

TRANSCRIPT OF 66TH ANNUAL GENERAL MEETING OF HEUBACH COLORANTS INDIA LIMITED

Day: Thursday

Date & Time: September 26, 2023 at 4:00 PM

Venue: Video Conferencing (VC) / Other Audio-Visual Means (OAVM)

Mr. Ravi Kapoor, Chairman:

Good afternoon, everybody I welcome all the members to the 66th Annual General Meeting of the Company. This meeting is being held through video conference in accordance with the Circulars issued by the Ministry of Corporate Affairs and the SEBI. Before we start the meeting, let me introduce my colleagues to you

Mr. Bharath Sessa, Managing Director of the Company

Mr. Kewal Handa, Independent Director of the Company

Mr. Sunirmal Talukdar, Independent Director. Also, the Chairperson of Audit Committee, Nomination & Remuneration Committee and Risk Management Committee.

Dr. (Mrs.) Indu Shahani, Independent Director, designated as the Chairperson of Stakeholder's Relationship Committee and Corporate Social Responsibility Committee; and

Mr. Jugal Sahu, Executive Director and Chief Financial Officer of the Company

Apart from them, Ms. Ameer Joshi, Company Secretary of the Company, alongwith other key executives and senior management joining from their respective locations. Statutory Auditors, Secretarial Auditor and the Scrutinizer have also joined this meeting.

We have the requisite quorum present through video conference to conduct the proceedings of this meeting. Participation of members through video conference is being reckoned for the purpose of quorum as per the circulars issued by MCA and Section 103 of the Companies Act, 2013. The quorum being present, I call this meeting to order.

I would like to inform that:

1. Two representations from the promoter shareholders holding One Crore Twenty-five Lakh Forty-Eight Thousand Eight Hundred & Eleven Shares (1,25,48,811 Shares) representing 54.37% of the paid-up capital of the Company, have been received and the same are in order; and
2. Since, this AGM is being held through Video Conferencing, and the physical attendance of Members has been dispensed with, and the facility for appointing proxy by the Members is not available.

I now request Ameer to provide general instructions to the members regarding participation in this meeting.

Over to you Ameer

Ms. Ameer Joshi: Thank you Chairman.

Good afternoon, everyone, and a warm welcome to the 66th Annual General Meeting of the Company.

I would like to take you through certain points regarding participation in this AGM.

In accordance with the Circulars issued by the Ministry of Corporate Affairs and the SEBI, the Company has provided you the facility of joining this AGM by Video Conferencing on a first-come-first-served basis. Please note that all the members are by default placed on mute mode by the moderator to avoid any disturbance from the background noise and ensure smooth conduct of the meeting.

If any member faces any issue during the meeting, they can contact the InstaMEET Support Desk, as mentioned in the Notice of the AGM.

We had requested all of you to send your queries in advance, on the business, proposals in the AGM Notice and other matters in the Annual Report. As usual, in this mode of meeting, we will respond to only those queries which have already been received by us.

And most importantly, we will then open lines for those shareholders who have registered themselves as speaker at this AGM. We would like to hear your suggestions, inputs and comments. If you have further queries on business, even if we are not able to respond today, we will be happy to address them in due course.

The Register of Directors and Key Managerial Personnel, the Register of Contracts or Arrangements, has been made available electronically for inspection by the members during the AGM. Members seeking inspection of such documents may send their requests to investor.relations_india@heubach.com

EVOTING

The Company had provided the facility to cast votes electronically, on all resolutions set forth in the Notice. Members who have not casted their votes yet electronically and who are participating in this meeting will have an opportunity to cast their votes during the meeting through the e-Voting system provided by Link Intime. Members can click on “Vote” tab on the video conference screen to avail this feature.

The facility of e-Voting is enabled by the Moderator and the members may vote on resolutions put forth while attending the meeting. I request all the shareholders to cast their vote on each and every item of the Notice through e-Voting portal.

The Members may refer the notice of AGM for detailed instruction on e-Voting facility.

The following resolutions are put forward for approval of the members;

ORDINARY ITEMS

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended March 31, 2023, together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Ravi Kapoor who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL ITEMS

3. Re- appointment and Ratification of remuneration of M/s. RA & Co., Cost Accountant, as Cost Auditors of the Company for the Financial year 2023-24 to conduct audit of cost accounts of the Company for a remuneration of ₹ 3 Lakhs plus other expenses.

The Company has appointed Mr. Bhadresh Shah, Practising Company Secretary as Scrutinizer to scrutinize the e-Voting process. The Scrutinizer will submit his report within 48 hours from the conclusion of this Annual General Meeting.

The voting results along with the Scrutinizer's report shall be communicated to BSE Limited and NSE Limited and made available on the Company's website: www.heubach.com

Over to the Chairman.

Mr. Ravi Kapoor, Chairman

I would just like to make a short speech and give you a little update.

Dear Shareholders, Ladies and Gentlemen,

I would like to extend a warm welcome to all of you on the occasion of the 66th annual general meeting of Heubach Colorants India limited. Your presence here is a testament to your commitment to our company, and we are truly grateful for your continued support. I also welcome the esteemed members of Our board and thank them for their unwavering support. I would like to provide a short global and industry perspective and a summary of the significant events of the year and an overview of our operating environment. After that, Mr. Bharath Sessa, our Managing Director, will share our India strategy, our performance, and noteworthy achievements as a testament to the excellent and hard work put in by the entire team at Heubach.

