

## SUMITOMO CHEMICAL INDIA LIMITED

### TRANSCRIPT OF THE 20TH ANNUAL GENERAL MEETING HELD ON THURSDAY, THE 10<sup>TH</sup> SEPTEMBER, 2020

**Ms. Deepika Trivedi (Manager – Secretarial):**

Good afternoon, ladies and gentlemen. Due to some technical reason, Dr. Mukul Asher, Chairman of our Company, is unable to attend the Meeting. So, all the directors have unanimously appointed Mrs. Preeti Mehta to chair the meeting.

Preeti ma'am, the necessary quorum for the Meeting is present, so we can start the Meeting.

**Mrs. Preeti Mehta (Independent Director and Chairperson of the Meeting):**

Thank you Deepika. Ladies and Gentlemen, it is 2.30 p.m. and the necessary quorum being present, I call the Meeting to order.

The representatives of the Statutory Auditors and the Secretarial Auditor are present in this Meeting.

The Notice of the Meeting has already been circulated and may I, with your kind permission, take it as read? Should I take the notice as read?

**Ms. Deepika Trivedi:**

Yes ma'am.

**Mrs. Preeti Mehta:**

Thank you, Deepika. The members' speakers have been muted. In the question- answer session, name of the speaker member will be called out, his speaker will be un-muted, and the speaker will be able to then speak.

The Register of Directors and Key Managerial Personnel and their Shareholding kept under Section 170 of the Companies Act, 2013, the Register of Contracts and Arrangements kept under Section 189 of the Companies Act, 2013, the Auditors' Reports and the Secretarial Audit Report are laid on the table and are available on the Company's website [www.sumichem.co.in](http://www.sumichem.co.in) for inspection by the members during the duration of this Meeting.

As this Meeting is being held by means of video-conferencing, the facility for appointing proxy has not been given to the members and hence, Register of Proxies is not laid on the table.

There are no qualifications, observations, comments or remarks in the Auditors' Reports.

The Secretarial Audit Report points to two compliance matters for which the Report reads as follows:

*'During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above to this report except that the Transferee Company has not filed Form PAS-3 for allotment of 224,557,641 Equity Shares of ₹ 10 each fully paid up allotted in the Board Meeting dated 7th October, 2019 and had complied with Section 138 of the Companies Act, for the period from 1st April, 2019 up to 31st August, 2019.'*

These matters have been addressed and properly dealt with in the Report of the Board of Directors.

I have enquired about the efforts made by the Company and have satisfied myself that the Company has made all efforts feasible under the circumstances to enable the members to participate in this Meeting and vote on the items being considered in this Meeting.

E-voting process for voting in this Meeting has already commenced. The members attending this Meeting, who have not availed remote e voting facility, are eligible to vote on the resolutions through e-voting process. I request such members to cast their votes.

**Mrs. Preeti Mehta delivered Chairperson's Speech as follows:**

I would like to warmly welcome you to the 20th Annual General Meeting of the Company.

Covid-19 pandemic has created unprecedented and extraordinary situation. It has restricted movement of people and all the economic activities. One of the fallouts of the pandemic is the way we are meeting today in this AGM – instead of a face-to-face meeting, we are in a virtual meeting. Also, this year's Annual Report was available to the shareholders only in digital form. Covid-19 is not going to go away easily. We have to, in fact, learn to live with it. It has changed the way we live, our behavior and conduct, the way we carry on our activities, dynamics of economies – almost every aspect of our life.

Well, as they say, the show must go on. We have to resume and restart our regular activities, with changes dictated by Covid-19 and try to normalize our activities and life.

In March-end, when Covid-19 broke out and the total lockout was announced in the country, the Company's production and other business activities stood suspended. After a short while, the lockdown conditions were relaxed for essential commodities in a gradual manner and the Company also resumed production and business activities step-by-step, taking all the steps necessary for safeguarding health and well-being of its work-force, including contract workers.

The Company gives utmost importance to health of its people. I would like to give you some idea about the measures the Company took to safeguard health of the employees in the pandemic times. Employees were allowed to work from home, to the extent possible, and necessary facilities were made available for 'work from home'.

For those employees, including contract employees, who were required to work from factories / workplaces, several safety measures were taken, like:

- Rigorous and sustained education and awareness campaign through talks, guidelines and presentations on securing oneself against the virus.

- Regular sanitization of premises and vehicles.
- Thermal screening while entering the premises.
- Ensuring that personal sanitization, face covering, social distancing practices are followed.
- Encouraging use of electronic means of communication to minimize face-to-face interactions amongst the employees, to the extent possible.
- Medical insurance.
- Monitoring of residents from containment area and close contact tracing.

Please permit me to introduce my colleagues on the Board and other friends present in this Meeting. You have met all of them except Mr. Masanori Uzawa at the last AGM.

I would now like to introduce the Board Members. We have Mr. Mukul Asher, he is unfortunately not here. Mr. Bhargava, also an independent director. He is about to join as soon as the technical problem is solved. Then we have Mr. Chetan Shah, Managing Director; Mr. Ninad Gupte. I am unable to see other board members. Deepika, can you help me? Who are the other board members who are present? Mr. Sushil Marfatia. Mr. Bhargava has joined now. Mr. Sushil Marfatia is here.

