

**Transcript of 26th Annual General Meeting of Kriti Nutrients Limited held on 17th
August, 2022 at 4.30 P.M.**

Good After noon Ladies & Gentlemen!

On behalf of Kriti Nutrients Limited, I, Raj Kumar Bhawsar, Company Secretary extend a warm welcome to all of you at the 26th Annual General Meeting of your Company.

In accordance with the circulars issued by the Ministry of Corporate Affairs and Securities and Exchange Board of India this meeting is being held through Video Conferencing without the physical presence of the members, at a common venue. Required quorum is present through video conferencing and therefore, I call the meeting to order. I thank you all for joining us virtually.

Before we proceed further, I would like to introduce the Board Members, Key Managerial Personnel, Auditors and Scrutinizer of the Company, who have joined through video conferencing:

- 1. Shri Shiv Singh Mehta**- Chairman and Managing Director. He is also the Chairman of Corporate Social Responsibility Committee.
- 2. Smt. Purnima Mehta**- Non-executive Director of the Company. She is also the Chairperson of Corporate Social Responsibility Committee and Stakeholders' Relationship Committee of the Company.
- 3. Shri Saurabh Singh Mehta** - Whole-time Director of the Company.
- 4. Shri Rakesh Kalra** - Independent Director of the Company.
- 5. CA Manoj Fadnis**- Independent Director of the Company. He is also the Chairman of Audit Committee and Nomination and Remuneration Committee of the Company.
- 6. Shri Chandrasekharan Bhaskar**- Independent Director of the Company.
- 7. Mr. Raj Kumar Bhawsar** - Company Secretary of the Company.
- 8. M/s. M. Mehta & Co.** - Statutory Auditors of the Company through Mr. P.R. Bandi.
- 9. M/s. Ajit Jain & Co.**- Secretarial Auditor of the Company through Mr. Ajit Jain (FCS-3933, CP No.2876).
- 10. Mr. Ishan Jain, Practicing Company (FCS-9978 & CP No.13032)** - Scrutinizer of this General Meeting.

All the directors of the Company are present at this Annual General Meeting through video Conferencing.

At the outset, with permission of Chairman, with I would like to mention certain points regarding the participation and voting at this meeting:

- In pursuance to the Circulars issued, the Company has e-mailed the Notice for convening today's meeting along with agenda and resolutions along with annual accounts and Audit Report for the year ended 31st March, 2022 to all of you and I am sure, you must have gone through the same.
- The Register of Directors and Key Managerial Personnel and their shareholding and the Register of Contracts or Arrangements required to be kept at the Annual General Meeting have been made available electronically for inspection by the members during the AGM.

- Since this AGM is being held through video conferencing, the facility for appointment of proxies by the members is not applicable and hence the proxy register for inspection is not required to be made available.
- There is no qualifications, reservation, adverse remark or disclaimer in the Auditor's Report and Secretarial Audit Report.
- All the members who have joined this meeting are by default placed on mute by the host, to avoid any disturbance from background noise and to ensure smooth and seamless conduct of the meeting.
- Once the name of Speaker shareholder is called, the person will be unmuted by the host to enable him/her to speak. Before speaking the shareholder is requested to click on the video as well as the audio icon appearing on the screen to switch it on and if for some reason the shareholder is not able to join through video mode, he/she can still speak by using the audio mode.
- While speaking, we request shareholders to use earphones with microphones so that they are clearly audible. If there is any connectivity problem at speakers end the host will mute such speaker and the next speaker will be invited to speak.

The Company has received requests from a few members to register them as speakers at the meeting. Accordingly, the floor will be open for these members to ask questions or express their views or questions.

It may be noted that the Company reserves the right to limit the number of members asking questions depending on the availability of time at the AGM.

I now request Shri Shiv Singh Mehta - Chairman and Managing Director of the Company to deliver his address to the meeting.

Dear Shareholders,

Good Afternoon.

Greetings on 75 years of Independence.

In accordance with circulars issued by the Ministry of Corporate Affairs and Securities and Exchange Board of India today this meeting is being held through Video Conferencing.

