



VINATI ORGANICS LIMITED

TRANSCRIPT OF THE PROCEEDINGS OF THE THIRTY-FOURTH (34TH) ANNUAL GENERAL MEETING OF VINATI ORGANICS LIMITED HELD ON FRIDAY, SEPTEMBER 08, 2023 AT 11.00 A.M. THROUGH VIDEO CONFERENCING/OTHER AUDIO-VISUAL MEANS

PARTICIPANTS

Mr. Vinod Saraf

Chairman

Ms. Vinati Saraf Mutreja

Managing Director & CEO

Mr. Jayesh Ashar

Executive Director

Mr. J. C. Laddha

Independent Director

Prof. M. Lakshmi Kantam

Independent Director

Mr. Adesh Gupta

Independent Director

Ms. Mona Bhide

Independent Director

Mr. N. K. Goyal

Chief Financial Officer

Mr. Milind Wagh

Head - Legal & Company Secretary

Mr. Vinod Saraf:

Good Morning Members!

I take great pleasure in welcoming you all to the Thirty-Fourth (34th) Annual General Meeting of your Company.

This 34th Annual General Meeting of the Company is convened through Video Conferencing, in accordance with relevant circulars issued by the Ministry of Corporate Affairs (MCA) in this regard and in compliance with the applicable provisions of the Companies Act 2013 (the Act) and SEBI (LODR) Regulations, 2015.

I would now request the Board members, who are present in this meeting to introduce themselves.

- Ms. Vinati Saraf Mutreja
Good Morning Members, I am the Managing Director and CEO of the Company.
- Mr. Jayesh Ashar
Good Morning Members, I am the Director of Operations of the Company.
- Mr. J. C. Laddha
Good Morning Members, I am an Independent Director and Chairman of the Audit Committee.
- Prof. M. Lakshmi Kantam
Good Morning Members, I am an Independent Director and Chairman of the Nomination and Remuneration Committee and Stakeholder Relationship Committee of the Company.
- Mr. Adesh Gupta
Good Morning Members, I am an Independent Director of the Company.
- Ms. Mona Bhide
Good Morning Members, I am an Independent Director of the Company.

Mr. Vinod Saraf:

Representatives of Statutory Auditors M. M. Nissim & Co LLP. Chartered Accountants and Secretarial Auditors M/s. VKM & Associates are also attending this meeting.

As the requisite quorum stipulated under Section 103 of the Companies Act, 2013 is present, I now call the meeting to order. I would also like to inform you that the proceedings of this meeting are being video recorded.

The Company has received 1 Corporate Authorization, representing 4,75,53,168 equity shares of the Company constituting 46.27 % of the paid-up equity share capital of the Company. As the meeting is being convened through VC, the proxy facility is not available for this meeting.

The Register of Directors & KMPs (including their shareholding) maintained under Section 170 and Register of Contract maintained under Section 189 of the Companies Act, 2013, are available for inspection electronically and the Members may send their request to inspect the same.

As the 34th AGM is proposed to be held through Video Conferencing or Other Audio-Visual Means, hence, the Company has made all efforts feasible under the circumstances to enable the members to participate and vote on the items being considered in this meeting.

The Notice of the meeting along with the Integrated Annual Report of the Company for FY 2022-23 have already been sent to all the Members through electronic mode, in accordance with the circulars issued by the Ministry of Corporate Affairs and the SEBI. We, therefore, propose that the same be taken as read.

The Statutory Auditor's Report and Secretarial Audit Report do not contain any qualification, observation, or adverse comment, hence reading of these Reports at the meeting could be dispensed with.

Before we invite the Members to speak at this meeting, I would request the Company Secretary to make an announcement with respect to the e-voting facility which has been activated for voting at the AGM.

Mr. Milind Wagh:

Good morning to all!

In Compliance with the relevant provisions of the Companies Act 2013 and rules made thereunder and the SEBI Listing Regulations, the Company had provided the facility to the Members to exercise their right to vote on the businesses proposed to be transacted at this AGM through remote e-voting for the period commencing from September 05, 2023, to September 07, 2023. Further, in order to facilitate voting for those Members, who could not have exercised their right to vote through the aforesaid remote e-voting period, the Company has provided the facility to vote at this AGM through the e-voting platform of NSDL. However, please note that the members, who already have voted on the resolutions through a remote e-voting facility, shall ignore the e-voting facility at this meeting.

Mr. Vijay Kumar Mishra, Managing Partner of M/s. VKM & Associates, Practicing Company Secretaries, has been appointed as the Scrutinizer for remote e-voting as well as e-voting at this AGM, who would scrutinize the votes and hand over the combined report on voting within two working days of the conclusion of this 34th AGM.

