

Vinyl Chemicals (India) Ltd

Transcript of 36th Annual General Meeting held on 12th August, 2022 at 12.00 noon through Video conferencing/Other Audio Visual Means

- **Mr. P.C. Patel – Company Secretary, Vinyl Chemicals (I) Ltd.:**
- Good noon to everybody. The requisite quorum for this meeting is present. I now request Chairman Mr. M.B. Parekh to take charge of the meeting.

- **Mr. M. B. Parekh -- Chairman & MD, Vinyl Chemicals (I) Ltd.:**
- I, M.B. Parekh, Chairman and Managing Director of the Company welcome you all at this 36th Annual General Meeting of the Company, which is held for the third consecutive year through Video Conferencing/Other Audio Visual Means. I hope you and your family members are safe and secure. I'm attending the meeting from Mumbai. I now ask Company Secretary Mr. P.C. Patel to elaborate on the applicable legal provisions for holding this AGM.

- **Mr. P.C. Patel – Company Secretary, Vinyl Chemicals (I) Ltd.:**
- Good afternoon to all the shareholders of the Company. This meeting is being conducted through Video Conferencing/Other Audio Visual Means facility without the physical presence of the members at a common venue, as permitted under the relevant Circulars issued by the MCA and SEBI. The deemed venue of this meeting is the Registered Office of the Company. In terms of the provisions of Section 108 of Companies Act 2013, Rules issued thereunder and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has provided e-voting facility to the members to exercise their right to vote on the resolutions proposed to be passed at this AGM through electronic voting system prior to the AGM, in other words remote e-voting had already started prior to this AGM for which the requisite notice and SMS were sent. Members who have not voted earlier can also now vote during the AGM by e-voting. E-voting platform is now open and shall remain open until 15 minutes after the closure of this meeting. All efforts feasible under the circumstances have indeed been made by the Company to enable the members to participate and vote on the items being considered at this meeting.

- The detailed instructions for speakers and participants have been provided in the AGM Notice. To facilitate smooth proceedings of AGM, members audio and video have been muted. We will unmute the respective member at the time of their speaking. Members are requested to have a proper Internet connectivity at their place and earphones for effective participation. The facility for appointment of proxy is not available at this meeting as per the MCA and SEBI circulars.

- The Company has received certified copies of the resolutions from various bodies corporate who are the members under Section 113 of the Companies Act, 2013, authorizing the representatives of such companies to attend and vote at this meeting.
- I now request Mr. M. B. Parekh, Chairman of the Company to take charge of the further proceedings of this AGM. Thank you.
- **Mr. M. B. Parekh -- Chairman & MD, Vinyl Chemicals (I) Ltd.:**
- Ladies and Gentlemen, since the requisite quorum is present, the meeting can now start. I now introduce our colleagues on the Board.
- Mr. N.K. Parekh, Non-Executive Director attending the meeting from Mumbai. He is Chairman of Corporate Social Responsibility Committee.
- Mr. A.B. Parekh, Non-Executive Director is also attending the meeting from Mumbai.
- Mr. A.D. Mavinkurve, is an Independent Director and is attending the meeting from Mumbai. He is the Chairman of Stakeholders Relationship Committee and Nomination and Remuneration Committee.
- Mrs. Y.J. Mogrelia, is an Independent Director and is attending the meeting from Mumbai. She is the Chairperson of Audit Committee.
- Mr. P.D. Shah, is an Independent Director and is attending the meeting from Mumbai.
- Apart from these Directors, we also have Chief Financial Officer Mr. Mahendra Gayatonde, Statutory Auditor Mr. Devendra Khanna of Khanna & Panchmia and Secretarial Auditor Mr. M.M. Sheth of M.M. Sheth & Co. who are participating in this AGM through video conferencing.
- **Mr. P.C. Patel – Company Secretary, Vinyl Chemicals (I) Ltd.:**
- Yes, Madhukarbhai, please continue.
- **Mr. M. B. Parekh -- Chairman & MD, Vinyl Chemicals (I) Ltd.:**
- Yeah. I now announce commencement of e-voting at this AGM which facility has been provided by NSDL. With your permission, I take the Notice of convening the meeting as well as Director's report as read. They have already been circulated to all the members. Since there are no qualifications in the Auditor's Report and Secretarial Audit Report, with your permission, I take them as read. Registers and documents as required under the provisions of the Companies Act 2013 have been made available for inspection on request from shareholders

