

Transcript of 33rd Annual General Meeting (AGM) of Chemcon Speciality Chemicals Limited held on 26th July 2022 at 11:30 a.m. through Video Conferencing (VC) / Other Audio Visual Means (OAVM)

Directors and KMP present (all present through VC):

Mr. Kamalkumar Aggarwal	Chairman and Managing Director
Mr. Navdeep Goyal	Deputy Managing Director
Mr. Rajesh Gandhi	Whole-time Director and Chief Financial Officer
Mr. Himanshu Purohit	Whole-time Director
Mr. Rajveer Aggarwal	Whole-time Director
Mr. Samir Patel	Independent Director
Mr. Bharat Shah	Independent Director
Mr. Sahil Kapatel	Company Secretary and Compliance Officer

Other Invitees in attendance (all present through VC):

Ms. Neela Shah M/s. K C Mehta & Co.	Statutory Auditors
Mr. Kuldeep Bengani M/s. Kuldeep Bengani & Associates LLP	Secretarial Auditor and Scrutinizer

Members present: A total of 55 members attended the meeting through VC.

COMPANY SECRETARY	Good Morning Sir! Requisite quorum is present, we can start the meeting. Thank you.
CHAIRMAN	<p>A very good morning to all of you. I am Kamal Agarwal, Chairman and Managing Director. I have joined the meeting from the corporate office of the Company at Vadodara. It gives me an immense pleasure to welcome you all at the 33rd Annual General Body Meeting of the Company. I thank all the members, colleagues on the Board, Auditors and the management team for joining this meeting through video conference.</p> <p>Pursuant to various Circulars issued by the Ministry of Corporate Affairs and SEBI, this AGM is being held through Video Conferencing and Other Audio-Visual Means. The Company has made all feasible efforts under the current circumstances to enable members to participate through video conference and vote on the items being considered in the meeting.</p> <p>With the requisite quorum of shareholders being present through video conference, I call this meeting to order. We also have with us representatives from Statutory Auditors, Secretarial Auditors and the Scrutinizer.</p>



	<p>Before we start the proceedings of the meeting, I would request my colleagues on the Board to introduce themselves and confirm the place from where they are attending the meeting.</p> <p>Mr. Navdeep Goyal?</p> <p>Mr. Rajesh Gandhi?</p>
Mr. Rajesh Gandhi	I am Rajesh Gandhi, Director and Chief Financial Officer. I am joining this meeting from corporate office of the Company at Vadodara. Thank you.
CHAIRMAN	Thank you, Rajesh. Mr. Himanshu Purohit?
Mr. Himanshu Purohit	Good morning, everybody. I am Himanshu Purohit, Whole-time Director. I am joining this meeting from Chemcon factory location located at Manjusar. Thank you.
CHAIRMAN	Thank you Himanshu. Mr. Rajveer Aggarwal?
Mr. Rajveer Aggarwal	Good morning, everyone! I am Rajveer Aggarwal, Whole-time Director. I have joined the meeting from corporate office of Chemcon at Vadodara.
CHAIRMAN	Thank you, Mr. Rajveer. Mr. Bharat Shah please.
Mr. Bharat Shah	Good evening, friends. I am Bharat Shah. I am the Independent Director. I am joining the meeting through video conferencing from USA.
CHAIRMAN	Thank you Bharatbhai. Mr. Samir Patel?
Mr. Samir Patel	Good morning. I am Samir Patel, I am Independent Director of the Company. I am joining meeting through video conferencing from United States of America.
CHAIRMAN	Thank you, Samirji. Mr. Navdeep Goyal again. I think there is some audio video problem with Mr. Navdeep.
Mr. Navdeep Goyal	Hello! Ya. I am Navdeep Goyal, I am the Deputy Managing Director of Chemcon Speciality Chemicals. I am joining this meeting from the Company's corporate office in Vadodara.
CHAIRMAN	Thank you, Navdeep. I now request the Company Secretary, Mr. Sahil, to provide general instructions to the member regarding participations.
COMPANY SECRETARY	Thank you, Sir. Good morning to all. I am Shahil Kapatel, Company Secretary and Compliance Officer. I am joining this meeting from the corporate office of the Company at Vadodara.