Upon receipt of the result of voting along with the Scrutinizer's Report, the same shall be uploaded on the website of the Company, NSDL and shall also be submitted to the Stock Exchanges.

Since this meeting is being held through Video Conference and the resolutions mentioned in the Notice convening this meeting have already been put to the vote through "remote e-voting" there is no proposing and seconding of resolutions.

Thank you! I, now request the Chairman to please continue with the proceedings.

Mr. Vinod Saraf:

The Company had provided the facility to the Members to register themselves in advance by sending requests from their registered email if they want to register themselves as a speaker in this AGM to ask questions and/or to seek clarification on the agenda proposed in this AGM, if any. Some of the members, have registered themselves to speak at the AGM.

Now, I would call out the names of speakers one by one to ask their questions. Members are requested to restrict their speech strictly to 2 to 3 minutes.

I will respond to all the questions and suggestions raised by speaker shareholders, once all the speakers have spoken.

Mr. Vinod Saraf

Mr. Pranav Pandya

Mr. Pranav Pandya (Speaker Shareholder)

Hello, Chairman Sir. Am I audible?

Good morning, respected Chairman, Ms. Vinati Madam, and all the members of the Board. First, I must congratulate our Board of Directors and the entire team for good performance for the year 31st March 2023. However, the company reported a drop in revenue for the first quarter, which means June 2023. I hope the performance of the Company will improve in coming quarters. Wishing you all the best for the coming quarters. I am thankful to the Secretarial Department and Mr. Milind Wagh, Company

Secretary, who is very cooperative, and the entire team of the Secretary Department for their approach towards shareholders. Thank you.

Ms. Vinati Saraf Mutreja

Thank you, Mr. Pranav, actually, last year was a very good year because some of our customers purchased too much and they built up too much inventory because of uncertainties, the previous year regarding COVID and freight, etc. Hence this year, we are seeing some de-stocking in Q1 and Q2. But I hope there will be some recovery in Q3 and Q4.

Ms. Vinati Saraf Mutreja

Mr. V Nagaraja, you can proceed.

Mr. V Nagaraja (Speaker Shareholder)

Good morning, Sir, and Good Morning, Madam. Am I audible?

Thank you very much for providing this opportunity to share a few thoughts and also would like to congratulate the management on the stellar performance the Company has shown during FY 22-23. I've got one or two small comments and one or two small observations. One is regarding the ratio of the path to the revenue, if you look at the previous history of the Company, from FY 19 till FY 23, the share has been about 24%, 31% and 27% but during the last two years, it is in between 21% and 20%, respectively. Now I just would like to know whether the company is able to pass on the cost to the customer or if there is any difficulty because why has this ratio should not come down, that is one thing and secondly, what is the capital expenditure the Company is expected to do in the years FY 23 and FY 24? Thirdly, I would like to make a small suggestion for your consideration that in the Board's Report, I don't find, rather, I do not find any reference, I would say, to the present circumstances, especially the China dilemma and the Russia-Ukraine war and of course, the global downturn in the economy. What I would like to know is, especially the Russia and Ukraine war, has it been a big boon for you or is it a bane? Are you able to expand your markets there? Or what is the position? I would just like to know because I could not find it. I would also like to know, say, during the last two years, whether there has been any expansion in the Company's markets and what are the Company's strong areas where you can sell the products? And thirdly, in relation to that, are you expecting or envisioning any competition from the outside markets, which probably would affect your performance? Fourthly, coming to the credit rating part of it, I'm happy that the company has been able to get AA and a positive rating. This is a good development and considering the ratios which the company has, I find it to be extremely

good. I heartily congratulate the management team for the excellent performance and the related ratios which the company has been able to show, especially the fact that the company has not been borrowing at all as far as the funding part of it is concerned it says zero borrowing it's an excellent thing which shows the liquid position of the Company. I'm happy about it. I'm sure looking at it the other way, I would say that you people are financing the banks instead of the other side. I would like to know what is coming in the way of the Company being classified under the AAA category. I would certainly like my company to be classified under the AAA rating, which would certainly enhance the status of the Company, and bring a lot of economies as far as the interest rate and other costs are concerned. I think that's all I just wanted to say. Once again, hearty, congratulations on the excellent turnover. We certainly look forward to the Company going ahead in this stellar performance role. Thank you.