The pigment business has been challenged as never before and the last year has been a testing one for your company. This has been felt across the globe as companies engaged in the pigment business have struggled to meet their sales projections and profitability . This is mainly due to a significant drop in demand due to a series of global events like the Ukraine situation, covid affected situation and other disruptors which have led to aggressive competition resulting in a demanding Market scenario. I am glad to report that your company sailed through these rough waters using the right strategy and judicious implementation by a highly motivated and capable team. This demonstrated a high degree of resilience and spirit which was very encouraging and augers well for the future of your company. This will ensure a sustainable growth and performance which will tackle market challenges and meet the expectations of all the stake holders. To create a sustainable business model and continuously deliver value to shareholders, your management began the year by defining a clear strategy that Bharath will later elaborate on. This laid the foundation for Heubach colorants India limited to become a key solution provider with unique products that are driven by innovation and sustainability. This focus resulted in growing the company's profitability and we continued to remain on a growth trajectory despite the headwinds that came our way.

It's a source of satisfaction that the management's endeavours have resulted in your company's solid performance during the review period. I express my gratitude to our dedicated and highly skilled workforce, whose contributions have been instrumental in propelling our sustainable performance and growth. Our focus is clearly in providing the best and most cost-effective products and solutions to our valued customers produced in the cleanest, safest and most

responsible manner and be a solution provider with complete reliability. On this note I would once again thank all of you and invite Bharath Sesha to articulate his plans for the company; over to you Bharath.

Mr. Bharath Sesha, Managing Director

Thank you, Chairman.

Dear Shareholders, ladies, and gentlemen,

A very warm welcome to each one of you to the **66th Annual General Meeting of Heubach Colorants India Limited**. Thank you all for joining us today from across the country. I also want to thank you for your support and commitment to the company as we navigate some challenging times. Before I get into sharing some thoughts, I would like to all of you and your near and dear ones as we approach, the festival season to have a wonderful festival season.

Let me now jump into the business.

Our current operating environment continues to be **challenging and volatile**. This is primarily because of **uncertain demand in key segments which are in itself driven by geo-political and macroeconomic factors**. Added to this, we see a marked change in the **buying behaviour of many of our customers** coupled with the extremely **aggressive battle for market share** in the markets we serve.

Your company **connected the dots** and was able to anticipate and address some of the consequences of the above trends visible in the industry.

FY 23 was a year where we had **two key themes** that drove many of our actions – first was to **lay a strong foundation** for the future and the second was to **navigate the challenging market conditions** adeptly. I am delighted that we have made significant progress on these overarching themes.

Let me start with the short-term picture. Your company, recognizing the trends in the market, focused on **three Cs - Customers, Costs and Cash**.

Sales to our top customers went up over the year, showing the strength of our **value proposition** and underpinning the **robust and anchored relationships** we have built over many years. I am glad to report that sales to our top 10 customers went up.

We achieved this by being **reliable and offering peace of mind** to our customers – our delivery performance is world-class and **exceeds 95% OTIF**. Our **quality performance** is best in class and, coupled with our **continued and ongoing engagement** with our customers, gives them a compelling reason to partner with us.

Our strong focus on costs and executing superior strategies on supplier partnering enabled us to move our operating margins from 7.3% in FY 22 to 8% in FY 23. This improvement results from recognizing that value creation occurs through strong connections both in the customer and supply side and making sure that we are connecting this picture quickly and changing on an agile basis our strategies and tactics.

Our cash cycle markedly improved in FY 23. We ended the year with an improved cash balance of ₹ 3394 Lakhs as compared to ₹ 693 Lakhs in FY 22.

In short, your company has structurally strengthened itself for the coming years, and we have built resilience to address future market cycles.

None of this would have been possible without the enthusiasm and engagement of our employees. I am glad to report that we have made significant strides in attracting and retaining talent in the Company; our attrition levels have stabilised, and we continue to attract and retain very talented professionals. This is a testament to the fact that your management makes engagement of employees a key priority and a leading indicator of business success.

To underpin this message with some numbers:

- Heubach Colorants India Limited ended FY23 with a steady performance, setting up a platform for future growth. Your company delivered higher margins and strong cash flow, ending FY23 with a trend of increasing profitability.
- Sales for FY23 stand at ₹ 76,642 Lakhs, and the Profit after tax stands at ₹ 1,918 Lakhs.
- The EBITDA of the company stands at ₹ 6,147 Lakhs, and the Earnings Per Share at ₹ 8.31.
- The revenue was down year on year however, the EBITDA Ratio went up significantly over the course of the year and we ended the year with an EBITDA Ratio from 9.4% in Quarter four FY23 against 7.8% in the same quarter year ago.
- Your company maintains a surplus of net cash, and we have seen an improvement in our cash flow from operations.
- You will be pleased that Heubach Colorants India Limited maintains a debt-free status with no outstanding long-term borrowings.

Moving to the longer-term agenda, our **strategic focus is on customer value creation** as we approach the next chapter of our transformative journey towards growth. We aspire to **shape the world of colours to create a brighter tomorrow**. We are pioneering the development of **sustainable colour technologies** and helping our customers achieve their business and **sustainability goals**. We drive a positive change in the pigments industry through **ESG measures** as we strive for the **highest quality, sustainability, and integrity standards**.

This has been possible due to the efforts we have been driving towards creating a better tomorrow, and we do that by providing **peace of mind to our customers** and focusing on bringing more and more sustainable products to them and via them to the end consumers. Our **core strategic focus of customer value creation is built on four pillars - growth, efficiency, green innovation, and peace of mind**.

