



Jubilant Ingrevia Limited

3rd Annual General Meeting

Monday, September 26, 2022 at 3:00 P.M.(IST)



BOARD OF DIRECTORS/KMP:

MR. SHYAM S. BHARTIA – CHAIRMAN

**MR. SUSHIL KUMAR ROONGTA – INDEPENDENT DIRECTOR & CHAIRMAN
(AUDIT COMMITTEE)**

**MS. SUDHA PILLAI – INDEPENDENT DIRECTOR & CHAIRPERSON
(SUSTAINABILITY & CSR COMMITTEE)**

**MR. ARUN SETH – INDEPENDENT DIRECTOR & CHAIRMAN (RISK
MANAGEMENT COMMITTEE)**

**MR. PRADEEP BANERJEE – INDEPENDENT DIRECTOR & CHAIRMAN
(NOMINATION, REMUNERATION & COMPENSATION COMMITTEE)**

**MR. SIRAJ AZMAT CHAUDHRY – INDEPENDENT DIRECTOR & CHAIRMAN
(STAKEHOLDER RELATIONSHIP COMMITTEE)**

MR. PRIYAVRAT BHARTIA – NON-EXECUTIVE DIRECTOR

MR. RAJESH KUMAR SRIVASTAVA –CEO AND MANAGING DIRECTOR

MR. ANIL KHUBCHANDANI – CO-CEO AND WHOLE-TIME DIRECTOR

MR. ARVIND CHOKHANY – GROUP CHIEF FINANCIAL OFFICER

MR. PRAKASH CHANDRA BISHT – CHIEF FINANCIAL OFFICER

MS. DEEPANJALI GULATI – COMPANY SECRETARY

Moderator: Good afternoon members. Welcome to the 3rd Annual General Meeting of Jubilant Ingrevia Limited through video conferencing. For the smooth conduct of this meeting, all members will be in mute mode. Please note that in terms of the statutory requirements, the proceedings of this Annual General Meeting are being recorded and the transcript of these proceedings shall be available on the Company's website.

With this, I now hand over the proceedings to Mr. Shyam S. Bhartia, Chairman who has joined from Singapore. Over to you, Sir.

**Shyam S.
Bhartia -
Chairman:**

Thank you. Good afternoon everyone.

I am delighted to welcome you to the 3rd Annual General Meeting of Jubilant Ingrevia Limited. I trust and hope that you and your family and friends are safe and keeping well. I highly appreciate your taking out time today to attend this Annual General Meeting being convened through video conferencing in compliance with the provisions of the Companies Act 2013 and circulars issued by the Ministry of Corporate Affairs and SEBI. The Company has made all necessary arrangements to enable the members to participate in the meeting through the video conferencing facility and to vote electronically. As they requisite quorum is present, I call the meeting to order.

As the Annual General Meeting is held through video conference, the facility of appointment of proxies by members is not available.

I would now introduce other Board members and KMPs who have joined this meeting through video conference.

- Mr. Sushil Kumar Roongta – Independent Director and Chairman of Audit Committee, joining from Gurugram.
- Ms. Sudha Pillai – Independent Director and Chairperson of Sustainability and CSR Committee, joining from Delhi.
- Mr. Arun Seth – Independent Director and Chairman of Risk Management Committee, joining from Delhi.
- Mr. Pradeep Banerjee – Independent Director and Chairman of the Nomination, Remuneration, and Compensation Committee, joining from Mumbai.
- Mr. Siraj Azmat Chaudhry – Independent Director and Chairman of the Stakeholder Relationship Committee, joining from Gurugram.
- Mr. Priyavrat Bhartia – Non-Executive Director, joining from Delhi.

- Mr. Rajesh Kumar Srivastava – CEO and Managing Director, joining from Noida.
- Mr. Anil Khubchandani – Co-CEO and Whole Time Director, joining from Noida.
- Mr. Arvind Chokhany – Group Financial Officer, joining from Noida.
- Mr. Prakash Chandra Bisht – Chief Financial Officer, joining from Noida.
- Ms. Deepanjali Gulati – Company Secretary, joining from Noida.

Mr. Hari S. Bhartia, Mr. Arjun Bhartia, and Ms. Amita Chatterjee are not able to attend this meeting due to unavoidable reasons.

The Statutory Auditors and Secretarial Auditors are also participating in the meeting.

Good afternoon, ladies and gentlemen.

A very warm welcome to all of you on the 3rd Annual General Meeting of Jubilant Ingrevia Limited. On behalf of the Company's Board of Directors, we want to thank you for taking the time out to join us today. Your continued support and trust motivate us to do better and create greater value for all our stakeholders.