I would like to welcome you as well as extend my personal thanks for sharing your valuable time with us. Last 2 years were full of challenges and disruptions caused by corona pandemic and had huge impact on businesses, supply chains and operations. However, every adversity offers new opportunities and organizations have to reinvent and realign. If we do it well, road ahead offers new growth possibilities. Your company is on this journey & needs your support & guidance. During last 6 months company has to introduce two new oil variants in its portfolio ground nut & Mustard. Company has also launched soya nuggets.

BUSINESS OF THE COMPANY

Your Company is engaged in the business of manufacturing range of soya-based value-added products, soya lecithin and different edible refined oils for consumers. We are steadily expanding our portfolio and our network in new regions.

OPERATIONAL PERFORMANCE AND FUTURE OUTLOOK

During the Financial Year ended on 31st March, 2022, your Company has achieved an operational turnover of Rs.75,288.02/- Lakhs as compared to an operational turnover of Rs.69,005.57/-Lakhs in the previous Financial Year, and the Profit after Tax is Rs.1,230.52/- Lakhs as compared to Profit after Tax of Rs.1,505.67/- Lakhs in the previous Financial Year.

With general up turn in the economy we are anticipating good demand for Company's products.

APPRECIATION

I acknowledge, with warm appreciation, active contribution and dedication of Company's Personnel at all levels. I also take this opportunity to express our appreciation and thanks to the Bankers, Shareholders, Customers, Suppliers and Business Constituents for their consistent and resolute support.

I also thank all my colleagues on the Board for their unanimous support and immense encouragement.

I am confident with our combined efforts; your Company will achieve higher goals in the years to come.

I look forward to your continued support, trust and confidence.

Thank you!

Now, I handover to Raj Kumar Bhawsar Company Secretary for further proceedings.

Secretary to continue on my behalf.

Thank you Sir,

BUSINESS AT THE 26TH AGM

As the Notice is already circulated to all the members, I take the Notice convening the meeting as read. There are Five Ordinary resolutions under Ordinary and Special Business on the agenda for this meeting.

The Company has provided the facility to cast the votes electronically, on all resolutions set forth in the Notice. Members who have not cast their votes through remote e-voting and who are participating in this meeting are having an opportunity to cast their votes during the meeting through the e-voting system provided by Central Depository Services Limited (CDSL).

The remote e-voting period for the 32nd AGM commenced on Sunday, 14th August, 2022 from 9.00 A.M. and ended on Tuesday, 16th August, 2022 at 5.00 P.M.

We now take up the resolutions as set forth in the Notice:

Item No. 1: To consider and adopt the Audited Financial Statements containing the Balance Sheet as at 31st March, 2022, the Statement of Profit & Loss, Statement of Cash Flow, Change in Equity and

notes thereto of the Company for the Financial Year ended 31st March 2022 and the reports of the Board of directors and Auditors thereon as on that date.

Item No. 2: To consider and declare dividend on 5,01,03,520 equity shares of Re. 1/- each at 18% (18 paise per share) for the Financial Year ended 31st March, 2022.

Item No. 3: To appoint a director in place of Mrs. Purnima Mehta (DIN 00023632) who retires by rotation at this Annual General Meeting and being eligible offers herself for re-appointment.

Item No. 4: To ratify the Remuneration payable to the Cost Auditors Mr. S.P.S Dangi, Cost Accountants.

Item No. 5: To approve the transactions/contracts/arrangements with related parties under Regulation 23 of the SEBI (LODR) Regulations, 2015.

The text of the resolutions along with explanatory statement is provided in the Notice circulated to the members.

Mr. Ishan Jain, Practicing Company Secretary ('PCS') is appointed as Scrutiniser for scrutinising the remote e-voting process as well as voting system at this meeting. The results of the e-voting/voting at AGM will be declared on receipt of Scrutiniser's Report and placed on Company's website, BSE Limited (BSE) website and on the website of Central Depository Services (India) Limited within 2 working days of conclusion of the Annual General Meeting.