	<p>Members may note that this AGM is being held through video conference, in accordance with the circulars issued by MCA and SEBI. The facility for joining this meeting through video conference has been made available to members on a first come first serve basis. All members who have joined the meeting are by default placed on mute by the moderator. When the session on question and answer commences, the moderator will unmute the speaker member.</p> <p>The Register of Directors and Key Managerial Personnel and their Shareholding, the Register of Contracts or Arrangements in which the Directors are interested, and other documents mentioned in the notice of AGM are available electronically for inspection by the members during the AGM. Members seeking to inspect such documents can send their request to investor.relations@cscpl.com. As the AGM is being held through video conferencing, the facility for appointment of proxies was not applicable, and hence the proxy register is not available for inspection.</p> <p>The company has provided facility to cast votes electronically on all resolutions set forth in the Notice. Members who have not cast their votes through remote e-voting and who are participating in this meeting will have an opportunity to cast their votes during the meeting. Members can click on the “Vote” tab on the video conference screen to cast their votes.</p> <p>Members are requested to refer to the instructions provided in the Notice or appearing on the video conference page, for participation through video conference and casting their vote. In case any member faces any difficulty, he may contact the helpline numbers given in the Notice of this AGM. Members may note that this AGM is being recorded.</p> <p>Now, I request the Chairman Sir to start the proceedings. Thank you.</p>
<p>CHAIRMAN</p>	<p>Thank you, Mr. Sahil.</p> <p>Dear Members, I would like to update you on the business carried out by Chemcon during the year 2022. We close the year on a positive note led by continued business momentum in pharma chemicals & moderate recovery of bromide business during the last quarter. Financial year 2021-22 witnessed faster than expected demand recovery.</p> <p>In this challenging environment, we have delivered a spirited performance with increase in Revenue from Operations to Rs. 257 crores against Rs. 243 crores in the previous year. The Profit after Tax has</p>

increased by 11.3% to Rs. 62.76 crores against Rs. 56.4 crores. I am confident the shareholders will be benefited with this performance.

The business of HMDS during the year 2021-22, we had a total revenue of approximately INR 122 crores from the sale. Our leading product HMDS. We are the third largest manufacturer of HMDS globally.

We would like to highlight that we have successfully commenced the commercial production of the plant P8 and have added a capacity to produce 2400 metric tons of TMCS. This expansion of production capacity will result in reduction of import and increase in production of HMDS. We'll continue to source TMCS through imports for existing HMDS production as well. We aim to attain backward integration to gain better control on the supply chain, reduce the dependence on the overseas suppliers and increase business competitiveness while simultaneously focusing on the original business.

During the financial year 2021-22, out of the total revenue approximately INR 68 crore was derived from sales of CMIC. In the year gone by, global supply chain has disrupted many pharmaceutical MNCs and their overall business momentum. The overall demand for CMIC chemical is strong and we have healthy enquiries for the upcoming year. We have added an additional capacity of 1200 metric tons at P8 facility making us the world's largest CMIC producer with a total capacity of 3000 tons per year.

In addition to this, we have also witnessed a marginal progress in the bromide business where approximately INR 60 crores out of the total revenue were aided by oil and well completion chemicals during the financial year 2021-22. The overall onshore oil and gas wells are growing gradually in the drilling and completion fluid's market.

Commercial production on P9 have been expected to commercialize in Q2 of financial year 2022-23. We will add few existing products and a few new products in the plant P9. On other hand, we're pleased to announce that we have started mechanical construction of the plant P10 at the same location for other pharma intermediates.

To drive growth, we will steer our focus and investments towards increasing our production capacities, expansion of product portfolio and digital transformations. We also aim to invest and strengthen the marketing division to enhance the reach and visibility of our products globally.