In my message to you in this year's Annual Report, I have elaborated on length on each of them and their pivotal roles in fostering your company's growth. **Innovation and technology** are at the forefront of our strategy. We believe **innovation** that leads to greener and more sustainable products is a white spot in the pigments market. We continue to invest in **developing new products and bettering** our existing products to make them more effective for our customers and more responsible towards the environment.

We see good progress in executing our strategy focused on innovation, sustainability and peace of mind for all our stakeholders. We are ready to address any ensuing market situation and stay confident that our strategy will lead to **positive outcomes** in the coming period.

We further underpinned our **commitment to growth and profitability** with investments in enhancing capacity at our **flagship site in Roha**. Additionally, we made significant progress in anchoring our **industry-leading sustainability** agenda by investing in **renewable energy sources** for a dominant share of our energy requirements at our large plants in Roha and Cuddalore.

FY 23 has been a landmark year; we addressed a very challenging market situation and delivered a performance that showed a **clear positive trend**. In addition, we made tremendous progress in **executing our strategic agenda**.

On behalf of the Company's Board, I thank all our **stakeholders and business partners** for your support. I am confident that our best days are ahead of us!

Thank you very much!
Over to you, Chairman

Mr. Ravi Kapoor, Chairman

I now request Ameet to brief the shareholders and conduct the QnA Session.

Ms. Ameet Joshi, Company Secretary

Thank you, Chairman.

First of all, I would like to inform that notice of the AGM was sent to all the shareholders as part of the annual report which is also available in the public domain. So we can take notice convening the meeting as read. Further, the Auditor's Report for the Financial Year ended March 31, 2023, is provided by MSKA & Associates. The Statutory Auditor's Report on the Financial Statements of the Company is available on Page No. 118 of the Annual Report. The Auditors have commented in their report that the servers for the back-up of books of accounts and other books and papers of the company maintained in electronic mode are physically located outside India.

Now I would like to call upon all the names of Shareholders who have registered themselves as Speakers. The speaker shareholder will then be unmuted by the Moderator. The Speakers are requested to unmute themselves from their side as well and turn their video "on" before they start speaking. If there's any connectivity issue from the Shareholder's side, or if any speaker would not be able to join the meeting for any reason, the next speaker would be called upon to speak. I request all the shareholders to kindly limit their speech to 3 minutes and deliver their conclusion part in the 3rd minute.

Before taking up the Speaker's session, I request the Speaker Shareholders to pay attention to few technical points:

- Use your earphone for better sound quality;
- Ensure no other background applications are running;
- Ensure your Wi-Fi or Broadband is not connected to any other device;
- Have proper lighting in the room and minimize the background sounds if any;
- Ensure the background is bright and enable your camera settings while speaking;

Moderator, may I now request you to please call upon our first speaker that is Ms. Lily Pradhan,

Moderator

Ms. Lily Pradhan is not available in Webex panel.

So, we may move to the next speaker.

Ms. Ameer Joshi, Company Secretary

Ok, Can you please call upon Mr. Yusuf Rangwala.

Moderator

Mr. Yusuf, Please enable your video and you may speak now.

Mr. Yusuf Rangwala, Speaker

Good afternoon, madam, and Chairman Sir, How are you?

I have received the Annual Report, first I will thank Ms. Ameer Joshi

Aapko awaz aa raha hai Chairman Sir?

Hello?

Mr. Ravi Kapoor, Chairman

Ha, Yusuf Bhai aa raha hai awaz, please continue.

Mr. Yusuf Rangwala, Speaker

Acha Sir, aapka sale joh hai Rs. 76,642 Lakhs as you mentioned in black colour.

EBITDA Rs. 6147 Lakhs , Profit Rs. 1918 Lakhs, EPS 8.3

This shows that I am very happy and proud shareholder of the company.

Today there were 25 Meetings, today was a record sir for annual general meetings, on same day there are 25 Meetings going on but I attended your meeting because your secretarial department, Ms. Ameer Joshi madam has sent me the balance sheet. First I will thank our excellent and hardworking company secretary madam, please keep it up company secretarial team. I am very happy to be a proud shareholder of the company.

Sir, I would like to know where is your factory located, because I have not gone through balance sheet, I will tell you frankly because there were so many meetings, I have not got the time to read, the balance sheet is around 250 pages, very excellent , very knowledgeable, Sir I would like to please know who are the main competitors to the business sir? which countries our products are exported? and what profit we are getting from there?

Sir I am very happy to be a proud shareholder of the Company.

Chotasa sher pesh karna chahta hu

Phoolo ki Khushboo kaliyon ki bahar aur apna saath aur Ganeshji ke apne upar aashirwad aur kya kehna sir, aur Ganeshji ke aashirwad dete hai toh koi piche dekhneki jarurat nahi hai Sir. Hum

aapke saath hai aur aapke sab resolution me aapko support kiya hai, aur aapka jitna tareef karu utna kum hai Sir. We have continued and we will be with you. Sir Factory visit ke liye kara dena sir, aur ho sake madam toh Diwali me hume bhulna mat, kuch meetha hojaye madam, humare meethe me humko yaad rakhna bhulna mat madam. This is my humble request at the time of Diwali madam, and Dussera Diwali ki shubhkamnaye dena chahta hu madam. Dhanyavad Ameer Joshi madam. Thank you very much, may god bless you and also Link Intime people they are the agent. Jaha pe Link hai hume koi gham nahi hai sir, because link ke service bohot lajawab hai sir. They are the number one at present sir. Link people ki service lajawab hai, apne prashant, Pramila madam unke team ke jitne dhanyawad karu utna kam hai sir, Madam thank you very much, aaj bohot meeting hai, me sab meeting chodke yaha aaya madam because you are an excellent company secretary. Thank you, God bless you madam with your smile and with your hard working madam. Khuda hafiz and Jai Hind madam.