- So, now welcoming you once again to the 36th Annual General Meeting of our Company. I will brief you on the financial performance of 2021-22. You will notice from the Annual Report that the Company's current business activity is trading in Chemicals mainly Vinyl Acetate Monomer. During the year, the sales turnover from trading activity was ₹823.77 crores. During the year, the Company earned net profit of ₹34.86 crores against ₹11.35 crores in the previous year.
- During the year under review there was an improvement in the Covid-19 pandemic situation in the country. This resulted in improvement in the performance of the Company. The performance of the Company during the current year will depend on various factors such as global supply situation, inflationary trends and easing of the pandemic. As far as dividend is concerned, the Directors have recommended payment of total dividend of ₹10 per equity share of ₹1 each comprising of normal dividend of ₹5 per equity share, previous year it was ₹3.75 per equity share and a special dividend of ₹5 per equity share aggregating to ₹18.34 crores, previous year this was ₹6.88 crores, out of the current year's profit on 1,83,37,111 equity shares of ₹1 each.
- Results of the first quarter ended 30th June, 2022, the sales turnover of the trading activity is ₹310.75 crores as compared to ₹149.32 crores for the corresponding period of last year. Profit before tax is ₹14.58 crores as compared to ₹8.43 crores and profit after tax is ₹10.92 crores as compared to ₹6.28 crores for the corresponding period of 2021.
- Barring unforeseen circumstances, the Company hopes to recover and perform reasonably well during the remaining 3 quarters of the current year.
- In conclusion, I express my sincere thanks to our shareholders for their trust in the Company and our valued customers and suppliers. I also express my gratitude to each one of my colleagues on the Board for their valuable advice and support and I sincerely thank all employees of our company as well as our group companies for their valuable cooperation, dedication, and devoted work. Lastly, I sincerely thank all of you for participating in this meeting.
- The requirement of proposer and seconder for the resolutions are not applicable since the meeting is held through Video Conferencing/Other Audio Visual Means.
- Now, I place before you before the meeting the following resolutions:
- Ordinary business:
 - a. Ordinary resolution for adoption of Audited Financial Statements of the Company together with reports of the Board of Directors and Auditors thereon for the year ended 31st March, 2022.
 - b. Ordinary resolution for declaration of dividend on equity shares.

- c. Special resolution for reappointment Mr. N.K. Parekh as Director who retires by rotation.
- Special business:
- Special resolution for appointment of Mr. P.D. Shah as an Independent Director of the Company.
- Now, I request our Company Secretary to invite the members who have registered themselves as speakers and I request each speaker to be brief and to restrict themselves up to maximum 3 minutes.
- **Mr. P.C. Patel – Company Secretary, Vinyl Chemicals (I) Ltd.:**
- Yeah. Six speakers have registered their names before this meeting. First is Gautam Kedarprasad Tiwari. Gautam are you on the line? Gautam Tiwari please. Yes, Gautam connect yourself.
- **Moderator:**
- Mr. Gautam, we have given a request to unmute yourself. Kindly unmute and ask your query.
- **Mr. Gautam Tiwari:**
- Sir can you listen to me?
- **Mr. P.C. Patel – Company Secretary, Vinyl Chemicals (I) Ltd.:**
- Yes. Go ahead.
- **Mr. Gautam Tiwari:**
- Yes Sir and can you see me also Sir?
- **Mr. P.C. Patel – Company Secretary, Vinyl Chemicals (I) Ltd.:**
- Yes. We can see you.
- **Mr. Gautam Tiwari:**
- Ok Sir. Thank you very much. Good afternoon, Chairman Sir and all Parekh family and M. B. Parekhji, A.B. Parekhji, N.K. Parekhji, Company Secretary Patel Sir and other eminent and well dignified Board of Directors team of Vinyl Chemical Limited. Myself Gautam Tiwari and I'm participating at this meeting Sir from Mumbai as usual. Sir, I'm a proud shareholder of Vinyl Chemicals and your Company Pidilite also from day one. Sir, it is very heartening to note that dividend has been increased from ₹3.75 to ₹10 (total) regular ₹5 and special ₹5 and this indicates a very good improvement and excellent progress in working of our organization year-on-year. Dear Sir, ours is a trading company only and as per the annual report Page No. 7, our biggest customer is our promoters only.

