

VINYL CHEMICALS (INDIA) LTD.

Transcript of 37th Annual General Meeting held on 8th August, 2023 at 3.00 p.m. through Video Conferencing/Other Audio Visual Means

- **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 37th Annual General Meeting (AGM) of our Company, which is held for the fourth consecutive year through Video Conferencing/Other Audio Visual Means facility. I'm attending the meeting from my office in 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 dear shareholders. This meeting is being conducted through Video Conferencing (VC)/Other Audio Visual Means (OAVM) facility without the physical presence of the members at a common venue, as permitted under the relevant Circulars issued by the Ministry of Corporate Affairs (MCA) and Securities and Exchange Board of India (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 LODR Regulations, 2015, the Company has provided e-voting facility to the members to exercise their right to vote on all these three resolutions as mentioned in the Notice dated 4th May, 2023 convening this AGM through electronic voting system prior to the AGM (remote e-voting). Members who have not voted earlier can also vote during the AGM. Chairman will announce the opening of the e-voting platform and it will remain open until 15 minutes after the closure of the meeting. All efforts as 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 the AGM, members audio and video have been muted. We will unmute the respective speaker member at the time of their speaking. Members are requested to have proper Internet connectivity and earphones for their effective participation. The facility for the appointment to proxy is not available at this meeting as per the MCA and SEBI circulars. The Company has received certified copies of the resolutions from the bodies corporate who are members under Section 113 of Companies Act, 2013 authorizing their representatives to attend and vote at the meeting. Company has tied up with the National Security Depository Limited (NSDL) to provide facility for voting through remote e-voting, e-voting at the AGM and for participation members in the AGM.

- I now request the Mr. M B Parekh, the Chairman of the company to take charge of the proceedings of the meeting.
- **Mr. M. B. Parekh -- Chairman & MD, Vinyl Chemicals (I) Ltd.:**
- Ladies and gentlemen, since the requisite quorum is present, the meeting can start. I now introduce other board members.
- Mr. N.K. Parekh, Non-Executive Director and Chairman of the Corporate Social Responsibility Committee. He is attending the meeting from Mumbai.
- Mr. A.B. Parekh, Non-Executive Director, member of the Stakeholders Relationship Committee. He is attending the meeting from Mumbai.
- Mrs. Y.J. Mogrelia is an Independent Director, Chairperson of Audit Committee, member of Stakeholders Relationship Committee, Nomination and Remuneration Committee, and Corporate Social Responsibility Committee. She is attending the meeting from Mumbai.
- Mr. A.D. Mavinkurve, is an Independent Director, Chairman of Stakeholders Relationship Committee and Nomination and Remuneration Committee and member of audit committee. He is attending the meeting from Mumbai.
- Mr. P.D. Shah, is an Independent Director. He is attending the meeting from London.
- Apart from these Directors and CFO, we also have Statutory Auditors and Secretarial Auditors participating in this AGM through Video Conferencing.
- I now announce the commencement of e-voting at this AGM. With your permission I take the Notice convening the meeting, which contains three resolutions from serial numbers 1 to 3 and Directors Report as read. They have already been electronically circulated to all members. Since there are no qualifications in the Auditors' Report and the Secretarial Auditors' 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.
- Now, I once again welcome you to the 37th Annual General Meeting of our Company. You would have noted from the annual report that the Company's current business activities trading in chemicals mainly Vinyl Acetate Monomer. During the year, the sales turnover from trading activity was Rs. 962 crores as against Rs. 823 crores in the previous year. During the year, the Company earned a net profit of Rs. 35.65 crores as against Rs. 34.86 crores in the previous year. The Company expects to perform reasonably well subject to prevailing market conditions and fluctuations in exchange rate. The Directors have recommended payment of total dividend of Rs. 10 per equity share of Re. 1 each comprising of normal dividend of Rs. 5 per equity share and a special dividend of Rs. 5 per equity