Thank you very much.

Mr. Ravi Kapoor, Chairman

Thank you.

Ms. Ameer Joshi, Company Secretary

Thank you, Sir, for your kind words. Moderator can I please call upon Mr. Anil Babubhai Mehta please.

Moderator

Mr. Anil Babubhai Mehta is not there in the Webex panel, So request you to move to the next speaker

Ms. Ameer Joshi, Company Secretary

Can you please call upon Mr. Kaushik Sahukar?

Mr. Kaushik Sahukar

Am I audible ma'am?

Moderator

Yes sir you are audible.

Mr. Kaushik Sahukar

Good afternoon to all. I am honoured to have the opportunity to address you all today and would like to express my gratitude to the Board of Directors for giving me this chance.

First of all, I salute the Board of Directors, for allowing VC mode of meeting, thereby allowing PAN India participation, I request you to continue this trend. I am a satisfied shareholder of the Company. I must comment . I must commend the management for creating wealth of the shareholders. More particularly among minority shareholders. However, I would like to raise a bit of concerns. My primary concerns pertains to utilisation of savings on account of VC mode of meeting, I would believe it would be fair to allocate this fund to the welfare of shareholders. More particularly among speaker shareholders who actually participate in AGM as speakers,

considering the contribution and actual involvement in the meeting it would be gesture of recognition and appreciation to distribute small memento on the occasion of festivals.

Can you provide me break up on account of VC mode of meeting if possible?

I humbly request the Board to consider my proposal and contribute to overall value of corporate family.

My next concern is what strategic initiative has Heubach Colorants India Limited have for the upcoming years?

Are there any significant product development or market expansion or acquisition on the horizon?

What step is HCIL taking to enhance its sustainability practices and ESG Performance?

What is the company's competitive position in the colorants industry? And how does it plan to improve it?

I hope I am audible sir?

Indicative affirmation by Ms. Ameer Joshi

My final concern is that the Company is hesitant in supporting individuals in need including myself. I have shared my credentials in the past and followed up with Company. Is helping differently abled person not part of CSR activities, then why are my credentials always ignored?

I request appeal for supporting me in certifications of forms including form 15AB. Your assistance will mean a lot to me, if I cannot get assistance from such a reputed company Heubach Colorants then whom can I turn to. I am resending my credentials after AGM in hopes of receiving justice and productive consideration for desired help and support.

I want to clarify that I am not seeking handouts or free money or sympathy, I value my independence and I am a chartered accountant myself and I hope you understand and respect my desire to maintain that independence.

Chairman Sir, in last AGM you assured you will do something about me but nothing has been done so far, so request to please help me this time at least.

Thank you for considering my request, I firmly believe that with your support I can make significant contribution to our organisation and have positive impact on society. I eagerly await your response.

Thank you thank you so much sir.

Mr. Ravi Kapoor, Chairman

Can I request Bharath to respond if he would like to.

Mr. Bharath Sessa, Managing Director

Thank you for the comments and the areas of concern, we will address this and we will respond once we receive your communication, we will also look at it, if there is an opportunity for sure we will, we have no hesitation in looking at it.

Ms. Ameer Joshi, Company Secretary

Moderator may I now request you to call upon Ms. Vasudha Vikas Dawke please

Moderator

Ma'am, Ms. Vasudha Vikas Dawke is not available in the Webex panel, request you to move on to the next speaker please.

Ms. Ameer Joshi, Company Secretary

Can you call Mr. Mahesh Bhubna Please?

Moderator

Ma'am, Mr. Mahesh Bhubna is also not available in the Webex panel.

Ms. Ameer Joshi, Company Secretary

Can you call upon Mr. Jamshed Patel

Moderator

Mr. Jamshed Patel is also not available in Webex panel, so request you to move to next speaker

Ms. Ameer Joshi, Company Secretary

Can you call upon Mr. Rupesh Tatiya Please?

Moderator

Yes, sure ma'am, Mr. Rupesh, kindly enable your video and you may speak now.

Mr. Rupesh Tatiya, Speaker

Hello, can you hear me?

Moderator

Yes, Sir we can hear you.

Mr. Rupesh Tatiya, Speaker

I can't hear you, there is some problem.

Okay let me just read out my questions anyway

Thank you for the opportunity.

Sir my only first sincere request is that this is the only opportunity, we get to interact with you, and after acquisition of Clariant by Heubach you know we haven't had any opportunity to have any conversations or understand the vision of the new management.

I request you to answer, if you can try, I request you to answer the questions in detail.

1. In terms of revenue can you give the split by industry between plastics, coatings, soaps? However you deem fit.
2. Can you provide split between AZO pigments and Phthalocyanine Pigment?