Pursuant to the provisions of Section 107 read with Section 108 of the Companies Act, 2013, there will be no voting by show of hands at this Annual General Meeting.

I now, call upon the first speaker member. I request all the speakers to announce their names before asking any questions or expressing their views.

Chairman and Executives of the Company to reply to all questions of the Members.

Okay, 1st speaker is Mr. Keshav Garg

Mr. Keshav Garg you are unmuted you may proceed with your question please.

Keshav Garg : Thank you for providing me this opportunity.

Sir, I have already mailed you my list of questions, but I'll very quickly, repeat them, sir. What is the expectation for top line and bottom line for FY 2023?

So you think we can surpass 1000 Crore top line in this financial year. And so what kind of operating margins can we expect. FY 18, operating margins used to be 7%, which I have now reduced to 3%.

And so I understand that the reason for this is increasing edible oil prices. But, if we look at our competitors, all of them have done exceedingly well. But it might be due to inventory gains and I understand that our strategy is to not stock up, and so now that, how is the movement in, soya oil prices in the current financial year especially in the 2nd quarter. And if the prices fall in margins increase? And also, will we face any kind of inventory loss and, sir, also I wanted to understand that there is a mention

that, the company has launched a new product in the last quarter, which is soya texturised vegetable protein.

Sir, it's also mentioned that this will change the fortune of the company. So if you could kindly elaborate that, what is this product and, what are the revenues and margins that can be expected out of this?.

And also, whether someone else is also manufacturing this, or we are the only manufacturers of this? Sir also our value added product have remained, more or less flat that around 75% for at least past 3 years. So, what is the reason for this?

And so how do you see the, our product mix, moving forward between edible oil and value added product?

So, also there is a mention in the annual report that at 1 place, it says that we are expecting 15% to 20% per annum growth in our edible oil business.

Whereas another place there is a mention that our monthly uptake, which was 2000 tons in March 2022 and in the next 2 years, we are expecting this to reach 6,000 tons per month. So this is a quantum jump basically. I mean, am I reading this correctly that are we expecting our volumes to triple in the next 2 years?

So also wanted to understand that what will be our approximate market share in Madhya Pradesh as well as in Rajasthan.

Sir, like you mentioned that, we have now diversified and running into sunflower and groundnut oil. So, are we outsourcing these oil and selling them under our own brand or we are manufacturing it ourselves?

Is there any part of our edible oil revenue that is coming from B2B sales?

And sir also in our retail edible oil sales.

Sir, what kind of price I have been we taken last year as well as this year till now and FY 23. What for the price hike are we planning to take? Sir also, our EBITDA has also fallen from FY 18 level, due to the margin reducing by less than half.

So, you could just tell us that going forward. What should shareholders expect.?

And sir also, can you tell us about your Capex plans?

And, sir, are we manufacturing any non commodity products, which, other people are not manufacturing and also, what kind of margins are we earning on our value added products? Which are 25% of our revenues. It's our overall margins are only 3%.

So, if you could just, tell us that, what margins we are making on value added product site.

And lastly, every year we are increasing our loans to the group company. So which gives a very bad impression firstly, it seems that the company is only funding is more and promoters are more interested in funding the operations of that company rather than this company. And, secondly our company, which

used to be debt free now has taken Rs 35 Crore debt and has given loans of Rs. 24 Core to a group company. Sir, I don't know what shareholders should expect from this and on top of that, if you just see the texture of the annual report, there is so much marketing. That is going on, focused on the shareholders instead of customers.

Sir, but I don't think it will work at all because, we ever sees this, I mean, that is the end of it. Sir, I hope this transaction will be reversed in the future and thank you very much and best of you.

Mr. Shiv Singh Mehta: Mr. Keshav, I thank you.

I must appreciate that you are quite concerned and you have been engaged with company and you have been reading all the reports and complete development. So, as a as well wisher, I must thank you for coming over and talking to us.

At this AGM, I will try to answer some of your questions in a broad way because I am not having an exact list of all the questions so I shall sum up and if you find anything, I have missed out, you can definitely reach out to us and we will definitely respond to you.

