



VINATI ORGANICS LIMITED

TRANSCRIPT OF THE PROCEEDINGS OF THE THIRTY-FIFTY (35TH) ANNUAL GENERAL MEETING OF VINATI ORGANICS LIMITED HELD ON TUESDAY, SEPTEMBER 10, 2024 AT 11.00 A.M. THROUGH VIDEO CONFERENCING/OTHER AUDIO-VISUAL MEANS

PARTICIPANTS

Ms. Vinati Saraf Mutreja

Managing Director & CEO

Mr. J. C. Laddha

Independent Director

Prof. M. Lakshmi Kantam

Independent Director

Ms. Mona Bhide

Independent Director

Dr. Prashant Barve

Independent Director

Mr. Milind Wagh

Company Secretary & Compliance Officer

Mr. J.C. Laddha:

Good Morning, Members!

I am the Independent Director and Chairman of the Audit Committee.

I take great pleasure in welcoming you all to the 35th Annual General Meeting of your Company.

In absence of Mr. Vinod Saraf, Chairman of the Company, I Propose Ms. Vinati Saraf Mutreja MD & CEO of the Company to Chair the Meeting.

Prof. M. Lakshmi Kantam:

I am the Independent Director and Chairman of the Company's Nomination and Remuneration Committee and Stakeholders Relationship Committee. I second name of Ms. Vinati Saraf Mutreja MD & CEO of the Company to Chair the Meeting.

Ms. Vinati Saraf Mutreja:

Good Morning, Members. I, Vinati Saraf Mutreja, M D & CEO of the Company, Welcome you all to the 35th Annual General Meeting of the Company.

This 35th Annual General Meeting of the Company is convened through Video Conferencing, by 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.

➤ 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.

➤ Ms. Mona Bhide

Good Morning Members, I am an Independent Director of the Company.

➤ Dr. Prashant Barve

Good Morning Members, I am an Independent Director of the Company.

Ms. Vinati Saraf Mutreja:

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 2 Corporate Authorizations, representing 4,80,13,614 equity shares of the Company constituting 46.31 % 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 35th 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 2023-24 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.

Now I would like to brief you on the operations and financial performance of your company.

During the financial year 23-24, our main product, ATBS, experienced for the first nine months, a temporary slowdown due to the de-stocking effect observed in most of our markets in North America as well as Europe. However, the demand began to normalize during the fourth quarter and we have seen strong traction in that product. We anticipate strong demand for orders for ATBS in the coming months and the coming quarters and robust sales growth in FY25. Hence the planned expansion of adding a new line for increasing the production is expected to further contribute to revenue growth and should be ready by the end of this year.

We have also achieved significant growth in butyl phenols and expect continued performance in this year.

The amalgamation of Veeral Additives into VOL has created new growth opportunities as well.

Hence the synergies offer doubly backward integrated plant with antioxidants as well as Butyl Phenols as well as isobutylene will significantly enhance our position in the market.

We also continue to invest in new products in our subsidiary Veeral Organics Private Limited.

VOL remains committed to sustainability and hence investing in renewable energy and eco-friendly practices is core to our mission. We have in all total commissioned 33 megawatts of solar energy. These initiatives aim to reduce emissions.

Additionally, we are also optimizing our manufacturing processes, reducing waste as well as focusing on our R&D towards sustainable solutions.

We extend our sincere gratitude to our valued shareholders, customers, employees, suppliers and the communities in which VOL operates for their unwavering support and trust. Your confidence in our company has been instrumental to our success and remain committed to creating long-term value for all our stakeholders in the years to come.

Before we invite the Members to speak at this meeting, I would request the Company Secretary to announce 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 06, 2024 to September 09, 2024. Further, to facilitate voting for those Members, who could not have exercised their right to vote through the aforesaid remote e-voting period, the Company have 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 35th 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 Chairperson to please continue with the proceedings.

Ms. Vinati Saraf Mutreja:

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.

Ms. Vinati Saraf Mutreja:

I now request Mr. V Nagarajan to put on his video and express his views.

Mr. V Nagarajan (Speaker Shareholder)

Good morning. Am I audible? Am I visible also?

Okay.

All right. I am Nagaraj.

I am participating in today's general meeting of Vinati Organics from my residence in Bangalore.

First of all, let me congratulate the Madam chairperson for a brief but very good introduction to the company's performance. In fact, some of the encouraging words she has mentioned, I would take it as what things will follow in future. It's also a hardening to note that during this testing time, the company's performance has been pretty good. Looking at the changing circumstances, the headwinds, the entire world global economy that is facing and especially the chemical industry which is very, very sensitive to all these factors, the performance of the company, I would say, is commendable. I also note that the company has been successful in many much this Veeral Additives mergers and it has started reaping the benefits.

Apart from that, I note that the company has started manufacturing OSBP and DSBP, the two new products and as Madam has said, the expansion capacity of the ATBs is also has is on the way.