- Sir, with our Pidilite Industries Limited to which our company sells almost 96% of our goods, also our goods remaining 4% are being sold to our Pidilite Specialty Chemicals Bangladesh Private Limited, Pidilite Industries Egypt SAE, Pidilite Lanka Private Limited. Sir, this specialty chemicals name is VAM - Vinyl Acetate Monomer, this is the only thing which we are manufacturing and which we are giving to our Company and our subsidiary companies as a related party transaction. So, I'm very happy Sir, the way we have managed our Company both Pidilite and Vinyl Chemicals in this way. Our Company since inception is trading in VAM. Sir, since inception our companies is trading in VAM and three numbers of subsidiaries are related party transactions. Dear Sir, I would like to ask few queries which are there in my mind.
- Sir, how many shares and dividends -- unclaimed dividends we have transferred to IEPF and Investor Protection Fund during this year and Sir, what is our capacity utilization of plant at present, now as it stands, VAM. What is the strength of our employees along with our male and female ratio there in? Sir, what is the vaccination status of our employees and saving in cost by holding virtual AGM because this is the third year we have been holding virtual AGM Sir instead of physical AGM. So we miss that opportunity to see you in person, but I'm really happy to see you hale and hearty and fit and fine Sir, so happy to see you here and dear Sir, conclusively no more questions I would like to ask because everything is well and fine and we have been very happy. After a long time we have seen excellent bright future under your kind control of all the Parekh family to this Company and the shareholder services Sir of our security department is so nice, Sir P.C. Patel Sir, then our Aparnaji just now she helped me and our Shubhangi, they are all gems and diamonds and our services of our NSDL and this WebEx zoom link is also equally good. I thank the management for choosing such diamond like service providers for the benefit of shareholders year-on-year, uninterrupted, and continuously.
- I thank our Secretary and this department also and thank them for printing excellent, informative and transparent balance sheet which they have given to us and the prompt investor services year-on-year uninterrupted. I also thank our full department CEO, CFO, CS, and full management -- entire Board of Directors for doing excellent job and performing excellently well and giving us the dividend and multiplying our wealth year-on-year. Dear Sir, I support appointments and reappointments of all Directors and also support all resolutions for which I have already voted favorably by remote e-voting. Dear Parekh Sir and Patel Sir, I'm a shareholder of your Company from day one and of your group company also Pidilite and supporter of your Company from day one. Sir, thus I have total trust and I have confidence and faith in the management right from day one. It was, it is, and it shall always be there and it will continue for days and years ahead in future too. Sir, I wish you very, very long, happy, full, safe, healthy, wealthy, enchanting life along with bright future for the whole management for the Company for days and years to come ahead in future with God's choicest heavenly blessings may shower upon our Company for days and years ahead in future and thank you very much Sir for patient listening. Thank you and God bless you with the choicest heavenly blessings.