Let me close with the mission statement:



	<p>We at Chemcon, our mission reflects where we see our innovation engine creating growth and opportunity. We aim to set new standards in specialty chemicals with the use of leading technologies and development of innovative solutions.</p> <p>I now request the Company Secretary to provide a summary of the Auditors' Report please.</p>
COMPANY SECRETARY	<p>Thank you, Sir. The Statutory Auditors, K C Mehta & Co., recently reconstituted as K C Mehta & Co. LLP and the Secretarial Auditor, Kuldeep Bengani and Associates LLP, have expressed an unqualified opinion in their respective audit reports for the financial year ended March 31, 2022. There were no qualifications, observations or adverse comments on financial statements and matters, which have any material bearing on the functioning of the Company.</p> <p>Copies of the Statutory Auditors' report and Secretarial Audit report are enclosed as part of the Annual Report. Thank you, sir.</p>
CHAIRMAN	<p>As the Notice and Annual Report is already circulated to all the members, I take the Notice, Statutory Auditors' report, Secretarial report and Board's Report as read.</p> <p>We will now take up the resolutions as set forth in the Notice.</p> <ol style="list-style-type: none"> 1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March 2022, together with the Reports of Directors and the Auditors thereon; 2. To appoint a director in place of Mr. Rajesh Chimanlal Gandhi, who retires by rotation and being eligible, offers himself for re-appointment. 3. Ratification of remuneration of the Cost Auditors for the financial year ending 31st March 23. 4. Appointment of Mr. Pradeep Vishambhar Agrawal as a Director and as an Independent Director. 5. Re-appointment of Mr. Kamalkumar Rajendra Aggarwal as a Managing Director of the Company. 6. Re-appointment of Mr. Navdeep Naresh Goyal as a Deputy Managing Director of the Company. 7. Re-appointment of Mr. Rajesh Chimanlal Gandhi as a Whole-time Director.

	<p>8. Re-appointment of Mr. Rajveer Kamal Aggarwal as a Whole-time Director.</p> <p>9. Re-appointment of Mr. Himanshu Prafulchandra Purohit as a Whole-time Director.</p> <p>Since all the Resolutions have already been put to vote through remote e-voting, there will be no proposing or seconding of the Resolutions and there would be no voting by show of hands. Voting is available during the meeting and will be available till 15 minutes after the conclusion of this meeting.</p> <p>If any member desires to ask any questions pertaining to any item on the Notice, he or she may do so now. Members are requested to keep their questions brief and specific. The moderator will facilitate the question and answer session. And with this, I hand over to the moderator.</p>
MODERATOR	<p>Thank you, Sir. I would request all the individual speaker shareholders to unmute their audios. I will call the speakers one by one to ask the questions or express their views. Please mention your name and the location from where you are joining. To avoid the repetition, the Board will respond to all the questions at the end.</p> <p>Our first speaker is Mr. Vinay Vishnu Bhide.</p> <p>Yes Vinayji, please go ahead.</p>
Mr. Vinay Vishnu Bhide	<p>Ya. I will start my video also. Please enable the video moderator. Chairman and Managing Director, Mr. Kamal Aggarwal, Whole-time Directors, Independent Directors, Company Executives, Shareholders present on today's AGM, good morning to all of you. My name is Vinay Bhide and I am shareholder from Mumbai.</p> <p>At the outset, let me congratulate to the Company and its employees for having turned out good results in a very demanding situation. That is the first point. Now with your permission, a few questions which I will ask to understand to the working as well as the future of the Company better. The first question is that we are in two broad categories i.e. pharmaceutical chemicals and oil field completion chemical. Please tell us, what are the typical net profit markets as we speak now for each of these categories? Question no. 2, we seem to have worldwide leadership in the product HMDS as well as CMIC and as you just mentioned in CMIC we are the worlds largest so my question here is that compared to the prices that we are getting from customers at this point of time, what is the probability that we will get better prices in the current financial year</p>