**Ms. Deepika Trivedi:**

Ma'am, we have Mr. Hiroyoshi Mukai.

**Mrs. Preeti Mehta:**

Yes. Mr. Hiroyoshi Mukai, thank you.

**Ms. Deepika Trivedi:**

Mr. Tadashi Katayama.

**Mrs. Preeti Mehta:**

Yes. Mr. Tadashi Katayama. They all are joining us from Japan.

**Ms. Deepika Trivedi:**

And, Mr. Masanori Uzawa.

**Mrs. Preeti Mehta:**

Mr. Masanori Uzawa, whom I named earlier. We welcome him on board. I will now give a perspective of the year 2019-20.

During this year, the sales turnover increased from ₹ 21,898.54 million in 2018-19 to ₹ 23,898.24 million. Domestic sales turnover increased from ₹ 17,165.23 million to ₹ 19,231.05 million, while export turnover decreased marginally from ₹ 4,733.31 million to ₹ 4,667.19 million.

Profit before Exceptional Items and Tax was ₹ 2,981.70 million as compared to ₹ 2,649.52 million in the previous year. There was exceptional expenditure of ₹ 308.89 million for the merger related costs – this was ₹ 69.59 million in 2018-19. After making provision for exceptional expenses and tax, the Net Profit in 2019-20 increased to ₹ 2,056.26 million from ₹ 1,670.02 million in the previous year. The Company has opted for the new income tax regime, which allows it to opt for lower tax rate while foregoing few tax deductions. This resulted in considerably lower tax provision.

Your Company is moving from consolidation phase to an accelerated growth-oriented phase. Keeping in view global, domestic and Company-related factors, the Board, after considerable deliberations, has come to the conclusion that, for FY 2019-20, a prudent course would be to recommend a Dividend of ₹ 0.55 per share on 499.15 million shares. This, of course, is subject to the approval by the members in today's Meeting. From erstwhile ECCL shareholders' perspective, this works out to over ₹ 14 per share of ECCL.

Coming to the operations in 2020-21 and the financial performance for the quarter ended 30th June, 2020; as mentioned earlier, the Company's manufacturing and business operations, which virtually came to a halt in March-end due to lockdown, resumed in a partial and gradual manner in April, 2020. These have improved and stabilized gradually and have become near-normal now. However, even today, shortage of labour and intermittent Covid-19 pandemic-induced restrictions in different parts of the country do impact the Company's business operations.

Unlike manufacturing and service sectors, the agricultural economy is not much impacted by the Covid-19 pandemic. In fact, it is performing better than the previous year and providing much-needed support to the country's economy and giving employment and a source of livelihood to a large workforce.

Monsoon has been plentiful and bountiful in 2020. This is expected to lead to good Kharif and Rabi crop production. There is robust demand for agri-inputs, both within the country and in the international market.

Last month, the Company announced its Unaudited Financial Results for the first quarter ended 30<sup>th</sup> June 2020. During this period, the Operating Revenue is ₹ 6,476.95 million as against ₹ 6,253.33 million in the same period last year. The profit before exceptional items and tax increased substantially to ₹ 1,089.13 million as compared to ₹ 752.82 million in the previous year. The profit after exceptional item and tax also increased to ₹ 794.01 million in the first quarter this year as against ₹ 533.63 million in the corresponding period in the previous year.

I would like to recall that on 7th October, 2019, pursuant to the provisions of the Scheme of Amalgamation, the Company made allotment of shares to the shareholders of Excel Crop Care Limited who held shares on 31st August, 2019, which was the record date.

On 27th January 2020, the Company's shares were listed on the National Stock Exchange of India Limited and the BSE Limited. The listing price was decent and significantly higher than the expectation of the stock market watchers and analysts. Subsequent to initial listing, the share price has appreciated further by about 35-40%. The Company's shareholder base also has expanded to about two and a half times since listing – pointing to increased investor interest in the Company.

In June 2020, Sumitomo Chemical Company Limited, Japan, the Company's Promoters have, in compliance of SEBI requirements, disinvested about 2% of the Company's equity shares held by them through 'offer for sale' process. Presently, their shareholding in the Company stands reduced from the initial 80.3% to 78.3%. They need to further reduce their shareholding to 75% or less within one year of listing, pursuant to the SEBI norms.

In conclusion, I would like to express my deep appreciation to all shareholders in supporting the Company. I am aware that the shareholders face difficulty in reading digital Annual Report and in attending virtual AGM through video conferencing. The Company and the Directors are thankful to you for attending this Meeting in spite of the difficulties. I request continued support by the shareholders to the Company and its management in their endeavor to grow business and enhance shareholder value. I am confident that the Company, its management and the Parent Company will continue to receive support of the Shareholders.

I also take this opportunity to thank the Company's bankers, business associates, customers, suppliers, various government agencies, financial and other institutions for extending their strong professional support to the Company, especially in the trying times of Covid-19.