Number 1, why our margins have gone down.

As you would know most of our value added products are sold to countries where people use them for their end products, and these are on a long term contract basis.

During the last year the Soyabean prices in India when abnormally high and obviously, when you have a long term contracts with the international buyers, you are not able to change price on day to day basis. And that is what has impacted our margins during the year.

Point number 2 you have asked about the anticipated business turnover during the year.

We are certainly on a growth part. But normally we have seen that 2nd quarter and 2nd half of the year is superior in the agriculture based industry as compared to H1. So, we are optimistic about H2, but to forecast any numbers at this stage would be difficult. But we will make all our, so that we are able to grow our business. And generally as economy is growing up to 5% plus. We anticipate that we should be able to do better. As compared to the economic growth of the country or GDP growth of the company.

So that is what we will all endeavor to work towards, you had also asked about the loan given to the sister company, or other companies. I can assure you company is very clear and white and aware about its responsibilities towards shareholder. This is an arrangement for a temporary period, which was done. Because company had extra liquidity, we have not taken any new loans from anyone. Only working capital bank limits are there. There is no loan term. Company is, debt free as of today. And that's what we are maintained over the last couple of years. So, it is only temporary arrangement whereby company has parked some of his funds, which were surplus. But as the company has new plans, whatever they are finalized as, and when they are finalized, this money will be required for company's own growth and we are working towards value added products and development of products.

You start about the oils. Yes, we have introduced 2 more oils and soya nuggets during the last quarter. Soya Nuggets are required in human consumption. This is protein base. Which is very important for development and full focus of nutrition today. That how to give protein to the consumers and to their

customers. So, we foresee that soya protein. This will be an important area for nutrition. And we see a good opportunity of growth. As the awareness about health and consciousness about health is growing across the sectors.

Then you had asked about company's futuristic plans in terms of new products or value added products and the proportions what we will like to achieve. So company is certainly, as I said, we have introduced 2 oils. We have introduced, soya protein nuggets. And we are working on different possibilities. And exploring different options, so that we can strengthen our customer base. Where we are already strong with variety of products.

You had asked about our market share in oil sector. It is very difficult to really pinpoint exact market share. But as per our estimations, we should be close to 12% to 14% market share in the state of Madhya Pradesh in edible oil business.

Have I missed out any other point?. Mr. Keshav Garg, you have any questions if I missed out, you can always reach out to us. We will reply to you whatever are the required information.

Mr. Keshav Garg: Sir this year, if you could kindly tell us what kind of margins, we can expect and also what kind of volume growth are we expecting on both sides of our business, the edible oil as well as the other also. Sir, this groundnut oil and sunflower oil, are we outsourcing or manufacturing ourselves?

Mr. Shiv Singh Mehta: You see, the key crude oil is definitely outsourced and then you packet refine it, you improve the quality of oil and then you sell it. Because these different oils are grown in different sectors different areas. The cropping pattern in India is where the different seed oil seeds are producing different locations. So you have to source from those locations, have right product and quality management system and then ensure that your brand and your customers are served well.

Mr. Raj Kumar Bhawsar: I request next speaker Mr. Vaibhav Badjatya. Mr. Badjatya please proceed with your question.

Mr. Vaibhav Badjatya: I said, thanks a lot for, providing the opportunity. I hope you can hear me.

Yes, please continue. Yes, I think it's great if you can display,

Mr. Shiv Singh Mehta: I cannot hear you. Please, can you repeat? Mr Badjatya? You are not audible.

Mr. Vaibhav Badjatya: Yes, sir I have already submitted my list of questions. But, given by the reference process to Mr. Keshav, I don't think so. You have them in front of, you. So, I will just repeat my questions in brief and great if we can respond to them point by point.

Mr. Shiv Singh Mehta: Sure.

Mr. Vaibhav Badjatya: So the 1st is that you know, company's mentioned about both product diversification and geographical diversification.