Ms. Vinati Saraf Mutreja

Okay, thank you, Mr. Nagaraj. I will try and address all your points. I'll start with the first one that you mentioned about why the percentage of PAT on sales has come down in the last two years. So as the company grows, we have added new products like Butyl Phenols, etcetera, which have always maintained a lower margin than our other products, which are more niche products, where the EBITDA margins are lower. Secondly, as inflation increases, which means the drop in material price increases, we are able to pass on that increase but the dollar per kg remains the same, the profitability comes down and hence you are seeing this drop in PAT margin of 26% to 21%. Having said that, going forward, I think it will not increase it will remain in this range maybe because we will see more growth come from Butyl Phenols as well as antioxidants post the merger and like mentioned, I still believe these margins are quite healthy, our ratios are quite good. Then coming to the CAPEX plans in the future, we are making two significant CAPEX right now one is we are expanding ATBS where we are adding a new line, increasing our capacity to 60,000 tons and secondly, we are doing CAPEX in Veeral Organics Pvt. Ltd., which is a subsidiary, where we are adding of whole range of specialty products, chemicals which are used in industries such as polymers, as well as agrochemicals and other industries. Coming to the Russia, Ukraine war and the Angle? Actually, business with Russia and Europe for instance we see some benefits as other customers are purchasing from Russia. China definitely seeing a good shift in our products and demand. Customers are looking at India as a supplier and are keener to buy more from Indian Companies so that benefit we definitely see.

As you're asking for expansion in markets, Company strong areas. So, we supply to various industries we started with the farmers and today we supply to the oil and gas industry, polymer industry, plastics industry, and geographies wise also we spread out wisely 30% to 35% comes from domestic sales and we export to Europe and China. For

different instances Butyl Phenols we face competition from the Chinese, for example, it could be a European supplier or an American supplier IB. There's an Indian supplier of ATBS also there's a Chinese competition. I think that's it.

Do we have any other speakers?

Okay, we continue with the next segment.

Mr. Vinod Saraf

I will now provide a summary of all the agenda items under consideration at this AGM and as outlined in the Notice:

1. To receive, consider and adopt:
 - a. the Audited Financial Statements of the Company for the financial year ended March 31, 2023, together with the Reports of the Board of Directors and the Auditors thereon; and
 - b. the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2023, together with the Report of the Auditors thereon.
2. To confirm the payment of the final dividend of ₹ 7/- on the per equity share of the face value of ₹ 1/- each for the financial year 2022-23.
3. To appoint a director in place of Ms. Viral Saraf Mittal (DIN: 02666028) who retires by rotation at this meeting and being eligible, offers herself for reappointment.
4. Ratify the remuneration of the Cost Auditor for the Financial Year 2023 - 24.

Chairman - Since I am interested in following agenda items numbers 5, 6, and 7 of this AGM Notice, I step down as Chairman and request Mr. J. C. Laddha to take Chair.

Mr. J.C. Laddha to continue: Thanks, Mr. Vinod Saraf.

Good morning and welcome to all the shareholders present at this meeting. The next agenda items as contained in the Notice of AGM are:

5. Approval for the re-appointment of Mr. Vinod Saraf (DIN: 00076708) as Whole Time Director designated as Executive Chairman of the Company.
6. Approval for the re-appointment of Ms. Vinati Saraf Mutreja (DIN: 00079184) as the Managing Director & CEO of the Company.
7. Approval for the re-appointment of Ms. Viral Saraf Mittal (DIN: 02666028) as Whole Time Director designated as Director CSR of the Company.

Mr. J.C. Laddha- Now I request Mr. Vinod Saraf to take the Chair.

Mr. Vinod Saraf - to continue – Thanks Mr. J.C. Laddha. The next agenda items are:

8. Approval for the re-appointment of Mr. Jayesh Ashar (DIN: 00041532) as Whole Time Director of the Company.
9. Approval for the re-appointment of Ms. Mona Bhide (DIN: 05203026) as an Independent Director for the Second Term.

“I take this opportunity to place on record our grateful appreciation to all our customers, bankers, employees and most importantly, the Members, for their continued support.”

“I once again thank you all for attending this 34th Annual General Meeting of the Company. I declare that the meeting is concluded.”

“Now those Members, who have not voted through remote e-voting may cast their votes during the next 15 minutes. I authorize the Company Secretary to receive the combined voting results from the Scrutinizer and submit the same to the stock exchanges.”

PROCEEDINGS & RESULTS OF AGM:

The Proceedings of the meeting along with the results of the remote e-voting aggregated with results of e-voting will be placed on the website of the Company at www.vinatiorganics.com and also on the websites of the National Stock Exchange of India Ltd (NSE) at www.nseindia.com, BSE Ltd. at www.bseindia.com and National Securities Depository Limited at www.evoting.nsdl.com, within two working days of conclusion of this meeting.

-Thank You.