May I invite you to join me in thanking all the colleagues on the Board, the Management team, other staff and the workforce at various production sites, who have strived as a harmonious team to overcome business and Covid-19 pandemic challenges and to help enhance the Company's resilience and competence.

Thank you.

I enumerate the five ordinary resolutions proposed to be taken up for voting in this Meeting through e-voting process.

The First Resolution is for adopting the Financial Statements and the Reports of the Board and the Auditors.

The Second Resolution is for declaration of dividend on equity shares. The Board has recommended Dividend of ₹ 0.55 per share.

The Third Resolution is for approving reappointment of Mr. Ninad Gupte as Director. Mr. Gupte retires by rotation and being eligible, offers himself for re-appointment.

The Fourth Resolution is for approving appointment of Mr. Masanori Uzawa as a Director liable to retire by rotation.

The Fifth and the last Resolution is for ratification of the remuneration of M/s. Kishore Bhatia & Associates, the Cost Auditors.

I would now like to invite the members to raise queries. Mr. Kunal Mittal, he will take the proceedings from here on with regard to the Q and A session.

**Mr. Kunal Mittal (Senior Vice President – Planning and Coordination Office):**

Thank you, Mrs. Preeti Mehta. So, Moderator sir, Mr. Rajeev Ranjan, we can now start the process of question and answer. We request that each speaker will be given a time slot of 3 minutes for raising their queries and comments and we request that all the questions will be answered simultaneously together after all the speakers have been given the opportunity to speak. Moderator sir, may I request you to please unmute the first speaker for the day, Ms. Lekha Shah, shareholder.

**Ms. Lekha Shah (Shareholder):**

Hello.

**Mr. Kunal Mittal:**

Ms. Shah, we can hear you. Mr. Rajeev can you please check what is the problem?

**Mr. Rajiv Ranjan (Moderator):**

Ms. Lekha, you are live now. You can ask your question.

**Ms. Lekha Shah:**

Hello. Respected Chairman sir, Board of Directors, and my fellow members, good afternoon to all of you. Myself Lekha Shah from Mumbai. I am very much thankful to our Company Secretarial Department for rendering very good investor services and also for sending me the annual report by email well in time, which is full of knowledge, facts and figures in place. Due to pandemic Covid-19, we all are facing crisis and have to stay home. Ma'am, I would like to ask few questions. How is the Company preparing itself in a post-covid world? My second question is, what are the learnings from the lockdown and how is the Company implementing those learnings? My third question is, how are we engaging our employees? What is the roadmap for the next four years? So, I wish our Company good luck for a bright future and support all resolutions. Thank you, sir.

**Mr. Kunal Mittal:** Thank you Ms. Shah for your comments. We will later request our Managing Director, Mr. Chetan Shah to address your points. Mr. Moderator, we can now move to the second speaker, Mrs. Homayun Pouredehi.

**Mr. Beruz Faramosh Pouredehi (Shareholder):**

My name is Beruz Faramosh Pouredehi. Sir, at the outset, we are very happy that the Company is doing excellent even during the pandemic time, but our share price is not appreciating compared to other crop care companies like Bayer Crop Science and other crop care. So, I hope the share price will also appreciate and you will start giving more dividend because 55 paise is very, what you call, peanuts. So, you take initiative in rewarding the shareholders by appreciation of the share price as well as by means of dividend. Sir, we would like to ask you that, whether you are manufacturing any chemicals for this, what you call, bedbugs. Sir, we are very happy with the Company and we hope that you continue doing CSR activities for the people at large, because in India, many people are suffering in the villages and all that. So, I think you will take initiative in that regard. Sir, we would like to know whether pandemic has affected our turnover or revenue, per se. Sir, we would like to know that. We are supporting all your resolutions and wish our Company all the best. Sir, I am giving it over to Madam Homayun Pouredehi.

**Mrs. Homayun Pouredehi (Shareholder):**

Hello sir, can you hear me, I am the next speaker.

**Mr. Kunal Mittal:**

Yes, please continue.

**Mrs. Homayun Pouredehi:**

Sir, we are missing those days when we used to be physically present at the AGMs. Sir, I also attended your Malad AGM, sir. We are missing, we have taken all these things for granted. Sir, now we are missing those all. We hope, the pandemic gets over and we will be once again able to meet at the AGMs, sir. Though we would prefer the AGM to be at South Bombay where all shareholders can make it come in to attend. Sir, dividend is less, of course. We hope to see better dividend, sir, but one very good thing is you have finally been able to list our shares at the stock market, NSE and BSE. So, that is a very good thing you did, though we are hoping for better appreciation, though the shares have appreciated. Sir, one request is, I have even mentioned this at the previous AGM I attended at Malad. Sir, are you manufacturing any chemical for bedbugs. Sir, we are suffering a lot. We have used whatever is available in the market. Sir, the bedbugs are not effective. Sir, even pest control is not effective. Sir, I want to draw your attention that the effective medicine for bed bug was Tick-20. Sir, but now the Tick-20 has stopped manufacturing since some years. We have no problem; we would just buy. Sir, you know in home, people, servants come, so we do not know they must be bringing. Sir, we used to go out, there people can carry and come at home. So, that is why I am requesting for you to give us the chemical of bed bug as a CSR activity to help senior citizens to be able to sleep well at night. Sir, we are not ashamed to say about this because we are suffering and since so many years we are suffering about these bedbugs in our house. We called the pest control, yes, they were able to remove other termites but not these bedbugs. So, I hope you reciprocate to our genuine request and we wish our

Company all the best. Sir, we saw your plant in the past. We hope, again you will take us when the pandemic gets over. Thank you, sir, supporting all your resolutions.