Moreover company also mentioned about entering into other edible oil apart from the soya oil. On the top of it, you know, we have transitioned to Food Company going on, which will require taint to many more areas, given that we have limited capital and organizational bandwidth. Would it be prudent to be

more focused and choose only specific areas for our investments?. That's the 1st question. 2nd what is a plan to raise equity capital for the company given the need.

The need for investment in the business and the policy to have minimum data number books.

3rd for our B2B protein, these products. Company mentioned that our buyers move to alternate products, you to have higher prices of soya based products. So, if you can name few of these alternative products, that would be helpful.

Next question, the company has launched 2 products in the last quarter, and I think 1 of them was mentioned as soya nuggets. But if you can imagine another product that has been launched, that would be helpful.

Next question is that for the company who is relying on his brands.

Our Ad and sales promotion expenses is just too close and so if you can highlight the reasons for such low sales and marketing expenses.

Last question is that, you know, it has been mentioned in the annual report that while RM cost has increased significantly, we had long term supply commitments, which impacted our profitability. So, I understand that for the valid part of the business.

But for the brand oil that we sell, how that impacts our profitability, but we should be able to have some pricing power.

Newer branded all business. We just wanted to understand that. How, that has impacted profitability in the branded oil business, I think these are my questions later. We can answer them point wise.

Thank you Mr. Vaibhav Badjatya

Mr. Shiv Singh Mehta: I will start with the last point you said. yes, sir in oil normally the prices and the finished goods prices are in tandem. So, we are able to pass on to customer prices and they get adjusted in way of the price to product on the shelf of a customer.

You had also asked about long term contract. I had replied in earlier. Question that the international customers, whom we had drawn long term contracts. The Indian soya bean prices went very high. And that is why we had erosion of margins during the year.

You would also ask which destination. The origin, I mean, the buyer shifted from Indian sources, so mostly it was U. S. America. The buyers have shifted because the Indian soya bean prices were much higher as compared to what was offered in United States of America and South American destinations.

Regarding marketing expenses. During the last 2 pandemic years, our expenses towards marketing where curtailed and were limited because of limitations of movement and general marketing activities, but yes, I am happy that you have pointed it out and your company is quite conscious of the fact that marketing is very important in segment where we operate. And we all efforts are being made to augment our branding image initiatives.

You asked about 2 products, which we have introduced. We already started marketing of groundnut and mustard oils in addition to nuggets. And other products will be launched over a period of time. There are no plans to raise any further equity. Company has enough resources for immediate requirements.

And there is a reason for us. To look at any kind of further major growth in investments will be required, we will certainly review our position, but as of today we have not yet.

We have not taken any term loan liabilities; this is debt free situation for your company.

I hope I have covered your questions.

Mr. Vaibhav Badjatya: Yes, I think most of them are covered, but just the 1st question where, you know, we are trying to diversify geography as well product wise as well trying to intend to so many areas. But we are very small company.

So, just wanted to understand how you will finance both from a financial capital fund and human capital.

Mr. Shiv Singh Mehta: You see, we are already working on developing our newer markets. In a fashion that there is no drag on companies resources beyond its capability. And we are also developing our capability, both human resources wise or finances wise. And we are confident that whatever area, or the exposures we are taking at the moment are manageable within our limited resources. Yes, will be quite conscious of not over leveraging our position and status.

Mr. Vaibhav Badjatya: Yes, thanks a lot. So that's it from.

Mr. Raj Kumar Bhawsar: Thank you very much chairman sir for replying in detail to questions and queries raised this evening by some of the shareholders and I am hopeful that probably all the queries have been adequately replied and you satisfied with the reply given by the Chairman.

We have tried to give answer of the questions raised by the members. It may be noted that the members, who are yet to cast their vote, may cast their votes within next fifteen minutes, after which the voting facility at AGM will be disabled by CDSL to allow scrutinizer to process his report.

Now since all items of the Notice have been duly transacted and there is no other business left now. I conclude the meeting.

I thank you all for sparing your valuable time for active participation in the business of your company. I also thank the chairman and other members of the board for sparing their valuable time and being present in this AGM. Thank you very much once again.

Stay Safe.

Thanks