share (previous year Rs. 10 per equity share comprising of normal dividend of Rs. 5 per equity share and special dividend of Rs. 5 per equity share) aggregating to Rs. 18.34 crores (previous year it was same amount 18.34 crores) out of current year's profit on 1,83,37,111 equity shares of Re. 1 each. The results for the first quarter ending June 30, 2023, the sales turnover on trading activities is Rs. 115.31 crores as compared to Rs. 310.75 crores for the corresponding period of 2022. Profit before taxes Rs. 4.66 crore that's compared to Rs. 14.58 crores and profit after tax is Rs. 3.50 crore as compared to Rs. 10.92 crores for the corresponding period of 2022. In conclusion, I express my sincere thanks to our shareholders for their trust in the Company, 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. I sincerely thank all employees of our Company as well as our group Companies for their valuable cooperation and 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 VC/OAVM. Now I place before the meeting the three resolutions as mentioned in the Notice dated 4th May, 2023 convening the Annual General Meeting. I request our Company Secretary to invite the members who have registered themselves as speakers. I request each speaker to be brief and restrict themselves to a maximum of three minutes.

- **Moderator:**

- I will request our first speaker shareholder, Prakashini Shenoy ma'am to unmute and speak.

- **Ms. Prakashini Shenoy – Shareholder:**

- Am I audible? Hello?

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

- Yes.

- **Ms. Prakashini Shenoy – Shareholder:**

- Sir, am I audible? I'm Prakashini Ganesha Shenoy from Bombay. Respected honorable Chairman, other dignitaries on the board, and my fellow shareholders, good afternoon to all of you. I received the annual report well in time, which is colorful, informative, transparent, and contains all the information as per the corporate governance. I thank the Company Secretary and his team for the same. I should not forget to thank once again for reminding me of today's meeting and giving me the link for the same. Thank you once again, Company Secretary and his team. The Chairman has given a beautiful picture regarding the company in all parameters. Thank you. Chairman Sir, I'm glad to note that the company is doing very well when compared to the last year in all parameters such as sales, revenue, etc. I'm thankful to the Board for recommending the dividend for the financial

year2022-23. Sir, I have few questions. My first question is, what is the road map for next two years? My next question is what is the CapEx program? With the rising price of the raw materials what impact it could have on our profitability? Who are the competitors in the same business? What results can we anticipate for the next quarter? How are we planning to increase the revenue? Sir, last, but not the least, I honestly request the Chairman to please continue with VC, so that people all over the world will have an opportunity to express their views. I wish the company good luck for a bright future and pray God that the profits of the Company will reach the peak in due course. Sir, I strongly and wholeheartedly support all the resolutions put forth in today's meeting. One-minute Sir, there is no connectivity for Lekha Shah, she wants to speak.

- **Ms. Lekha Shah – Shareholder:**

- Hello? Can you hear me, Sir? Patelji?

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

- Yeah, Lekha, you continue now.

- **Ms. Lekha Shah – Shareholder:**

- Thank you, Patel ji. 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 would like to thank our Company Secretary, Patel ji and also Aparna madam for sending me the annual report on time. From my side, no question. Sir, I strongly and wholeheartedly support all the resolutions for today's meeting and my best wishes always with our Company and its prosperity. Thank you so much, Sir.

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

- Thank you, Lekha.

- **Moderator:**

- Our next speaker shareholder is Mr. Anil Mehta. Anil Sir, you can switch on your video and you can speak.

- **Mr. Anil Mehta – Shareholder:**

- Hello? hello? am I audible, Sir?

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

- Yes, but your voice is breaking.