3. In last year's AGM it was mentioned that our capacity utilization is 65%, so if you can give the number for FY 23? And how do you see this capacity ramping up and by when do you expect us to reach optimum capacity?
4. I same front can you also talk about our Capex plans for FY 24, FY 25 and which area we are looking to do blue pigments, yellow pigments and dispersions? If you can give some qualitative colour on the capex plans where we have capabilities and where we have gaps that would be very helpful.
5. Another question Sir is, Heubach is one of the global leaders in pigment industry but it is seems to me that in India our market share is less compared to our capabilities, I look at the market leader, I think there revenue is I think 1200 crore in domestic market, I and our revenue comes to around 400 - 450 crores probably these are the numbers I can get depending on our capabilities it looks like our market share is less, so how are you seeing this? What are the steps you are taking to increase our market share in the domestic market?
6. Also, can you talk about how the expert growth will evolve, because Heubach I think is a globally a million dollar organization and you have mentioned in your opening speech that India is strategically important, and India is a growth market so you would like to have manufacturing presence in growth markets? So are you looking at India to be supplier of Global Heubach Network? How are you thinking about that and are there some untapped exports market where we will supply from India operations, if you can talk about that, it will be very helpful.
7. Then can you talk about, with Heubach there would be so many products in the global network, so are you looking at any product introduction in India, I am sure there are some products in the global network that are very exciting but probably they are not there in India, so are you looking to introduce some products in India?
8. Then switching gears a little bit, I think Heubach has a unlisted sister entity in India, so if you can give some view into, how to look at that, if a new product is to introduced, how decision will be taken that the product will be introduced in a listed company versus an unlisted company or if a capex is done how that capex is to be thought about in a listed or unlisted company? If you can give some strategy around that it would be very helpful in understanding, if there can be some conflict of interest.
9. The pigment industry went through low margins because prices of urea shot up, lot of our raw material prices shot up plus there was demand challenges, so there was a double challenge the pigment industry faced. So if you can talk about how in general raw material environment that you are seeing? And Eventually how this will translate into margins because I think in Q1 we saw 12% margins, which I think we have never done in last several years, so how do you see margin trajectories, do you see Q1 margins sustaining in the short term FY 24, that is the short term question and on the longer term, we see that our margins are in high single digits 7% ,8%, 9% kind of trajectory, but if you see our competitors their margins are kind of like mid-teens like 13 % 14 % , I mean historically if I talk about five year trajectory, So why our margins are lower despite having specialty products ? Do you see path for us to get from 7-8% to industry standard of 12-13% in long duration?
10. If you can layout any broader vision for the listed company and also if you can put some numbers in terms revenue, in terms of return on capital or in terms of profitability?

Mr. Ravi Kapoor, Chairman

Before I ask Bharath to respond *Ame*, I would want to make one comment, this is an extremely comprehensive list of questions, and it may be well, *Bharath* will take it from here, but we could

do this in a separate platform. *Bharath*, I will leave it to you to see what the essential parts are you can answer.

Mr. Bharath Sessa, Managing Director

Thank you, Ravi

So as we go through the Q&A at the end of the speaker session, you will see some of the answers come back on some of the questions.

As the chairman is alluded to some of the other ones:

- a. We would need much more detailed discussion
- b. Is typically information in terms of split up of sales etc. we typically don't share

So, what I suggest is please hear us out, when we go to Q&A session, some of your broader questions will be definitely addressed.

Ms. Ameer Joshi, Company Secretary

Thank you, Ravi and Bharath,

Moderator may I please request you to unmute Mr. Himanshu Upadhyay

Mr. Himanshu Upadhyay, Speaker

Hello Good afternoon am I audible?

Indicative affirmation by Ms. Ameer Joshi

Okay.

See I have sent list of questions, and broadly I am not trying to focus on segmental revenues and all that stuff. I would like to get more detailed replies. I will speak and give reasons on why these questions are being asked.

1. On strengths of Heubach India and where the weaknesses are again to understand how you are trying to focus on the weaknesses and get better out of the opportunities that are there for you.
2. In our annual report we have given a statement that we have spent the last year strengthening the foundation of the business, we have reinvigorated our innovation can you please explain what steps have been taken? What impact is it having? So just a innovation index do we follow and what type of revenue would be from products introduced last year or lets say what would be your innovation index targets you would want to reach over a period of time?
3. Next is we have stated one of the challenges in the business is the need for differentiation and evolving is a solution provider, does it mean that we also want to focus on service centric business or something like that or what are you doing to overcome these challenges?
4. Historically we have sold the business of masterbatches and dye chemicals what are the thoughts of new management on this business. Why I am asking this question is if we do read our annual report dyes is product which is stated 23 times or 24 times in the annual report, so are focusing on the that product or it was just for legacy that we are writing those dyes remains in the annual report? Even masterbatches name has been used in the

- annual report so again are we going to focus on these to products and is it a focus area for us or not?
5. Next is we have an unlisted Heubach company also, how are the focus areas of these two companies different from each other and what are the synergies possible? And do these companies cater to the same customers.? If so is there sales staff common or sales staff is different, so just to get some idea on how that company is and what we can do and what we will be doing? Again the size of revenue is very large for them so again it was important questions for me.
 6. What are the low hanging fruits for us to more focus on to grow the business and also profitability like the previous speaker also stated, if we look at the unlisted entity's margins are 20-25% EBITDA can this company also reach those margins or what focus more has to be done on the cost side to get that margin.
 7. The final question is we have seen good improvements in the margins in Q1 FY24, has there been change in product or customer mix which has led to change in the profitability despite the fall in revenue? Can you give some clarity on this?

That's all from my side, hope to get a detailed reply. I agree to what Chairman Sir said but this is the only time when we get a chance to speak to the management and it would be helpful for us to be a patient investor if we could get more information about the Company to a more broader extent, so hope to hear detailed replies.

Thanks, from my side.

Mr. Ravi Kapoor, Chairman

Yeah Ameer, I think a lot of this questions are common and as Bharath said let him actually address that at the end and then we can take it from there.

Ms. Ameer Joshi, Company Secretary

Sure Ravi, Moderator can we please call upon Mr. Hardik Jain please.

Mr. Hardik Jain, Speaker

Yeah, can you hear me?