- **Mr. P.C. Patel – Company Secretary, Vinyl Chemicals (I) Ltd.:**
- Thank you, Gautam for your good words. Now, the next speaker is Ms. Lekha Shah.
- **Ms. Lekha Shah – Shareholder:**
- Hello. Can you hear me Sir?
- **Mr. P.C. Patel – Company Secretary, Vinyl Chemicals (I) Ltd.:**
- Yes, yes.
- **Ms. Lekha Shah – Shareholder:**
- Thank you, Sir. Respected Chairman Sir, Board of Directors and my fellow members, good afternoon to all of you. Myself, Lekha Shah from Mumbai. First of all, I'm very much thankful to our – hello?
- **Mr. P.C. Patel – Company Secretary, Vinyl Chemicals (I) Ltd.:**
- Yeah. You can turn on your video. Yes. Go ahead. Unmute yourself.
- **Ms. Lekha Shah – Shareholder:**
- Thank you, Chairman Sir for explaining about the Company. Congratulations for excellent work Sir. Sir, I pray to God that he always showers his blessing upon you. Patelji, I want to say thank you and also Aparna madam who sent me the link, there was no problem, and called in the morning also. Sir, I am an old shareholder of our Company and Mr. Patel has explained in the annual report about our Company, which is full of knowledge and fact and figures in place. So, from my side no questions. I wish all the success and strongly support all the resolutions for today's meeting and my best wishes always for our Company and its prosperity. Thank you, Sir.
- **Mr. P.C. Patel – Company Secretary, Vinyl Chemicals (I) Ltd.:**
- Thank you, Lekhaji. The next speaker is Mr. Mukesh Mohan Chandiramani. Yes, Mr. Chandiramani.
- **Moderator:**
- Mr. Chandiramani has not joined the meeting.
- **Mr. P.C. Patel – Company Secretary, Vinyl Chemicals (I) Ltd.:**
- Okay. Well then, we go to the next speaker, Mrs. Mascarenhas. Ms. Celestine are you there?
- **Moderator:**
- yes, she is there.

- **Mrs. Celestine Mascarenhas – Shareholder:**
- Yes.
- **Mr. P.C. Patel – Company Secretary, Vinyl Chemicals (I) Ltd.:**
- Welcome. You can turn on your video. Yes, Ms. Mascarenhas, if you cannot, then you can start your audio. Yeah.
- **Mrs. Celestine Mascarenhas – Shareholder:**
- Hello, can you hear me?
- **Mr. P.C. Patel – Company Secretary, Vinyl Chemicals (I) Ltd.:**
- Yes, yes. Yes.
- **Mrs. Celestine Mascarenhas – Shareholder:**
- Something went wrong I don't know. Hello, now you can hear me?
- **Mr. P.C. Patel – Company Secretary, Vinyl Chemicals (I) Ltd.:**
- Yeah. Not only we are able to hear you, we are able to see also. Yeah, go ahead.
- **Mrs. Celestine Mascarenhas – Shareholder:**
- That's fine. Only hearing is very important. Respected Chairman and M.D., M.B. Parekh, Members of the Board, my fellow shareholders attending this virtual meeting, I am speaking from Mumbai, Mrs. C.E. Mascarenhas. First of all, I will thank the Company Secretary, Mr. P.C. Patel and his team for sending me an E-annual report and also registering me as a speaker at my request. Thank you so much and thanks for this zoom platform. Now, coming to our balance sheet, it is simple, but very informative and adhering to all the norms of corporate governance. Our revenue is up, PBT is up, PAT is up, dividend of ₹10 per share on paid up value of ₹1 including ₹5 as a special dividend and also our market capitalization is very good. I would like to know whether you will maintain sustainable dividend year after year. Also, if it is possible you could reward us with bonus when the going is good. When was the last bonus given? I thank you all for the good CSR work and also if possible any initiatives our company has started on ESG, whether any rating or anything has been done on that, as we have a very good credit rating. So, I lookout whether ESG rating also. Now, my query is I would like to know whether all the staff are working in office every day or on alternate days and whether all have received their booster doses? Second, we are mainly a trading company. We are trading mainly in Vinyl Acetate Monomer. How much trading margin we enjoy? I would like to know any competitors in this and how many customers were added in the last quarter? Rest this Company anyway we got it from Pidilite and we know the management and all. I have full faith in the Company, so I restrict myself anymore queries and it will reward us. I support all the resolutions and I wish the Company all the best. May we grow from strength to strength and I specially wish you all good health because if health is there, wealth is there. With this, thank you so much. Namaskar.