**Mr. Kunal Mittal:**

Thank you, sir, thank you ma'am, thank you for your comments. We will address these. I think, Moderator, we can now move to the fourth speaker, Ms. Saroj Rani.

**Mr. Rajiv Ranjan:**

Sir, Saroj Rani is not there, so we can go to next speaker.

**Mr. Kunal Mittal:**

Okay. We can move to speaker number five, Mr. Aspi Bhesania.

**Mr. Rajiv Ranjan:**

Sir, Mr. Aspi is also not there. We can move on to the next speaker.

**Mr. Kunal Mittal:**

Okay. We can now move to speaker number six, Mr. Yusuf Rangwala.

**Mr. Yusuf Rangwala (Shareholder):**

Hello, respected Chairman. Hello, can you hear my voice?

**Mr. Kunal Mittal:**

Yes sir, we can hear you.

**Mr. Yusuf Rangwala:**

Very good morning to our dynamic board and all my friends. I am very happy with your Company, sir. I never missed in life your Company, sir. Kaha pe hota hai ham bhaag ke aata hai sir. Dil aapke saath me hai. Sir, dil ham aapko de chuke sanam, aisa hamare kahawat hai, sir. Yeh Company, sir, itni acchi hai aur hamare sir, Pravin Desai sir nahi hai? Sir, woh kya chhutti pe hai, Pravin Desai sir. Unka tabiyat accha hai, sir, Pravin Desai sir unka? Wo kahan pe hai Pravin Desai sir? Unko hamare taraf se shubhkaamnaye

dena. Aur ham sab poora board ki taraf se aapne dividend jo diya, uske liye mai bahut dhanyawaad dena chahata hun. Sir, aapka ek factory Kutch me hai, sir, bahut saal hua, sir. Hello.

**Mr. Kunal Mittal:**

Yes Mr. Rangwal, we can hear you.

**Mr. Yusuf Rangwala:**

Sir, aapka ek factory Kutch me hai, bahut saal hua. Agar aap factory visit karayenge; ye apna beeswan saal hai, abhi panch saal ke baad pachchis saal hoyega. Sir, ye mera humble request hai, do-teen saal me jab Covid-19 ho jaaye, matlab 2021-22, jab bhi suvidha aapko lage, to tab aap visit karaiye. Aur apne Link people, jo apne agent hai, sir, unke service ke baare me kuch nahi kahna, sir. Unki service excellent hai, sir. Aur, sir, aur to kuch kahna nahi hai bas itna kahna chahta hun, ham aapke saath hai aur ham aapke saath rahenge; bas sir, dhanyawaad, jai Hind, jai Maharashtra, sir. Bye, bye sir, thank you very much sir.

**Mr. Kunal Mittal:**

Thank you, Mr. Rangwala. And I think, Pravin sir is there on this call, he is not there on the panelist video, but he is there on the audio. Okay. Sir, we will respond to your comments shortly, please allow us some time. So, Mr. Moderator, now we can move to speaker number seven, Mr. Amit Thawani.

**Mr. Amit Thawani (Shareholder):**

Sir, am I audible?

**Mr. Kunal Mittal:**

Yes sir.

**Mr. Amit Thawani:**

Thank you for taking my call. So, my first question is, in 2020 Annual Report the sales to the parent have gone down, so I was just wondering what happened there? And, you know, I am just going to read out what Astec, Astec has written in their annual report. They see a big growth in herbicides exports. So, I was wondering what our plans are to cater to the export market in the herbicide sector? Then, I understand how our parent has five segments, one is IT chemicals, second one is pharma, third one is agrochem and I believe there are a couple of more segments. Any visibility on whether we plan to launch any further segments through the listed company in India or we are just going to stick to the agro

chemicals? And, are there are any products from the Valent stable that are expected to be launched soon? How many products are under registration in India and how many products did we launch in FY20 and how many are we expected to launch in Fy21? On the balance sheet side, I think our inventory management has been excellent, but our receivables continue to go up. Can you please give any takeaway on that, what do we expect in the future there? Yeah, that is it. Thank you, sir. Thank you for taking my questions.

**Mr. Kunal Mittal:**

Thank you, Mr. Thawani. We will address your query, please allow us some time. We can now move to speaker number eight, Mr. Kirti Shah.

**Mr. Kirti Shah (Shareholder):**

Hello.

**Mr. Kunal Mittal:**

Yes sir. Please go ahead.

**Mr. Kirti Shah:**

I already sent one email. Kindly reply that email. There are four meetings going on, I am in another meeting. I already sent you email, kindly reply that.