	<p>at the times to come? The third and final question, the third question is on the percentage of sales of large customers. I noticed from the annual report that in the completed financial year, we have acquired one new customer where revenue was greater than 10% of sales. Now could you please tell us which category of our business this customer acquired in the brief of pharmaceutical i.e. HMDS or CMIC or he is in oil field sector? and the final question is on the sourcing of the raw materials. Where do we source our raw materials from? is it local or global? and it is global so to say are we facing any difficulties in sourcing these raw materials? Otherwise, I have found most of the information are already there in the Annual Report so I will close with the best wishes to the Directors and the employees. Thank you for giving me the opportunity to speak.</p>
<p>CHAIRMAN</p>	<p>Dear Mr. Vinay, thanks for interacting in this AGM with respect to certain queries of yours. Your first query was about the margin percentage on the categories. I would update you we have equal near to equal margin percentage in each category that is Pharmaceutical and Oil Field Chemicals. It is nearly similar. And respect to the largest manufacturers of CMIC globally, the prices of CMIC what we are getting are near to or better than the other manufacturers. So, our price is leading and is a direction giving price to the users. Future? well if the globally everything goes in line with the way it has moved, we hope we will be able to achieve better prices for CMIC in coming time. As far as the percentage sales to the large customers that one new customer with a more than 10% of the sales has been achieved, well, it is in pharma sector. We have added the customer with more than that. And respect to Sourcing of the Chemicals, the chief chemicals, the chief intermediates that we use that is methyl chloroformate and TMCS, there are no manufacturers of TMCS in India so we have to bank upon imports from overseas. We get major chunk of material from China, however we also get from other sources. With the new P9 commenced the production our dependence on imports will get reduced to certain extent. I hope I have met up all your queries that you asked for. Anything more? Please remain in touch, get in touch directly, we will be happy to update you on any of your desired queries. Thank you, Mr. Vinay.</p>
<p>MODERATOR</p>	<p>Thank you, Sir. Our next speaker is Mr. Kanwar Inderpal Singh Sahni. I think he is not able to join the meeting so we can move to the next shareholder Mr. Santosh Kumar Saraf.</p>

Mr. Santosh Kumar Saraf	<i>Ha ji Namaskar.</i>
CHAIRMAN	<i>Santoshji Namaskar.</i>
MODERATOR	<i>Santoshji Please go ahead.</i>
Mr. Santosh Kumar Saraf	<i>Ek minute sir video start nahi ho raha hai. Video dena bolye na aacha rahega. Aapke moderator ko.</i>
MODERATOR	<i>Sir Video nahi ho payega.</i>
Mr. Santosh Kumar Saraf	<i>Ho nahi payega kya? koi baat nai sir. Adarniya shabhapatiji, upasthit nirdeshak sadasiya, aur mere shareholder bhaiyo aur baheno, mera naam Santosh Saraf, mein culcutta se bol raha hu sir. Sir aap sabhi ko mera namaskar. Sir video hai nahi, haath jod ke bol ke namaskar kar raha hu, samaj jaiyega sir. Aap sabhi ko mera namaskar. Asha karta hoon aap jitney bhi directors aur jitney bhi adhikari hai aur jitney bhi hamare shareholders bhai bahen video calling me present hai vo is samay aache swasth mein hain. Sir aapne apne kafi kuch detail mein bataya hai aur kafi satisfy <inaudible> growth karti ja rahi hai aur dividend bhi aapne nai diya iske liye jhijak rahegi lekin future growth ki need isse abhi mein full support karta hoon sir. Aur sir mein ye bhi janta hoon <inaudible> hamara IPO aaya hain, isme kuch timing lagege humko dubara establish hone mein. Sir mera ek prashna hain ki employee jo hain isme women employee keval 4 persons hai. To vo chart me vo jo 7 employee ka figure bataya hain usme women employee sirf 1 person hain, to mein socha is ratio k gap ko kum karne ki jarurat hai Sir. Women ko empowerment karenge mein samajta hoon, vo kafi aacha kaam kar rahi hai. Unko mauka milna chahta hoon. Abhi dekhiye President bhi hamare adiwasi women bani hain aur hamari finance minister bhi south se hai vo bhi kafi aacha kaam kar rahi hain. Yahan tak ki Olympic ka gold medal bhi women zyada lati hai gents k compare mein. Mein samajta hoon ke women ko mauka milega to jo kahan maine aapse uspe dhyan dijayega sir. Aur ahsa karta hoon ke rain water harvesting paryavaran k liye kadam uthaya humne, aur kya kadam uthaya hai batane ka kast kariyega. Single use plastic jo band ho gaya hain uske baare mein apni office mein kya infrastructure aapne provide ki, ye bataiye sir. Last question ye booster dose k baare mein hain, mein abhi do teen din pehle hi COVID se nikal kar utha hoon to mein chahunga k jitney bhi apne karamchari hain, unke family ko booster dose jo aaj mil rahe hain satter din k liye, unko aap kahiye aur unko dilvaiye sir. Zyada samay na lete hue, Aggarwalji, yehi mein prathna karta hoon ki agle saal</i>

