, we are not compromising on our margins to achieve turnover growth as demand for our product is strong. So, the Company will grow with sustainable margins.

Thank you.

Mr. Jagdish Dedhia- Chairman and Whole-Time Director :

Thank you Drishti and Manish. I would like to inform the shareholders that the result of the e-voting would be announced within 2 working days of conclusion of this meeting and placed on the website of the Company and shall also be intimated to the stock exchange by Ms. Drishti Thakker.

I wish that you all have a healthy and safe future. Request you all to be very careful during this period and take care of yourself and your families. I now take this meeting as concluded and with your consent Board members and I would like to leave the meeting. Thank you.

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