**Mr. Kunal Mittal:**

Yes, Mr. Shah, we have your email. So, we will take up some of the questions from your email.

**Mr. Kirti Shah:**

Yeah, okay. No problem. Wish you all the best. Thank you very much.

**Mr. Kunal Mittal:**

Thank you, Mr. Shah. Okay Moderator, we can now move to speaker number nine, Mr. Shailesh Mahadevia.

**Mr. Rajiv Ranjan:**

Mr. Shailesh, you are live now.

**Mr. Shailesh Mahadevia (Shareholder):**

Hello. Respected Chairman, distinguished directors and members of the Company. Sir, Can you hear me?

**Mr. Kunal Mittal:**

Yes sir, we can hear you. Please go ahead.

**Mr. Shailesh Mahadevia:**

Firstly, I will congratulate the board of management for achieving excellent results in the year 2019-20, in spite of difficult conditions. Sir, I also appreciate that the whole program is represented in our annual report. I also appreciate the care which we have taken during this period of covid not only of our employees but also of the society at large in our own way. Sir, I also appreciate that we are enjoying almost in every factory ISO certification, which indicates excellent management, and, in some companies, we also enjoy ISO-45001, which is the best one can enjoy. Sir, then I would like to appreciate the co-operation of secretarial department without whose cooperation we would not have been able to join this meeting. Sir, now my questions. Sir, number one, we are now a very large company, so we should have an integrated report taking into account all six capitals of the company and the end result which we get in value creation out of this. For example, companies like Tata Chemicals, United Phosphorous are already doing this type of reporting and it is now the normal standard. Sir, my next question is regarding our dependence on China to a very great extent. Sir, what I would like to know is what steps we have taken to reduce our dependence? Particularly, we were thinking of backward integration which is likely to help. Sir, can you throw some more light on this subject?. Sir, my next question is that, although we have taken over Excel Crop Care, we have retained the number of foreign subsidiaries. Sir, I would like to know whether they have been retained with any particular intention in mind, like registration? And sir, my last question is regarding the specific contribution of our Japanese parent company in respect of our offer for environmental problems with respect to animal husbandry and with respect to similar services which are not available in India. With this I wish our organization success with everyway in the years to come. Thank you very much.

**Mr. Kunal Mittal:**

Thank you, Mr. Mahadevia, for joining the meeting and for sharing the comments. Moderator, now we can move to the speaker number ten, Mr. Sharad Kumar Shah.

**Mr. Shailesh Mahadevia:**

Okay, Okay, Thank you.

**Mr. Kunal Mittal:**

Mr. Sharadkumar, you are live now.

**Mr. Sharadkumar Shah (Shareholder):**

Sir, I have sent one mail. Sir, I have said what I am looking in this Company is that, our turnover is only 2000 crores and my share capital is 500 crores, so it looks like that it is very big and that is why the dividend and the share price, because number of share is also 50 crores. So, what I was thinking, normally companies what they do, the promoters merge their shares here and there, or merge the subsidies and something like that and they cancel the shares. My idea basically here that, 78% shares of the promoters should be reduced or cancelled and to the proportion of our revenue and then only we can perform well, that is only my thinking. And another thing is balance sheet, what you say, there are some ban on certain products. But that is not in your hand and not with anybody so, you have to continue with that, otherwise new products you have to introduce and that you have to submit to the government whether they accept or not. Banning should not be worried about. And only thing my worry is 500 crores share capital is the only thing, this is stalling my Company. So, my opinion is that, from 78% somehow, look into it, and promotor should reduce it to something like 8-10% and balance 20%, so it will become something like 30-35% so that is my only idea. If you like my idea or if you have anything, any view on that, please let me know. Thank you, sir.

**Mr. Kunal Mittal:** Thank you, Mr. Sharad Shah. Moderator we can now move to speaker number eleven, Mr. Ravi Naredi.

**Mr. Ravi Kumar Naredi (Shareholder):**

Yes sir. Respected Chairman, MD, distinguished directors of the Company, employees of Company and fellow shareholders. Are you able to listen me, sir?

**Mr. Kunal Mittal:**

Yes sir. Please go ahead.

**Mr. Ravi Kumar Naredi:**

Sir, any plan for ESOP facility for employees, sir? Quarter-1 net profit margin was much higher than previous year Quarter-1. This expansion of margin is maintainable? In 31<sup>st</sup> March, 20, Debtors reached to 850 crores versus 671 crores, why so much debtors rises? This year, legal and professional fees was 15.75 crore versus 2.23 crore. Any reason to hike in this legal and professional fees? Thank you for giving me opportunity to speak in AGM.

**Mr. Kunal Mittal:**

Thank you, Mr. Naredi. We will address your comments shortly. So, Moderator, we can now move to speak number eleven, Mr. Ganesh Shenoy.

**Mr. Rajiv Ranjan:**

Mr Dinesh, we are unmuting your device. You can unmute your device and you can ask your question.