FY22 has been a very rewarding year for Jubilant Ingrevia Limited. Your Company registered a robust performance despite the challenges faced during the year. The year started with a disruptive wave 2 of the pandemic followed by challenges in logistics and significant increase in input prices. Towards the end of the fiscal year 2022, the world economy was once again disrupted by geopolitical events in Europe. This further led to rise in input prices.

The Indian economy demonstrated strong resilience with GDP rebounding smartly from a contraction of 6.6% to a growth of 8.7% for the fiscal year 2022.

The Indian Chemical Industry is projected to reach a market size of US\$279 billion in FY25 from US\$194 billion in FY20. Specialty Chemicals sector to grow at 12% CAGR from US\$36 billion to US\$64.5 billion by FY25 led by increase in R&D activities, higher demand in the Asia Pacific region and growth in the end-user industries.

The Indian specialty chemicals industry is poised to deliver robust growth due to increase in traction from global customers aiming to diversify their supply chain, in order to have sustainability in their

supply source. On the supply side, the Indian Chemicals industry has built strong indigenous competencies in core chemistry and advanced technologies.

Your Company has more than four decades of presence in the Chemicals industry and has strong relationships with the clients globally. It is well positioned to capitalize on the growth opportunities driven by its cost leadership in several products through backward integration, global scale volume, continuous process improvements, supply chain efficiencies, and a highly experienced management team with an excellent record at execution.

We are fully committed towards our growth aspirations and have plans of realizing the emerging opportunities through our ongoing expansion as explained in detail in our Investor presentation. With all these expansion plans, your Company is poised to double its revenue by FY27 from a base of FY21 and improving the EBITDA margins by increasing share of Specialty Chemicals and Nutrition segment.

To support our progressive business plan, we have come out with a robust Capex plan of ₹20.5 billion during FY22 to FY25 under which we will invest in all three business verticals of your Company. During FY22, we commissioned our Diketene derivatives facility at Gajraula, Uttar Pradesh with a 7,000 TPA capacity. Also, we inaugurated a new Green ethanol-based food-grade Acetic acid facility at Gajraula, Uttar Pradesh. During Q3 and Q4'FY23, we plan to commission one GMP plant, two non GMP multi-purpose plants in Specialty Chemicals and one Acetic Anhydride plant with a capacity of 50 KT.

Our sizable capex plan in Specialty Chemicals, included expansion of Diketene and its Derivatives, launching agrochemical intermediates and setting up new greenfield GMP plant for CDMO. Besides, we are exploring ways and means to foray in Fluorination Derivatives and Agro Actives.

In Nutrition and Health solutions, our capex plan includes a GMP compliant plant for Food and Cosmetic Grade Vitamin B3 and Plants for enhancing portfolio of Animal and Human nutrition products.

In Chemical Intermediates, our capex plan include a grain based green specialty ethanol plant and capacity expansion of Acetic Anhydride.

We have committed ₹9 billion in Q1 of FY23 from our laid-out capex plan and expect an incremental peak revenue of ₹19 billion from phase 1. Once the entire capex of ₹20.5 billion has been deployed and capacities have been ramped up optimally, we expect to realize a substantive increase in our present turnover to approx.

₹95 billion by FY27. We are confident of funding our overall capex of ₹20.5 billion through internal accruals.

We started our Sustainability journey two decades back and have achieved considerable milestones. In 2021, for the first time we participated in the S&P Global DJSI ESG assessment and were among the Top 3 Indian Chemical companies in ESG score along with top 20% companies globally. In addition to this, we have been audited by international organizations and we continue to get Gold rating from Ecovadis and very high score of 93% during latest Together for Sustainability audit conducted in October 2021.

Safety first in our culture and we are committed towards protecting employee health and wellness. To continue raising the bar in our safety efforts on both operational safety as well as work place safety, your Company keeps engaging with external experts as well. Regular safety and quality audits by our customers ensure that the complex system of processes and operations of your Company meets high degree of industry standards.

We're proud that our people and their contribution to the success of your Company. We remain committed to creating a workplace where they are motivated to perform their best each day. Our people strategy is designed along core drivers that guide us in our work practices, talent retention through process of identifying high potentials and critical talents and design strategies for the growth and succession planning. Fostering an inclusive workplace culture has been one of the key pillars of our 'Responsible & Inclusive Growth' strategy with promoting gender diversity and becoming more intrusive organization.

During FY22, your Company's 42% growth in revenue was contributed by business across the segments. Revenue stood at ₹49.5 billion in FY22 versus 34.9 billion in FY21. EBITDA grew by 38% to ₹8.6 billion versus ₹6.3 billion in FY21. The growth was driven by a strong performance in all three major business verticals. EBITDA margin for FY22 stood at 17.4% versus 17.9% in FY21. With several cost rationalization initiatives, we significantly reduced debt and optimized interest rates in FY22. These factors led to 51% growth in PAT to ₹4.8 billion in FY22 versus ₹3.2 billion in FY21.