The company I note is that the renewable energy part has been taken up very seriously and the waste management also has attracted the necessary attention of the management. I congratulate all of the entire management personnel and the officials for taking care of these vital aspects.

To me, it appears Madam, probably by oversight, she has not mentioned the bankers while thanking the in entire stakeholders in her initial remarks. I do not know why, but then it is precisely why it got the attention of me, my being a banker, I noticed it. Maybe we should not have any loan outstanding. I was coming to that, maybe because of that probably it misses your attention but I am happy to note that the company's performance as far as keeping these key parameters has been excellent. Especially the debt equity ratio where you just now also reconfirm that the debt equity ratio is best possible that can happen. Apart from that, there are other key ratios which probably has compelled the rating agencies to upgrade the rating.

I congratulate all of you on this excellent management of the performance of the company. It is hardening to note further that the rating of the company has moved up from double A to double A plus and the rating also has moved up from stable to positive rather positive to stable. It is a very difficult achievement to make under these circumstances but the company's

achievement really deserves to be congratulated, emphasized and appreciated and I do sincerely do that. Thank you.

The other part is you mentioned that the balance sheet is absolutely clean. It is good.

We appreciate that the management has been striving to keep up this and I think it is probably one of the company's cultures to see that the any observations which are there are taken care of immediately. Apart from that, the company's CSR responsibilities, you are balance sheet with annual report, towards substantial pages or attention to the CSR activities.

It is good that the company has been devoting lot of time and energy and money on keeping up this tradition. I have seen the other earlier balance sheets also and I find that it has been a steady progress which the company has been making as far as CSR activities are concerned.

Now, although the company has made certain progress, I find that a few observations are necessary to be made.

See, Number one is the company's performance as far as the revenue and the ABITDA margin. It has been falling. I would not call it as a matter of concern, but then it certainly draws one's attention as to why it is happening. Number one.

Number two is where are we losing the revenue? Is it on the domestic front or is it on the export front? I was not able to make out as far as this particular year's performance was concerned. Maybe it is my lapse, but then I would like to know what is the position.

Number three is I noticed maybe it is a typo, but in most of the references to exports, the number that is mentioned is I think 40 plus or 41. I draw your particular attention to page number 87, where probably due to typo, the number is mentioned as 14. Whatever is the correct figure, I would like you to take necessary action and do the need for. Okay.

Can I add one or two things?

Ms. Vinati Saraf Mutreja - Yeah, sure. Please go ahead.

You have made mention about the R&D part and also specifically mentioned has been made that the company's products have excellent purity. Much beyond probably what the international standards prescribed, hearty congratulation on that.

But then what I observe is the expenditure the company has incurred on R&D. I was not able to find out where it is. I would like to know what it is and where it is spent.

Number three, the main part of it.

I have seen that the company has intention to spend good amount of money and make capital investments. Maybe about Rupees 700 crores to 800 crores. Whether it is funded by internal generation or by raising money from the company, I would like to know.

Finally, I have also seen and read, the transcript of your investor's calls.

A special thanks to you Madam.

I have seen not only in that particular meeting, but even in the earlier meetings, your intervention has been timely.

Number two is you try to give additional clarification.

Wherever it is required and your intervention has been timely and extremely good.

I sincerely appreciate you on this performance.

Finally, I thank all the members of the management board and the staff for giving an excellent performance of the company. I look forward to the company showing better results.

Number four finally, I observed that.

Ms. Vinati Saraf Mutreja – Mr. Nagarajan, I will forget all your points.

Mr. Nagarajan - No, no, I have a specific point. The last one, so I can start answering all your questions. Just let me complete please.

In 2007, you have declared the last bonus.

Would there be anything to look forward to in the current year provided, of course, the performance is good. And all parameters, key parameters of the company are good.

Thank you very much and Thanks for giving me this opportunity to speak.

Ms. Vinati Saraf Mutreja:

Okay, thank you very much, Mr Nagarajan, for all your observations and positive points.

I'm going to briefly answer as I've noted down all your areas of concerns and I'm going to try and address them and do ask me if I forget something.

So, your first one was regarding the EBITDA margins. Now, you know, Mr Nagarajan, about say three years back or four years back we did have our EBITDA margins were in the range of 36 percent to 37 percent and we always maintain it.

If you were to go back and listen to my calls or interactions back then, I always maintain these are not sustainable EBITDA margins in any manufacturing business because we have also invested in new products over the last three years such as Butyl Phenols such as antioxidants, which I have maintained have lower EBITDA margins compared to our some of our old flagship products like IBB like 80 days.

Because us being a new player, it takes time to strengthen our position in the market and hence, on a sustainable level, the EBITDA margin is about 25 percent to 26 percent, which I think given the fact that we are still in niche products, given our product mix, I find these to be reasonable. This gives us a decent ROI and something which we can maintain in the next three to five years.