**Mr. Dinesh Bhatia (Shareholder):**

Hello. Jitna revenue hai woh, jiske liye main ummeed karta hu ki bahut badhiya cheej hai. Mera aapko khaas ye sawal tha ki income kitna hai, revenue kitna hai, wo jara aap batayenge. Doosra hamara jo munafa jo hua hai. Ye jo aapne BSE ke site pe jo rakha hai, hum dekhte hai ki last quarter ka jo hamara result tha, 2020 ka jo hai woh 659 crore ka hai jo one rupees fifty seven paisa dikh raha hai. Hamara jo earning jo hai koun sa hamara jo koun si koun si.

**Mr. Kunal Mittal:** Mr. Bhatia, we are not able to hear you clearly. But what we understood you asked about the revenues and the profitability of the company.

Mr Dinesh Bhatia spoke further. However, due to technical problems, he was not audible.

**Mr. Kunal Mittal:**

So, Mr. Bhatia, what we understood is we could not hear you clearly, but we understood that you have three questions - one was about the revenue, the second one was about the profitability, and third, I think, you asked us about our Chairman Dr. Mukul Asher. Is it right understanding? Sir, aapka third question Chairman sir ke baare me tha?

**Mr. Rajiv Ranjan:** Sir, there is some technical difficulty with Mr. Dinesh Bhatia, so we can move to the next speaker, I think.

**Mr. Kunal Mittal:**

So, with this I think, we have, I think, finished all the 13 speakers and their queries and please allow us some time to, I think, to compile the replies and then we will address these queries very-very soon. Please allow us one minute please.

**Mr. Chetan Shah (Managing Director):**

Dear shareholders. I sincerely hope that all of you, your family members, your loved ones, everyone is safe and sound in this covid-19 pandemic. I hope you are taking enough care not to go out and to use all the government regulatory advisories - to wear mask, to maintain social distance and overall maintain good hygienic conditions. I hope, till this lasts, you will be careful, and we definitely want to meet next year in person. Having said that, I will try to answer whatever queries have been raised.

I think there was very interesting question from the first speaker Mrs. Shah, which said that what have been your learnings in this Covid-19. Thank you about that question. Also, you mentioned about how do we engage with employees and you asked about the roadmap of the Company after post-covid.

This situation came to us without any warning. There was no warning whatsoever and we were caught unawares of this pandemic and when it started, we never even realized that it would last so long and we will have to sort of, you know, take this Covid-19 into our stride and continue to work. Not only continue to work but ensure better results, better engagement with the employees, better communication with them, and I am very happy to tell you all, that we have very quickly recovered from this shock and we have, as you know, we have five manufacturing sites, lot of workforce, all the offices, Delhi office, Bombay office, all the communications etc. We have stepped it up very-very quickly and I must say that everyone has adapted to this new way of life in a very-very positive manner. So, the learning of this has been that, we, in this world should not take it for granted that we will not face such challenges ever again. I think we have to be prepared for this kind of situations, you have to have lot of, you know, knowledge-sharing with the employers and all the employees. And, we have to be on top of the situation. And I think, the roadmap which we have carved out for this Company, I am happy to share that, this epidemic will not slow us down in that endeavour to catch up with that roadmap. So, we have not been pushed back by a year or two at all. We will continue our march forward from now on.

Then, there were later on some questions about share prices which, I am sorry, but I am not an expert on share market, I do not know how the prices move of shares and I cannot really comment on that.

Very interestingly I think, Ms. Homayun, you had asked this question I remember, even in the last AGM about the bed bug problem. We have launched, or we have a fantastic product for bed bugs which we wanted to market. Somehow or the other, the registration process got delayed and we have now got the registration and the manufacturing license and I hope that, we are in a position to launch this product in the market during the current month or latest by October. The brand name of our product is 'Sumipride', exclusively for bedbugs, very-very effective product. So I think, you will be very soon be getting rid of your bedbug problem in your house and I sincerely hope that that happens. I would be very happy, if you want, I can send my technician to your house, see the problem and show you how to treat the bedbug issue with our 'Sumipride'. I will ask somebody to get in touch with you from my secretarial department and work it out.

Shaileshbhai, as usual, I am very appreciative of your comments. Thank you very much, for you know, your appreciation about the Company and yes, I can assure you that the help of our people, who are putting in their best at the plant level, at the field level, in the offices etc., that is our prime- prime-prime concern and, we will do everything for them as also for the society at large. To come to your question on dependence on China, let me tell you, we have around 33% of our imports are from China and large number of raw materials, almost 42-43% of the raw materials we are now buying from within India and almost 20% of our products come from our parent company - that is either from Japan or from the USA. So, I think, we are quite well diversified. What we have done to de-risk China are two things - number one, we have de-risked China from within China itself. So, if we were dependent on certain raw materials from a particular area of China where the chemical industry is very-very thickly populated, we have now found in different regions of China the supplier, for the same raw materials. So, we may have three, four, five suppliers of one raw material located in different areas of China. So, we have quite well de-risked ourselves from within China. We have also started to develop toll manufacturers of this, you know, certain intermediates in India. So, we develop them, we give them our products' requirement, we give them our specifications, we give them our technology, we work with them and we try to make that product in India. So, there are two such products that we have started already, and I mean, once we get high level of success, there will be more such attempts. So, that is as far as China is concerned, we have never even in the epidemic, we have not lost any production at all for the want of raw materials from China. We have been able to manage that very-very successfully.