Indicative affirmation by Ms. Ameer Joshi

Moderator

Yes, Sir You are audible.

Mr. Hardik Jain, Speaker

Yeah, so thank you for the opportunity. Many of the questions are already asked by Mr. Himanshu.

So many of my questions were on capacity utilisation or sales breakup or the strategy on exports.

So my other question were are we planning to sell outside India to other customers as well, currently predominantly we are doing only the related party sales outside India.

1. Just a couple of things if we see our last 4-5 years performance, the revenue is more or less in the range of 700-800 crores, so what steps we are taking, is there enough capacity we have to ramp up the sales and how do you see the sales going forward?

2. Similarly, in the margins also we are annualised in the range of 8-9 % there are some quarters, where we have touched 11-12% also but on an annualised basis we are in the range of 8-9%, so is there a possibility of growth.

3. In terms of major raw materials if you can broadly give the names of major raw materials.
Thank you.

Ms. Ameer Joshi, Company Secretary

Thank you, Sir can you please call, upon Mr. Parimal Mithani

Mr. Parimal Mithani, Speaker

Hello, can you hear me?

*Indicative affirmation by Ms. Ameer Joshi**

Thanks for the opportunity and my questions are similar to earlier speakers but in order to save time I request you to kindly go ahead.

Thank you.

Ms. Ameer Joshi, Company Secretary

Thank you, Sir.

Moderator can you please call upon Mr. Keshav Garg Please.

Mr. Keshav Garg, Speaker

Sir, most of my questions have already been asked and I have already sent the list of questions, so I am not repeating the same, but I request you to use the time saved to answer the questions of the shareholders in detail, because these are not irrelevant questions they are related to the business. If we look at the past promoters, they were not interested in sharing anything with the minority shareholder and they did all the business with the wholly owned subsidiary, so is that pattern expected to continue or otherwise. Sir, also wanted to understand whether the first quarter numbers of Rs. 209 crores topline Rs. 26 crore EBIDTA, 12% operating margins, is it sustainable or not, sir wanted to understand that in Related Party Transaction, there is an IT Service charge of Rs. 9.6 crores versus NIL is this a one time item or a reoccurring item, also tell us, what were the sales volume of last year and what is the expectation for current year, if we operate at full capacity then what kind of sales volume we can generate and what kind of topline we can generate?

Ms. Ameer Joshi, Company Secretary

Thank you, Sir

Moderator can you please call upon Nikhil Upadhyay Please.

Mr. Nikhil Upadhyay, Speaker

Am I Audible?

Moderator

Yes, Sir You are audible

Mr. Nikhil Upadhayay, Speaker

Yes Sir, I have already sent the list of questions so do you want me to repeat them?

Ms. Ameer Joshi, Company Secretary

No Sir, we have detailed list of your questions

Mr. Nikhil Upadhayay, Speaker

Got it, So I had two additional questions,

1. So, sir the pigment industry is quite broad, which is divided into organic and inorganic and in organic also we have AZO, we have Phthalocyanine Pigment so just wanted to understand the strategy of the Company, so just wanted to understand the strategy of the Company, so is it purely based on inorganic pigments and in organic pigments which are the major products, which the company deals with. Which are the products which the company wants to get a better understanding and better sales in those kinds of products?
2. Secondly Sir, if we look at the performance of the company, in FY 23 it has been remarkable, if look at the other pigment companies, so there margins have taken a hit but our margins have improved, so if you could just elaborate, you mentioned in opening remarks also that there has been some kind of sourcing efficiency and better arrangements with suppliers, so if you can just elaborate what has helped us achieved this kind of margins, and are double digit margins possible for the company if the cycle turns?

Thank you.

Ms. Ameer Joshi, Company Secretary

Can you please call upon Mr. Dipankar Purkayastha

Moderator

Mr. Dipankar, You may speak now

Mr. Dipankar Purkayastha, Speaker

Am I audible?

Moderator

Yes, Sir you are audible

Mr. Dipankar Purkayastha, Speaker

Okay, so thank you for the opportunity, some of my questions are common with the previous shareholders so, I will take those questions later.

Couple of other points have:

1. Firstly, this return on capital and return of equity of this company is very very low. So, I just want to understand, how does this compare with the parent company return on capital and return on equity and what is the group's aspiration for this company's return on capital, return on equity.

2. Second issue I have, is the trade receivables have shot up to nearly 100 days this time and if I look at the history of this company for the last 10 years, I have never seen such levels of receivables, so any reasons why this has happened.
3. Third is, Royalty has gone up and this has happened when both domestic and export sales have gone down, so why is this so if you can explain to us.
4. Now coming to your segmental sales, which you disclose in your annual report in the balance sheet, you have two segments, one is plastics and coatings and the other is specialty chemicals. Now the specialty chemicals is barely 5% of your total revenues but it is a far more profitable business, could you just tell us what are the plans, ultimately are you going to phase this business out and concentrate only on the pigments part of it because the parent company is a pigment company? If not, then what are your plans for this segment because you also don't export any specialty chemical products it is a purely domestic business, so if you could tell us something about this particular segment?
5. And finally, two points on which the previous two shareholders have alluded to this Heubach Colour Private Limited, which is one of the unlisted subsidiary, any product overlap with these companies, if so could you please tell us?
6. And finally, regarding the split of revenues, some body had asked for split between AZO and phthalimide, I just need the split between organic, inorganic and pigment preparation.

Thank you, those are all my questions, thank you for the opportunity.