Now coming to the export front.

Yes, last year, the loss in revenue was mainly due to the export front. Because of the de-stocking effect, I mentioned that in my brief as well, our customers in specifically in the US and Europe had bought too much product because during COVID and especially the logistics fear right after COVID. Hence, somewhere in the beginning of calendar year 2023, they realized they were sitting on a lot of inventory and they were used, decided to use up that inventory from say, you know, March 23 to December 23, hence, the early bit loss on revenue was on that front. Though we did make up for some of that with our new products like the type in all our AO, but not completely.

I will have to check in the annual report where you have mentioned that there's a typo in the export number of 14 percent or 41 percent.

But our exports on the whole more or less are about 60 percent for the company.

So maybe there is a typo, I'll have to check that.

Coming to the R&D expenditure, we have constantly invested in developing processes for new products, as well as refining our existing processes, existing products and that is where a major of our R&D goes.

A lot of our improvements that we make for our products, as well as the new products that we are adding in Veeral Organic.

It's all come from our in-house R&D, our in-house lab trials, pilot trials, which we then scale up into commercial processes.

Now, coming to the point on purity.

Yes, you are right. We do strive a lot to present our customers with the best purity levels for our products and that is also one area which takes on more effort of our R&D. In fact, sometimes we have to forgo higher production to achieve that maximum purity levels, but that is what we strive to provide to our customers.

Regarding the capex of Rupees 700 to 800 crores, which is mainly entailing Veeral Organics, as well as a new line of ATBS, it is entirely self-funded through internal accruals. We are not looking at raising any capital through equity or through debt.

Now, coming to the bonus, we have no intention of, we have no plans of announcing any bonus for shares because we need our capital for these expansions.

And in my opinion, bonus is still an accounting entry, but we can consider based on what the board of directors decide.

I think now we can move on to the next speaker.

So, I invite Mr. Pranav Pandya for his comments.

Mr. Pranav Pandya (Speaker Shareholder)

Hello.

Since Mr. Nagarajan has covered all the points and Madam has solved all the queries.

So, I don't have to ask much questions.

Anyhow, since complete inception in the year 1989, we have evolved from being a single product manufacturer to an integrated business, providing a wide range of products to some of the largest industrial and chemical companies across the US, Europe and Asia.

We are optimistic for the future growth of the company under the leadership of Ms. Vinita Ma'am.

I am also thankful to Mr. Milind Wagh, Company Secretary, for his helpful nature and positive attitude towards the shareholders.

Thanks to all and all the best to hold the team of Vinita Organics Limited.

Ms. Vinati Saraf Mutreja

Thank you very much Mr. Pranav Pandya for your kind words, I think we have one more speaker, Mr. Yusuf Rangavala.

Mr. Yusuf Yunus Rangwala (Speaker Shareholder)

Hi madam I am Yusuf Rangwala, I am one of the oldest shareholders of the Company, madam I am very satisfied with the performance of the Company and very hopeful for future growth and expansion of the Company. Madam I have some suggestions and observations only, like could you please provide more details about the specific regions where your company exports its products? Is China a particularly significant market for the Company? Are there plans for further expansion into other regions in the near future? Additionally, would it be feasible to arrange a plant visit for shareholders to gain a better understanding of the company's operations and boost their confidence? Furthermore, could a shareholder gathering during Diwali be organized to strengthen relationships with our investors? Lastly, regarding Mr. Milind Wagh, the Company Secretary, he is doing an exceptional job in addressing shareholder inquiries and maintaining positive relationships with all stakeholders. Thank you.

Ms. Vinati Saraf Mutreja

Thank you, Mr. Yusuf.

Just to answer your question, we export our products to more than 30 countries. All over North America, Europe, Asia, Southeast Asia, Australia. China, in fact, China is also a big market for us and definitely, we can organize a plant visit for all the esteem shareholders such as you, and maybe even this get-together during Diwali sounds like a good idea. So, thank you.

And yes, Milind Wagh is very hard-working, and he does take care, ensures that all the queries and questions are answered.

I think now we can move on to the next agenda.

I have to brief on each of the resolutions for which approval is being sought by the members in today's AGM.

Number One - To receive, consider and adopt:

- a. the Audited Financial Statements of the Company for the financial year ended March 31, 2024, 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, 2024, together with the Report of the Auditors thereon.

Number Two - 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 2023-24.

Number Three - Appoint a director in place of Ms. Vinati Saraf Mutreja (DIN: 00079184) who retires by rotation at this meeting and being eligible, offers herself for reappointment.

Number Four - Ratify the remuneration of the Cost Auditor for the Financial Year 2024 - 25.

Number Five - Approval for the re-appointment of Mr. J. C. Laddha (DIN: 00118527) 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 35th 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.”

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”