	<p><i>pata nai hum log video conference me milenge ya nai milenge, sir aapse meri request hai ki physical meeting agar aap karte hain to dus se pandra minute ki hybrid meeting ki request me aapse karta hoon. Pehle physical meeting mein jo present hain vo apna prasna kar le phir aap allow kar de hybrid wale ko vo apne maan ki bhavna pragat kar de to aacha hoga. Otherwise kya hain na ki ek city wale aapko haar saal milenge aur unhi se aap baat karenge, ye meri request hain ki aisa kariyega. Aur ye procedure bhi hain, hamare collector ne <inaudible> aur aapke Banglore mein Infosys ki meeting jo Christ University mein hoti hain vo bhi yehi karte hain physical plus hybrid karte hai. To appse meri request hain ke aisa kariyega. Zyada samay na lete hue jitney bhi hamare Directors, jitney bhi hamare adhikari, jitney bhi hamare karmachari hain aur jitney bhi shareholders present hai unke aache swasth ki kaamna karta hoon aur bhagwan se prathna karta hoon <inaudible> 22-23 sabke liye heathy aur safety k saath bitein. Jai hind. Jai bharat. Namaskar.</i></p>
CHAIRMAN	<p>Thank you, Santoshiji. Aapke points note kiye gaye hai and respect to the employees and all that. Rain water harvesting being a chemical factory, hum log vo nahi kar sakte hai. Uske liye humne ek aur site li hai jahan pe humne electrical arrangements kare hain that is 2.1 megawatt ka solar plant lagaya hain. Ye plant, I hope, within next 2 to 3 weeks operative ho jana chahiye fully so the company will be benefited because of that also aur uss area ke andar hum log aapka ye suggestion implement karne ki koshish karenge, solar water recharging ka sorry rainwater recharging systems ka. Thank you, Santoshji. Thanks again.</p>
MODERATOR	<p>Sir there is no further speaker so the session of questions from the shareholders ends here. Thank you.</p>
CHAIRMAN	<p>Thank you, Mr. Moderator. I thank all the members for their queries and views. As mentioned earlier, the members who have not already cast their vote, may cast their vote now, which will be available till 15 minutes from the conclusion of the meeting. Mr. Kuldeep Bengani, Practicing Company Secretary, have been appointed as the Scrutinizer to report on the voting results. The results will be declared and submitted to the stock exchanges within two working days from the conclusion of this meeting and disseminated to the Company's website along with scrutinizer's report. I authorize the Company Secretary to do the needful. Resolutions, as set forth in the Notice, shall be deemed to be passed today subject to receipt of requisite number of votes.</p> <p>I am grateful to all the members and to the Board of Directors who have taken time to join this meeting. With this, I hereby declare the proceedings of the 33rd Annual General Body Meeting of the Company as closed. Thank you.</p>



Please note: This transcript has been edited for readability and does not purport to be a verbatim record of the proceedings of AGM.