- **Mr. P.C. Patel – Company Secretary, Vinyl Chemicals (I) Ltd.:**
- Thank you, Mrs. Mascarenhas. It reminds me of your physical meeting attending very regularly.
- **Mr. M. B. Parekh -- Chairman & MD, Vinyl Chemicals (I) Ltd.:**
- Mr. Patel, disconnected or what?
- **Mr. P.C. Patel – Company Secretary, Vinyl Chemicals (I) Ltd.:**
- Yeah. Thank you. Now, the next speaker is Mr. Dinesh Bhatia. Dineshbhai are you there?
- **Mr. Dinesh Bhatia – Shareholder:**
- Am I audible Sir?
- **Mr. P.C. Patel – Company Secretary, Vinyl Chemicals (I) Ltd.:**
- Yes, you are audible. You can turn on your video also.
- **Mr. Dinesh Bhatia – Shareholder:**
- Hello.
- **Mr. P.C. Patel – Company Secretary, Vinyl Chemicals (I) Ltd.:**
- Yes, please speak.
- **Mr. Dinesh Bhatia – Shareholder:**
- Am I audible?
- **Mr. P.C. Patel – Company Secretary, Vinyl Chemicals (I) Ltd.:**
- Yes, you are audible. No problem if there is no video.
- **Mr. Dinesh Bhatia – Shareholder:**
- I am not able to see the video option.
- **Mr. P.C. Patel – Company Secretary, Vinyl Chemicals (I) Ltd.:**
- Yes. It is NSDL. Okay. Yeah, we can see you. Go ahead.
- **Mr. Dinesh Bhatia – Shareholder:**
- Firstly, I want to congratulate Chairman Sir and your full team for very excellent work. Our ₹1 share in market has value of ₹374 quoted. There is trust in our Company in the market that our Company will progress. I want to thank our Secretary Patel and his team also for sending me the link for meeting. Many many thanks to them. I want to know what is our No. globally in VAM. Thank you. All the best.

- **Mr. P.C. Patel – Company Secretary, Vinyl Chemicals (I) Ltd.:**
- Dineshbhai, thank you very much for your good words. The next speaker is Mr. Kirti Shah.
- **Moderator:**
- Mr. Kirti Shah has not joined the meeting.
- **Mr. P.C. Patel – Company Secretary, Vinyl Chemicals (I) Ltd.:**
- Okay, then all the speakers who had registered with us out of that four have been there and other two are not there. So, now with this the list of the speakers who wanted to speak is over. Now, I request Chairman to take charge.
- **Mr. M. B. Parekh -- Chairman & MD, Vinyl Chemicals (I) Ltd.:**
- Mr. M.M. Sheth, Practicing Company Secretary
- **Mr. P.C. Patel – Company Secretary, Vinyl Chemicals (I) Ltd.:**
- No, Madhukarbhai, before that, Item 7.
- **Mr. M. B. Parekh -- Chairman & MD, Vinyl Chemicals (I) Ltd.:**
- Patel may reply to some of the questions.
- **Mr. P.C. Patel – Company Secretary, Vinyl Chemicals (I) Ltd.:**
- Anyway. Few questions which were raised by our shareholders One is by Gautam Tiwari. He had asked for certain information. One is that how much dividend and shares that we have transferred to IEPF. In respect of financial year 2013-14, we have transferred 36,421 shares and dividend amounting to ₹ 10,15,974. Question about capacity utilization everything, Gautam, we are a trading company, so question of capacity utilizations and other things will not arise. After the demerger of our plant, everything has been transferred. You also wanted to know how many employees are there male and female. Total 12 employees are there out of which 11 are male and 1 is female. You also wanted to know what is the vaccination status. Yes, all the staff have been properly vaccinated. They have got their booster doses and periodically we have a system also of taking RT PCR test for all employees.
- Next few questions from Mrs. Mascarenhas. Whether we will be having this year's dividend sustainable, I would request Chairman Sir to speak about that. About the bonus and everything, bonus shares so far, we have not issued. We are basically a trading company and distribute a substantive part of our profits year after year you see and, in that way, we as a practice so far, our Board has never decided to issue the bonus shares, but in future it is up to the Board. You also wanted to know about the ESG rating and everything. Again, we are about the sustainability and everything that is we are not a manufacturing company, we are a trading company as such you see. You also wanted to know what is the trading margin everything. That also Chairman Sir will speak, but it is generally depending on the trade conditions and competition. That also we don't have in trading you know that competition is only