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- **Mr. Anil Mehta – Shareholder:**
- Now is it okay? Good afternoon to all of you. This is Anil Mehta attending this meeting from my residence in Kandivali, Mumbai. Sir, we have a few questions. My first question is that what are the Company CapEx plans and present capacity utilization levels? Sir, what is the Company doing to improve the shareholder relations? Sir, what step has the Board of Directors taken to monitor management action and encourage that the shareholders' interests are protected? Sir, what are the major opportunities and challenges facing the Company and how does the management plan to respond? Sir, is the current growth rate comparable with the other in the industry and Sir what is the lowest cost producer in the industry? [14:15 to 14:21 Voice Breaking]. With this, I'm supporting all the resolutions and thanks to the secretarial department, Aparnaji for their coordination and hard work. Thank you and best of luck.
- **Mr. P.C. Patel – Company Secretary, Vinyl Chemicals (I) Ltd.:**
- Thank you, Anil.
- **Moderator:**
- Our next speaker shareholder is Gautam Tiwari.
- **Mr. Gautam Tiwari – Shareholder:**
- Am I audible, Sir?
- **Mr. M. B. Parekh -- Chairman & MD, Vinyl Chemicals (I) Ltd.:**
- Yes, you're welcome.
- **Mr. Gautam Tiwari – Shareholder:**
- Yes Sir. Patel Sir, very, very happy to see you, Patel Sir. So, nice to see you. Sir, good afternoon Chairman Sir. I'll try to start my video, if it works. Can you see me, Sir?
- **Mr. P.C. Patel – Company Secretary, Vinyl Chemicals (I) Ltd.:**
- Yes, a part of it, you can raise your head.
- **Mr. Gautam Tiwari – Shareholder:**
- Sir, very good afternoon. Our popular Chairman Sir, M. B. Parekhji and Directors, A B Parekh and N K Parekhji; our Patel Sir, very, very respectable honorable and other highly dignified learned Directors team Vinyl Chemicals (I) Limited, my fellow shareholders, myself Gautam Tiwari. I'm participating at this AGM from Mumbai. Dear Sir, it is wonderful that our Company has established vigil mechanism and whistleblower policy for our Directors and employees, so that we

are ranking first investment company in this regard. Sir, it's pretty good that our Company does not have any subsidiaries or joint ventures. Sir, it is also heartening to note that our Company has maintained the dividend of Rs. 10 as per last year and I'm happy that during such challenging and difficult times also the Company is rewarding the shareholders gracefully and generously. Dear Sir, ours is a trading company only and our biggest customer is our promoter company, Pidilite Industries Limited to which our Company sales almost 96% of its products goods and Pidilite is holding over 40.64% of shareholding. Sir, our Company since inception is trading VAM chemicals which is Vinyl Acetate Monomer right from the start of it. So, we are happy that our business will always continue because Pidilite is doing very good in the market. Sir, Vinyl Chemical was a subsidiary Company of Pidilite and it was demerged way back some years back and it is carrying out its only trading business of VAM from day one till date and in future too. I support appointment - Patel Sir?

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

- Yes Sir, I'm hearing.

- **Mr. Gautam Tiwari – Shareholder:**

- Sir, please listen Sir, just one or two minutes.

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

- Go ahead.

- **Mr. Gautam Tiwari – Shareholder:**

- I'm so happy to see you at least even in virtually Sir. I support appointments and reappointments of all popular directors and also support as usual all resolutions and I already voted in favor of them all by remote e-voting. Sir, I'm a shareholder of Pidilite and your company this Vinyl Chemicals also right from day one and a staunch supporter of our Company. I have never missed a single meeting as a speaker. Respected Parekh and Patel Sir, I mean our continuous support to management shall always continue for days and days and years together along with our because we have a total trust, confidence, and faith in the management and we are very happy and proud being a shareholder of your Company. Dear Sir, investor service is very, very affectionately, smilingly, harmoniously, cordially and pleasantly punctually year-by-year, uninterrupted, has been paid to all shareholders right from day one. So, thank you lots to all employees and to our staff and officers and those who are workers is very good for us and we are very happy. Sir, I would like to know some 2 - 3 things only. What is our road map of course what is our road map means because we are only trading Company, so I can listen from you I'll be happy? What is the current year CSR proposed expenditure. Sir what we have got in mind? How much dividend and shares we have transferred Sir so far? And our market share is how much now? That's also Sir and we are very happy. Once again, I am thankful to you Sir for giving me the

opportunity on this platform and speaking in front of you and I'm here to salute you Sir for your performance all the way, all the while at your service, not only this life, even when I am not on this earth, I'll be just there along with you supporting you staunchly all the way, all the while. Thank you very much, Sir. God bless you, Sir.