In Q1 FY23, revenue from operations grew by 2% to ₹11.7 billion versus Rs.11.5 billion in Q1'FY22 through higher sales in Specialty Chemicals. Our Nutrition and Health Solution business performance was impacted primarily due to prevalence of Bird and Swine Flu in the EU and US. Our Chemical Intermediates business saw volume growth, but revenue was impacted due to lower prices of key raw material, which is a pass through cost. EBITDA was lower by 47% to ₹1.5 billion mainly due to normalization of EBITDA in Chemical Intermediates.

The Board has recommended a final dividend of 250% that is ₹ 2.5 per share of ₹1 each for FY22. With an interim dividend of 250% the total dividend for FY22 works out to 500% that is ₹5 per share of ₹1 each amounting to ₹796 million of cash outflow. As we conclude, we would like to thank all our valued stakeholders including our customers, vendors, bankers, and shareholders for their continued support. We are also thankful to our employees for demonstrating resilience in times of extreme challenges and supporting the Company through their hard work and team spirit. We firmly believe that road ahead is exciting and we will continue to add value for all our stakeholders.

Thank you.

We shall now take up the formal agenda of the meeting.

The statutory registers as required under the Companies Act, 2013 certificate issued by the Secretarial Auditors pursuant to the SEBI (Share Based Employees Benefits and Sweat Equity) Regulations 2021 and other documents mentioned in the AGM Notice are available for electronic inspection on the NSDL website under the tab 'AGM documents'.

The Statutory Auditors and Secretarial Auditors have expressed unqualified opinion in their respective audit reports for the financial year 2021-22. There are no qualifications, observations, or adverse comments on the financial statements and the matters which may have adverse effects on the functioning of the Company.

As the AGM Notice along with the Annual Report for the financial year 2021-22 are already circulated to the members through electronic mode, I take the Notice convening the meeting as read.

In compliance with the provisions of the Companies Act 2013 and the Listing Regulations, the Company had provided remote e-Voting facility to the members from September 23, 2022 to September 25, 2022 to cast their votes electronically on the Business items set out in the AGM Notice.

Members who have not cast their votes through remote e-voting and are participating in this meeting may cast their votes through the e-voting system provided by NSDL. The e-voting facility is active now.

We will now take up the agenda items set forth in the AGM notice listed as ordinary business and special business and thereafter questions by the members registered as speakers shall be taken up.

ORDINARY BUSINESS:

- Item no.1(a) of the notice - To consider and adopt the Standalone Financial Statements of the Company for the financial year ended March 31st, 2022, along with the Reports of the Board of Directors and Auditors thereon.
- Item no.1(b) of the notice - To consider and adopt the Consolidated Financial Statements of the Company for the financial year ended March 31, 2022 along with the Reports of the Auditors thereon.
- Item no. 2 of the notice - To declare dividend for the year ended March 31st, 2022.
- As I am interested in the agenda #3 & #4, I request Mr. Sushil Kumar Roongta to take up the chair for these items.
- Item no. 3 - To appoint a director in place of Mr. Shyam S. Bhartia DIN 00010484 who retires by rotation and, being eligible, offers himself for re-appointment.
- Item no. 4 – To appoint a director in place of Mr. Priyavrat Bhartia, DIN 00020603 who retires by rotation and, being eligible, offers himself for re-appointment.

**Sushil Kumar
Roongta:**

I now request Mr. Shyam S. Bhartia to chair the meeting.

**Shyam S.
Bhartia -
Chairman:**

Thank you, Mr. Roongta.

Now the Special Business considered by the Board as unavoidable are proposed for the approval of the members by way of Ordinary Resolution.

Item no. 5- to approve remuneration of ₹4.75 lakhs to M/s J.K. Kabra & Company, Cost Auditors for the financial year ending March 31st, 2023.

The text of resolution along with the explanatory statement is provided in the AGM notice circulated to the members.

I would now invite two shareholders, who have registered in advance as speaker-shareholders. I would now request the moderator to play the video sent by the speaker-shareholders containing the queries.

Moderator:

Thank you, Sir. We now play video clip received from our speaker-shareholder, Mr. Ravi Kumar Naredi, from Rajasthan.

Ravi Kumar

Hello Mr. Shyam Sir, Honorable Board Members and fellow

Naredi shareholders. I am coming to direct question because time is short. Question number 1st, in FY23-24 where you see growth come from export or domestic and what is the condition of Europe market now?

2nd question, if Capex of ₹1 is done then how much revenue will come from it category wise?

3rd question, how much margin we expect in FY22-23?

Thank you so much Sir.

Moderator: We now play the video clip received from our speaker shareholder, Mr. Pritesh Mafatlal Vora from Mumbai.