Ms. Ameer Joshi, Company Secretary

Moderator, Can you please call upon Mr. Sameer Chavan

Mr. Sameer Chavan, Speaker

Good afternoon, Board Members, am I audible?

Thank you for giving me the opportunity to speak at this 66th Annual General Meeting of the Company, I would like to congratulate Mr. Bharath and his team on the Company's Financial performance in the FY 23, one area where the Company has done remarkable job is like in the CSR, I have gone through Annual Report and the CSR report, and kudos to Dr. Indu Shahani ma'am, for her work in the CSR activities and all the areas like women empowerment education, health and all the areas that the Company is working on, one more thing that I am pleased to see the company's governance standard also the disclosure norms, the annual report disclosure, so great job by Company Secretary Ameer Joshi.

In my view the Company is on the right track when it comes to ESG and it is producing value for all its stakeholders and not just the shareholders, I wish to congratulate the management of the Company and the employees and wish them all the best.

Thank you so much.

Ms. Ameer Joshi, Company Secretary

Thank you, Sir, Moderator you can call upon Lily Pradhan if she is there.

Ms. Lily Pradhan, Speaker

Am I audible?

Moderator

Yes Ma'am, You are audible.

Ms. Lily Pradhan, Speaker

Good afternoon, Chairperson.

I am very glad as the Company performance is very good.

voice not audible

Moderator

There is lot of disturbance from your background.

Ms. Lily Pradhan, Speaker

Ok ok, now audible?

Moderator

Yes Ma'am.

Ms. Lily Pradhan, Speaker

Not audible

Ms. Ameer Joshi, Company Secretary

Ma'am, we cannot hear you, there is lot of disturbance, and your voice is also breaking.

Ms. Lily Pradhan, Speaker

Speaks but not audible

Ms. Ameer Joshi, Company Secretary

No ma'am we can't hear you.

Ms. Lily Pradhan, Speaker

Any problem?

Ms. Ameer Joshi, Company Secretary

Yes, ma'am your voice is breaking.

Ms. Lily Pradhan, Speaker

Hello hello, can you hear me?

Now am I clear?

Ms. Ameer Joshi, Company Secretary

Yes madam.

Ms. Lily Pradhan, Speaker

Ok very good afternoon to all, chairperson, and viewers. Myself Lily Pradhan from Kolkata.

I am very happy to know that company performance is so good, too much good so..

Voice breaks

Ms. Ameer Joshi, Company Secretary

Ma'am, we are extremely sorry your voice is breaking again.

Ms. Lily Pradhan, Speaker

tries to speak but voice not clear

Ms. Ameer Joshi, Company Secretary

Madam it is breaking it is not clear

Ms. Lily Pradhan, Speaker

tries to speak but voice not clear

Ms. Ameer Joshi, Company Secretary

Moderator it seems there is some connectivity issue.

Mr. Ravi Kapoor, Chairman

I think Ameer, we should move, because we will waste our time otherwise.

We can comeback we can try later, or she can write to us.

Ms. Ameer Joshi, Company Secretary

Yes, Thank you so much, with this the speaker session is concluded.

Yes, *Over to you Bharath.*

Mr. Bharath Sessa, Managing Director

Thank you, Ameer

So, As I before, I will try and address many of the questions that we got in writing before and the ones that are still to be addressed, we will do our best to address them in the coming days in interactions with the shareholders.

First of all, I want to thank the shareholders for their interest in the Company.

The questions, I think these are very well thought through and questions that provoke us to look at it in a positive manner and do things going forward.

So let me start with the questions, I will first read the questions and then give the answers.

What is the outlook for FY24 in terms of topline & bottom line?

As you would know we don't give specific outlooks for the future, However I would like to address this question from more of what we see in the market and the trends, so we will continue to face headwinds as we see it currently.

The picture may improve as the year progresses in terms of demand but we are very confident that given the strong foundation that has been laid and we've been showing very excellent execution capabilities we will be able to do well in this market which is kind of volatile at this point in time where uncertainty on demand continues to be the situation at least in the coming few quarters.

The Second question is, Are the 12% margins observed in Q1FY24 sustainable? What kind of EBITDA margins are we looking at for FY24?

Again, we typically are not very specific on ranges or numbers for this but again let me address the other question that was asked on raw materials that was asked in this. We have been experiencing raw material prices at very low levels in last couple of quarters and we have also been optimising our product mix there was also a question on what is leading to higher profitability, I think it's a mix of factors, there is a product mix angle, there is a raw material angle, there is more efficiency the way we serve our customers and growth in the right segments of the market, all of them contributed to Q1 FY 24, now we aim to continue in this direction but however I want to put a word of caution in there that there is continued uncertainty in demand and there are RM prices, so the raw material prices are not showing the downward trajectory they were showing last year, so there is some stabilization of that and we are monitoring these two trends very very closely and we will continue to look at ways to create value in the coming quarters also.

The third question is, What is the main focus area for the company and what would be the drivers of growth? When would we be able to cross INR 1000 Cr revenues?

Again, let me answer it like this and I want to give a bit more colour to the strategy we have in terms of growth, we have actually three important areas of thrust, first is that we are very confident that we have a value proposition which I have been talking about earlier also in my opening remarks of the peace of mind and we see that actually gaining a lot of traction with some of our key customers and so I see that continuing in the coming period, so that's one lever of growth, the second lever is there was a question on the innovation pipelines so yes we do track, we have started the tracking what we track as the vitality index, it is a bit premature to put numbers to it and give you an indication where we will be or where we would like for that to be, we will do that in the coming years, but for now we have started the process of tracking what we call the Vitality index, we are very confident that the work which we do on we are very confident that the work we are doing on application development on solving tough customer issues and the innovations that come from that work will also be a lever for growth.