- **Mr. P.C. Patel – Company Secretary, Vinyl Chemicals (I) Ltd.:**
- Thank you, Gautam for your kind words and your participation despite your busy schedule for attending several meetings. Okay. Now, I think no more speaker seems to be there and I request Madhukarbai to continue now.
- **Mr. M. B. Parekh -- Chairman & MD, Vinyl Chemicals (I) Ltd.:**
- Mr. P N Parikh, 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 stipulated time. Thereafter, I authorize Mr. P C Patel, Company Secretary to publish the results of voting along with scrutinizes report on the website of the company and NSDL and also intimate to the BSE and NSE.
- **Mr. P.C. Patel – Company Secretary, Vinyl Chemicals (I) Ltd.:**
- In the meantime, Sir with your permission I would give replies to few of the questions.
- **Mr. M. B. Parekh -- Chairman & MD, Vinyl Chemicals (I) Ltd.:**
- Yeah.
- **Mr. P.C. Patel – Company Secretary, Vinyl Chemicals (I) Ltd.:**
- 2-3 shareholders, they have including Gautam each one has asked about our CapEx. As you will be knowing, ours is the trading company and our CapEx doesn't matter much because we do not have any CapEx in nature of plant and machinery and everything. Whatever we have is only very limited, so there is no any specific to my knowledge any CapEx program. Same way, since we are not a manufacturing company, question of utilization of our installed capacity or other things similarly do not arise you see. Now, what is the program for the next quarter and everything, Chairman Sir has covered in his speech you see. Barring unforeseen circumstances, Company is reasonably expected to do well subject to the prevailing market conditions and fluctuations in the exchange rate. Apart from that, I do not find any - and then road map for further things and that is there, it is I think a request Mr. Chairman Sir to add to whatever I've stated. Regarding, again the market share, we are trading company, so it's not like an industrial company or anything, we are predominant player in VAM trading that is there. Anil had asked for CS or expenses, so according to the last year whatever that average CSR contribution of Rs. 50 lakhs were to be done, we have contributed accordingly and incurred the expenses as per the requirement. We

have given a CSR report also in this connection. I think what is the share price and everything, I think it is fluctuating and during the year it went up to over Rs. 900 and then from Rs. 300. Right now, I'm told that today it was a ruling at Rs. 442 per equity share. I would only like to add that as per the last year, our shareholder strength was around 30,000 and odd, now it has crossed 44,000, it shows a lot of public interest in our share capital. Vinyl has never been a subsidiary of Pidilite, it has been an associate Company. Of course, Pidilite is holding 40% of the equity capital of the company and with the promoters that are about 50%. Public holding is close to about 43% that's right. Thank you. Chairman Sir.

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

- Yeah, so there is nothing further, Patel. I think, what Mr. Patel has given most of the relevant information requested by the shareholders. So, I think we can proceed, Patel.

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

- Yeah. Now, Chairman Sir already has announced and up to the closure of this meeting and 15 minutes more, people can still cast vote who have not casted vote e-voting that is there. Now, I propose a hearty vote of thanks to the Chairman, Directors and members.

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

- Well, I thank all Director's, members, and others for their participation and support. Now, I authorize the Company Secretary to conduct the voting procedure and conclude the meeting. The e-voting facility will remain open for additional 15 minutes. So, I wish everybody stays safe and healthy. Thank you.

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

- Thank you very much.