So, about Environment and Animal Nutrition. Yes, we are very lucky to have a full faith and full cooperation of, you know, Sumitomo Chemical, Japan, in any aspect and in any aspect of the business, be it environment, be it animal nutrition, be it product selection, be it CSR, be it anything. So, we have a very-very open door to Japan, we can just walk in and ask for any assistance. So that being there, we are in a position to ask for any sort of help. But so far on Environment, you know, they have a very strict audit of our plants, they see our environment-related activities with a magnifying glass and they are very-very critical about it. But so far you know, they have been very happy with all our efforts that we are making at our various plants to safeguard the environment and we have not received any adverse remark from that audit. But that checking and balancing is very much there. So, please don't worry, we will continue to engage with Japan for any such issues.

And another thing about integrated report, we will study this, you know, as you say, Tata Chemicals and UPL have started reporting this. We will definitely look into it and see how we can, you know, proceed further as far as that is concerned. We can get back to you on that.

Mr. Amit asked some questions about herbicide export and certain segments of Sumitomo. Let me tell you that, yes you are right. Sumitomo has segments like, you know, IT chemicals, petrochemicals, specialty chemicals, pharmaceuticals, animal nutrition, health, public health, and pest control operations etc. So, we are in three of those segments right now in India - animal nutrition, household insecticides business and agro chemicals, of course. So, other segments also can come to India, there is no bar on what can come and what cannot come. But our expertise over here is agro chemicals, household insecticides and animal nutrition as of now and we are trying to expand all these three divisions as of now. So, yes, if we have the infrastructure to deal with the IT chemicals and we are confident of delivering the results as expected by Sumitomo Japan, we can approach them for this and the final

decision of whether we are expert enough in that to succeed or not, that will be made by Japan, that decision will be made by Japan. So, while we do not have any bar on it, but as of now, we are really-really concentrating on what we have on our hands and how to become big, as you know, possible within these three sectors.

You also asked about Valent products. Yes, we have, already we have some Valent products in our product range. Very-very good products and very-very good marketing and good sales turnover of those products and we are, hopefully, if the registration comes through - which it should, we will be launching one new molecule from Valent Bioscience in 2021. It is a very-very good product and we are looking forward to having that. So, both Valent Bioscience and the products of Sumitomo Japan, both are available to us and we constantly look at the product-fit in Indian climatic zone, Indian crops and Indian pest, so that is an ongoing process and we will continue to get many new products from both Valent as well as Sumitomo Japan.

As far as the exports are concerned, I have not seen the Astec balance sheet or comments, but we have a very clear, you know, model of exports and you know - as you might be knowing, that Excel Crop Care had a large export portfolio of generic products which we manufacture. But, we are also looking at using Sumitomo's global marketing network and sales subsidiaries as to where we can increase our foothold in those countries with our existing products. We also are looking at some of the products which we can manufacture for Sumitomo for their global market. So, this is absolutely an ongoing process, we are working very hard on it. We have started some of the products and many more products will start because the registration process in all the countries are little lengthier and it takes time, but as a principle, the process is on. So, I hope I have answered yours.

Mr. Sharadkumar's questions. So, your question regarding the capital, and you know, is a little difficult one. I think these type of decisions are basically the promotor's decisions and we have no say. Yes, when merger took place, we inherited a large capital of Sumitomo Chemical India Pvt. Ltd., which was almost, I think if I am not mistaken, ₹ 274 crores. So, that came as a part of the merger thing and yes, that is true, and I don't think that the dividend is less if you consider Excel original shareholding and I think we gave twenty five and a half times the shares for each share of Excel held of five rupees and we gave twenty five and a half shares of 10 rupees each. It is a big value addition for the Excel shareholders and if you consider that value, the dividend per Excel share is coming to fourteen rupees per share. It is the highest ever dividend given in the history of Excel to Sumitomo. So, Excel, I think earlier was giving around maybe 8-10 rupees per share. At this time, if you look at the actual calculation, it is coming to 14 rupees per share. So, I think it is a good, you know, value addition to our shareholders. We are very happy about it. We are euphoric about it as a matter of fact - we feel very good that our shareholders are getting this benefit.

And yes, you are very right on ban of products. We have to take it in our stride. We have to find new products, if at all the products get banned. And let me tell you that there was one product of ours – Trizophos - which was banned in 19-20 and we could not manufacture that product. That product was, I think, our value of that product sales was 39 crore rupees and it was just not available; it was just gone. In spite of that, we have been able to grow our sales through increasing other products' turnover, introducing new products and I can assure you that that same principle will be followed if anything wrong was to happen by the government.

Then, Mr. Ravi asked some questions on, first of all, ESOP. I think, my answer to that is that Sumitomo Chemical worldwide has no policy of ESOP and we have to respect that global policy and there is no question of any ESOP to be introduced in India.