among the traders and, however, there are some 10-15 importers here as we have stated in our Management Discussion and Analysis Report that continue you see, but it is something different you see and not a purely that way trading, I mean to say competition.

- Dinesh wanted to know which is our number globally in the VAM. Again Dinesh, this is a trading company, we are not a manufacturing company. So, that way, we cannot be numbered globally because the numbering is only of global manufacturers. Yes, Madhukar, we want to point to you that they just wanted to know about the sustainability of dividend and other thing is that trading margin and all the things.

- **Mr. M. B. Parekh -- Chairman & MD, Vinyl Chemicals (I) Ltd.:**

- Yeah. I think just to understand that this was an unusual year where there was a sharp increase in the prices of Vinyl Acetate Monomer and when the prices are increasing significantly our absolute numbers & margin also goes up because our stocks are then selling at a higher price on a regular basis for several months. So, the profits are higher. I think mainly because of this unusual situation where the prices have risen very sharply.

- This is not a usual phenomenon and now when the prices are likely to come down, this performance is not a typical performance. That means this is not a performance which can be replicated every year or every quarter. So, we believe that now with the prices gradually coming down, there may be moderation in the absolute number of profits as well as the margins. So, therefore, the dividend we have split, therefore, as a special dividend for last year due to special circumstances. So, we have to take the base level as ₹5 rather than ₹10 for the coming periods. So, this is something yet to be seen, but we have to see in the context of the behavior of the prices. The margins are generally ranging from 2% to 6% in that range depending on the scenario. So that you can see from the past also our sales turnover in the gross profits and net profits this is the approximate range, sometimes it is a little higher and sometimes it is a little lower, but actually this is the range in which the profit margins are there. Yeah fine, Patel.

- **Mr. P.C. Patel – Company Secretary, Vinyl Chemicals (I) Ltd.:**

- Okay. Thank you, Sir. Now, please Item No. 8.

- **Mr. M. B. Parekh -- Chairman & MD, Vinyl Chemicals (I) Ltd.:**

- Yeah, so Mr. M.M. Sheth, Practicing Company Secretary is the scrutinizer and he will submit his Consolidated Report on remote e-voting and e-voting at this meeting within the particular stipulated time. Thereafter, I authorize Mr. P.C. Patel, Company Secretary to publish the results of voting along with Scrutinizer's Report on the website of the Company and NSDL and also intimate to BSE and NSE.

- **Mr. P.C. Patel – Company Secretary, Vinyl Chemicals (I) Ltd.:**

- Well, now I propose a hearty vote of thanks to the Chairman, Directors, and Members.

- **Mr. M. B. Parekh -- Chairman & MD, Vinyl Chemicals (I) Ltd.:**
- So, I thank all Directors, Members and others for their participation and support. This meeting is now closed. E-voting will continue for additional 15 minutes after the closure and thereafter the meeting will be concluded. So, please stay safe and stay healthy.
- **Mr. P.C. Patel – Company Secretary, Vinyl Chemicals (I) Ltd.:**
- Yeah, our best wishes to all the members of this company for Amrit Mahotsav, 75th year of Independence. Jai Hind. Thank you.
- **Mr. P.C. Patel – Company Secretary, Vinyl Chemicals (I) Ltd. (after 15 minutes):**
- The meeting is now concluded.