The next question is on costs, and this was also a theme that came through many of the question of the shareholders.

We continue to be extremely closely monitoring costs not only from a fixed cost perspective but also from the raw material trend, I alluded to it in my opening remarks of how we continue to partner with our supply partners, and make sure that we are always ahead of the curve when it comes to cost trends in the raw material so with this ability to manage our cost we can compete in all segment of the market. So the 3 levers of growth going forward for us are value proposition with key customers and key accounts to make sure we grow in that segment, continue the focus on innovation and start making our application development come to a customer led invocation process which will then enable us to bring new applications of product and grow and last but not the least is continue a tight rein on costs to make sure we can compete in all segments profitably

and effectively. We believe by executing these 3 leavers of growth we will be able to continue our lever growth trajectory in the coming years.

The next question is what are the main reasons for a fall in revenues in FY23 you?

So, I think we alluded to it a couple of times the chairman did, and I did. The past year in the pigment industry was unprecedented. It was what you would call a perfect storm. There were many unanticipated and significant negative headwinds that were there including geopolitical demand uncertainty, all of this led to a situation where the industry as a whole faced quite some troubles so that was the key reason behind the fallen revenue in FY 23.

The next question was also repeated by one of the shareholders earlier, about the Capex plans.

We continue to look at our Capex from a strategic perspective so next year we will look at what we need in terms of additional product capacity, and we will invest in that. At this point in time it is difficult for me to anticipate what that would be, however we will continue to do our regular maintenance Capex to make sure that our assets are really doing what they are expected to do on a continuous, regular and reliable basis.

The next question is on our pricing strategy, what is our pricing arrangement with our customer? Do we have a formula-based pricing or a monthly quarterly price pass through?

Actually, we don't have a fixed policy on this as you would imagine, we serve diverse markets and diverse customers. Our approach on this topic depends very much on the product, the market and the customer.

The next question was also asked by a shareholder earlier, have we launched the full pigment range of our product range in India, which are the other products we are planning to launch?

Our current product portfolio in the market is quite broad and very relevant, having said that on a regular basis and this very regularly, we review our product portfolio and continue to engage with our customers and when we find the product either in our parent portfolio or something that we are developing in our labs here, we obviously will do a very appropriate launch for those products.

Any plans to increase promoter shareholding to 25%?

I think this question is best answered by the promoter group and not by your company's management. So, I will leave that aside.

The next question is What challenges do you foresee in, the business?

I think this was also asked by one of the shareholders, Let's not forget that the pigment industries continue to be a fragmented space which then brings with it the challenge of intense competition, which is also something that we expect will go away in the coming years. It is also very dynamic, and we talked about some of the trends earlier both in the speeches of chairman and myself but also answers to some of the questions before, we don't expect that to remarkably change in the coming year, so the challenges continue to be what I, alluded to and the chairman has talked about earlier and the good news is that now we have experienced this, we have shown the ability to navigate and we will use that lessons well as we go forward in terms of this.

Couple of questions which were asked, and I would like to quickly address them one was about dyes and masterbatches.

I think the context in which we talk about masterbatches more on a customer basis not as a product which we are selling, so masterbatch industry is one of the customers for the pigment industry and they continue to be a very important segment where we do very well at this point in time. On dyes it's a complimentary product portfolio story there so yes, we work with dye manufacturers and we are able to bring dyes to the market along with our pigment solutions. So in that context, we do work with dyes manufacturers. So, the context in both masterbatches and dyes was more to do with complimentary products and customers, less to do with our strategy or portfolio.

I have also addressed the raw material question, I have addressed the margin question, Let me also quickly address the capacity questions. I think there was a question saying what is the capacity utilisation?

It is roughly the same levels that is was last year and we still see there is head roof for us continue to grow sales, without having to invest in significant capex. So that is how we see it in the next financial year.

And there is a theme of questions on Legacy, so there are two Heubach entities in India the listed and unlisted, let me make this very clear that we have a well complimentary product portfolio, it is fully complimentary and there is hardly any product overlap, so there is no conflict, In terms of where the investments will go should the parent choose to make an investment. So, I want that to be very categorical and clear to our shareholders.

I think this in many was addressed many of the shareholders, there were very specific questions on sports ratio, segmental markets, volumes segmental revenue, I am sure you will appreciate and understand that there is certain level we aggregate this information to make it useful for you at the same time make it also something that the Company wants to keep it as a strategic advantage for us, while keeping the information in the Company.

I think those were the main questions I would like to address, and I would like to again thank you for your questions, with that I will hand it over to back to the Chairman.

Mr. Ravi Kapoor, Chairman,

We have taken note of your valuable comments and suggestions, and we will consider them in the future. I consider that most of the queries are addressed, some of them which were more, I would say difficult in terms of giving you details and can be done will soon, the unattended queries will be responded by the Company in due course.

Finally, as a conclusion, I would like to remind you that the that e-Voting will close after 30 minutes from the time of closure of this meeting.

There being no other item to discuss, I hereby declare this meeting as concluded and request the shareholders to cast their votes through e-Voting.

I would like to thank all the members present, Directors, Auditors who have attended this meeting.

Thank you. Namaste and Jai Hind.

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Mr. Bharath Sesa, Managing Director

Just, on behalf of myself, respected Board of Directors on Panel and on behalf of the members, express my hearty gratitude to Mr. Ravi Kapoor, Chairman.

I also thank all the Members for their support to the Company for its prosperity.

Thank you very much.