Your second question was maintainability of margins. Yes, you are right. Our Q1 margins have been very good - that was a result of not only good demand but it was a result of very good product-mix that we gave in the market; we gave the market what they wanted. We could fulfill the demand of our brands in quite a substantial and good manner and that is what is seen as a result in terms of margins and we would like to continue this trend of margin increase which has happened and we are very hopeful that we will be able to maintain that.

Regarding capital expenditure, we typically spend around 15% of our EBIDTA. We have large, you know, plans for this year. I think we have planned out around 40 to 60 crores rupees of capital investment. Also, if we are likely to get some new products to be manufactured for Japan in the year 21-22, and we are gearing up our investment, etc. for those projects also. And, in the real merger and a lot of, you know, advises, lot of agencies like KPMG, Kotak, a lot of them had to be engaged and the legal and professional expenditures are higher because of that. There was even a large stamp duty that we paid, and all those things put together have increased the legal and professional expenditure.

I think I have covered almost all the questions.

**Mr. Kunal Mittal:**

Shah san, there are just few questions which we should answer. I think some of our shareholders raised about the high receivables which we had in the month of March. Do you want to shed light on that?

**Mr. Chetan Shah:**

Yeah. So, month of March is a Rabi season. So, in the Rabi season, typically, the payments only are received by the month of May-June and, this last Rabi season was also very-very good as compared to any previous years' comparison. So, the sales were much-much higher in the Rabi and that is why you are seeing, you know, the little bit offbeat type of a thing, that the outstandings were higher. Most of that outstanding has been recovered in the current year by the month of June, so there is nothing to worry about that.

**Mr. Kunal Mittal:**

So, Mr. Shah, the last question is, I think, from Mr. Amit. I think, he had a point about exports to SCC, there was slight dip in year 2019-20 and how you will see the picture.

**Mr. Chetan Shah:**

Okay. So, I will tell you why that dip is. As a matter of fact, you know, the products which we are manufacturing, there is no dip. In 17-18, we had, you know, just tried out some chemicals to be purchased from India from the third parties and we were exporting that by Sumitomo Chemical to Sumitomo Japan or Sumitomo somewhere else. So that turnover was almost around 17 crores of rupees and in 19-20, that trading business was suspended. So, we could not get that ₹ 17 crores of 18-19 in 19-20. So, if you remove that, our exports are almost at par and whatever we are manufacturing and exporting to Sumitomo that export is absolutely intact. As a matter of fact, that would have marginally gone up.

**Mr. Kunal Mittal:**

Thank you, Shah san, for addressing and I think Mr. Kirti Shah had raised some points in his email, which I think, you have already answered. Most of his queries were about margins and which you have addressed.

**Mr. Chetan Shah:**

So, I would like to tell the shareholders, who are present - I know that he himself is attending some other meeting. But, I read that email and he was saying that, you know, we are not a shareholder-friendly company. So, I just want to tell my friends, who are present here, that the word friendship, you know, it is a question of perception and friendship is always a two way straight as we have seen in our lives. We perceive to be very-very friendly with shareholders, but some shareholders feel that we are not friendly. Fine, maybe we need to improve. That is okay, because that is the process of life and improvement is always welcome. But let me assure all of you that we have, as we have our working people for the Company, as we have very-very high regards and high sense of caring for them. The same type of feeling we have for the shareholders. You are our, you know, most important partners and we have no reason not to look after you. So please, I mean, take my assurance that we will strive to be very-very shareholder-friendly management and shareholder-friendly company. Thank you.

**Mrs. Preeti Mehta:**

Thank you, Mr. Shah, for your responses to the shareholders' questions and comments and particularly your last remark, which is very comforting to all of the shareholders, I am sure. So, I move on to the next stage of our Meeting. The Company has provided remote e-voting facility to the members to vote on all the five resolutions, being business of the Meeting and forming part of the notice of this Meeting. The remote e-voting was conducted between 7 September and 9 September 2020. As I mentioned earlier, the members, who are attending the Meeting today, but who have not availed of the remote e-voting facility, are eligible to vote on the resolutions through e-voting process. I once again request such members to cast their votes through e-voting facility.

The Board has appointed Mr. Prashant Diwan as scrutinizer for the remote e-voting and e-voting in this Meeting. The scrutinizer will submit his consolidated report for voting and based on the report, the voting results will be announced by the Company. The voting results will be put on the Company's website within 48 hours of conclusion of this Meeting. All the business of today's Meeting is now completed and hence, I declare the meeting is concluded. Please stay healthy and safe and keep your family, friends, and colleagues also healthy and safe. The e-voting facility will continue to be available for fifteen more minutes after the conclusion of this Meeting. Deepika, over to you please.

**Ms. Deepika Trivedi:**

Chairperson Madam, we thank you for conducting this Meeting and guiding us and I propose a vote of thanks to the Chair. Shareholders, please note that the e-voting facility of this Meeting will continue to be available for fifteen more minutes and this Meeting stands concluded. Thank you.

**Mr. Rajiv Ranjan:**

Thank you, everybody.

**Mrs. Preeti Mehta:**

Thank you, everyone.