Pritesh Mafatlal Vora Hello. Good afternoon. This is Pritesh Vora, I'm an individual shareholder as well as represent Singapore based fund. My questions are:

Growth drivers - Industry vs market share gain: Post our capex plans fructifies, how should we decode the growth between industry growth vs Jubilant gaining share from someone. What are we trying to understand is that the output from capex will replace products from which competitors and how much of it can be attributed to overall industry growth?

My second question is about Fluorine. What is our plan in the Fluorine chemistry? With many players entering the market, what is our differentiation in the Fluorine chemistry?

My third question is about phase II Capex. At what stage of planning have we reached? Do we need to buy land for it and what about regulatory and environment clearances? How confident are we on the timeline suggested?

My fourth and last question is about CDMO. Which molecules are likely to be part of the CDMO business and what is our RoCE target?

Thank you very much.

Rajesh Kumar Srivastava Thank you, Mr. Ravi Kumar Naredi and Mr. Pritesh Mafatlal Vora. Let me answer your questions one by one.

First let me address the questions given by Mr. Naredi.

With regard to Europe market, our exports are currently happening as usual, and we don't see any challenging situation from Europe, except in our nutrition business, which is facing major headwinds due to Swine and Bird Flu in the Europe and US.

We have already communicated during the quarter in one of the investors call that there was a lower demand because of Bird flu which was going on and the situation is also improving. With regard to growth of our products which we are currently producing or which we are launching, it is happening both from export as well as domestic market. So, the growth is across the global market not specific to only Europe. Even our domestic market is also growing.

Now your question on asset to revenue ratio, as we have communicated earlier also, on an average the asset turnover for capex committed in all the three businesses is expected to fetch is between 2.0x, it is higher in large volume business like chemical intermediate and lower in speciality.

Now coming to your third question on margin, we don't have policy of giving guidance on future margins and earnings, therefore we will not be able to comment.

Now let me address the questions given by Mr. Pritesh Mafatlal.

On our growth drivers and market share, our major growth will come from speciality chemicals segment, wherein almost 65% of our earmarked announced capex will be deployed. The major growth areas would be through new business verticals, which would be like Agro actives, and newer chemistry platforms such as Diketene and its derivatives, and expansion of our CDMO operation. In addition to new growth areas existing product expansion in Acetic Anhydride and Niancinamide will lead us to leadership position in the world. The market for these growth products will be both export and domestic including export substitution.

Coming to your second question, we have expertise in fluorine chemistry and we would use it on Pyridine molecules.

Coming to your third question about stage of planning we have reached. Capex has been under planning phase since few years, we have planned for regulatory clearances and the approval process in running in parallel, also we have sufficient land to set up the plant at our respective facilities.

On question how ready we are to put up our CapEx, good news is that we have lands already available. Huge land is available at our SEZ site in Baruch where our maximum investment is going on, but having said that even in our facility like Gajraula, Savli, and Nira, we have enough land. Second point, we already have all the EC with us. Most of our new products or new business which we have announced all the Environmental Clearances are already available with us. So, we are not really going to take any extra time. Whatever timelines we have given you for the expansion of

our new projects are definitely going to be achieved and we are clear that whenever we make an announcement of timing, we will take into consideration all these facts which we have mentioned.

On your point of CDMO, We have products both in Pharma and Agro Chemicals, we cannot share the specific information as it is a confidential and privy information, due to competitive reasons. We target to have RoCE of 20% plus in the company including in CDMO business.

I hope I have answered your questions, which you have asked, however, if there are more questions it will be good to address it separately for which I will be happy to answer.

Thank you.

**Shyam S.
Bhartia -
Chairman:**

Thank you, Rajesh.

Members may note that the e-voting on the NSDL platform will continue for the next 30 minutes. Thereafter, the proceedings of the meeting shall be closed. Members who have not cast their vote yet are requested to do so. The Board of Directors have appointed Mr. Devesh Vasisht, Partner of M/s Sanjay Grover & Associates, Company Secretary, as Scrutinizer to supervise the e-voting process. The result of the e-voting shall be declared not later than 2 working days of the conclusion of the meeting. The results shall be available on the website of the Company, the Stock Exchanges, and NSDL, and shall also be available at the Registered Office and Corporate Office of the Company.

I once again thank you all for participating in the AGM.

**Deepanjali
Gulati:**

On behalf of members present, I propose a vote of thanks to the Chair.

Thank You everyone

E-voting continued for 30 minutes

Moderator:

Dear Members, as advised by the Chairman, the time for e-voting has elapsed and he is of the view that all members who are participating in the Annual General Meeting have been given adequate time and opportunity to vote at the AGM and this concludes the proceedings of AGM. Thank you all for participating in the AGM and e-voting.