



TRANSCRIPT OF 22nd ANNUAL GENERAL MEETING

Suresh Gondalia, Company Secretary

Good afternoon all.

I welcome you all at 22nd Annual General Meeting of the Company. The meeting is being held through video conference and other audio visual means (VC/OAVM) in accordance with Circulars issued by the Ministry of Corporate Affairs and SEBI.

Before we proceed, I am pleased to inform you that the Company has provided CDSL webcast facility to view the live streaming and proceedings of this meeting.

The Company has also provided remote e-voting facility through CDSL, which was opened from 9 am on 22nd September, 2020 till 5 pm on 24th September, 2020. Shareholders, who have not casted their vote through remote e-voting, may cast their vote during AGM through CDSL e-voting portal, which will remain open during the meeting.

The Statutory Registers of the Company are available of inspection on the website of Company. As the meeting is being held through video conferencing, the appointment of proxy is not required and hence the proxy register is not available for inspection.

The Notice of AGM along with the Annual Report of the company was circulated to the all shareholders well in advance within statutory period.

Now, with permission of Chairman of the Company, I suggest Mr. Manish Kiri, Managing Director and Chairman of this meeting to occupy the chair for the 22nd AGM and carry out further proceeding of the Meeting.

Over to your sir.

Manish Kiri, Managing Director and Chairman of the 22nd Annual General Meeting

Dear Fellow Shareholders,

Good afternoon.

On behalf of Board, warm welcome to you at 22nd AGM is being held through Video Conferencing. I trust your family and you are keeping well in the current unprecedented COVID 19 pandemic.

Let us start Annual General Meeting. Due to outbreak of Global Pandemic COVID-19 and as per Circulars issued by Ministry of Corporate Affairs and SEBI, this meeting is being held through Video Conference and Other Audio Visual Means. The Company has taken all possible steps to ensure that the shareholders are provided an opportunity to participate in this meeting.

As we have the requisite quorum is present through video conference to conduct the proceedings of this meeting, I call the meeting to order.

Before I take up the Agenda of this meeting, I wish to introduce the members of the Board and key managerial persons, particularly for the benefit of new shareholders. Along with me, we have with us at the meeting:

1. Mr. Pravin Kiri, Chairman of the Company;
2. Mr. Keyoor Bakshi, Independent Director and Chairman of Audit Committee;

3. Mr. Mukesh Desai, Independent Director and Chairman of Nomination and Remuneration Committee;
4. Ms. Veena Padia, Independent Director and Chairperson of Stakeholder's Relationship Committee & Corporate Social Responsibility Committee;
5. Mr. Ulrich Hambrecht, Independent Director, joined from Germany,
6. Mr. Suresh Gondalia, Company Secretary;
7. Mr. Jayesh Vyas, Chief Financial Officer.

In addition to the Management team, Company's Statutory Auditors, Cost Auditors, Secretarial Auditors and Scrutinizer for this AGM are also present in this meeting.

With the permission of members present, the notice of 22nd AGM, Statutory Audit Report and Secretarial Audit Report are taken as read.

The Notice of 22nd AGM, contains total 7 resolutions:

- 1st. To receive, consider and adopt the Audited Standalone and Consolidated Financial Statements for the year ended on March 31, 2020, together with the Reports of the Directors and Auditors thereon.
- 2nd. To Re-appoint Mr. Pravin Kiri, Director, who retires by rotation and being eligible, offers himself for re-appointment.
- 3rd To declare Dividend of INR 0.015/- per share of INR 10/- each on Cumulative Redeemable Preference shares for the Financial Year ended March 31, 2020.

- 4th To declare Dividend of INR 0.50/- per equity share of INR 10/- each for the Financial Year ended March 31, 2020.
- 5th To ratify the remuneration of Cost Auditors for the Financial Year 2020-21.
- 6th To approve re-appointment of Ms. Veena Padia as an Independent Director for second terms of 5 years.
- 7th To approve appointment of Mr. Ulrich Hambrecht as an Independent Director.

I hope you all support to pass these resolutions through e-voting process.

Now I would like to present the Annual Report of the company for the financial year 2019-20. This has come at a time where the world is fighting with the Global Pandemic COVID-19. As the new COVID-19 is rapidly spreading around the world and having a tragic impact on people, communities and businesses around the world, at this point of time, our number one priority is the health, safety and well-being of our employees, those we do business with around the globe and the communities where we live and work.

The Financial Year 2019-20 witnessed marginal degrowth with our company's consolidated top-line which stands at INR 1,305 crores and EBITDA was clocked at INR 186 crores in FY20. An earnings after tax before share of profit of associates has been at INR 116 crores during financial year 20. The Topline of standalone business stands at INR 969 crores and EBITDA was clocked at INR 96 crores in the

current financial year. The standalone earnings after tax stood at INR 50 crores in financial year 2020. Your company has aimed at exporting more products with a view to gain increasing global market share and has also tried to further improve its market share globally.

India imports merchandise worth of 70 billion dollar from China annually and chemicals accounts for a significant portion of the imports. There is a crucial need to reduce the dependence on a single source for raw materials and tap alternative sources either through procurement from varied geographies or being self-reliant for which our H'ble Prime Minister, Shri Narendra Modi has coined a term 'Atmanirbhar Bharat'. To move towards self-reliant India and to bring the economy back on track, a special and comprehensive economic package of INR 20 Lakh crore that accounts for 10% of India's GDP, has been announced by the Government of India. To make the country self-reliant in all spheres - from manufacturing to supplying, will also ensure that the country can sustain and tackle any black swan event that may emerge in the future. We have pledged to do our best to contribute to 'Atmanirbhar Bharat' by selecting future products as import replacements for our expansions in near terms. So Kiri will participate in the campaign of 'Atmanirbhar Bharat' to expand its future products and areas which can be replacement of imports.

The domestic chemical industry in China is witnessing a slowdown because of slower economic growth. The specialty chemical market has seen a downturn in recent years due to various factors, most prominent being the introduction of stringent environmental norms from January 2015 onwards in China, which has led to the shutdown of several chemical plants. Also, the Chinese government has

mandated the construction of adequate effluent treatment plants and facilities, for higher compliances of environmental norms, as a result of which, the overall cost of production has been going up with rise in capital expenses towards effluent treatment plants as well as compliance operational cost. In addition to this, the labor cost in China was lower compared to India until 2007. However, in recent past over the last several years, this cost has more than doubled compared with India, rendering Chinese manufacturers' less competitive vis-à-vis India in terms of labor cost. India can account for comparative advantage in labor cost at least in near term.

With the continuation of US-China trade war and a resultant increase in tariffs, could have negative implications for its trade and subsequently the domestic capacity and production in China. All these factors are pushing the Capex and Opex costs upwards in China, making Chinese chemical companies less competitive for its export market, which is one of the reasons that in Dyes and Intermediates Industry India has been capturing increase in market share out of China during past 5 to 7 years. In such situation, global players are expected to favor Indian manufacturers to become competitive as an alternate and additional source to export Indian manufactured products to serve increase in the global requirements.

The global dye market which is a part of overall colorant market is expected to witness a growth of 8.75 billion dollar by 2023 with a CAGR of 8.13%. Now in current situation, which is an abnormal situation, this statement is mainly for a normal growth, which has been predicted by several market researches. The dyes and dyestuff industries play a major role in the growth of the chemical industry particularly in India. Dyes intermediates are the products that are transformed into finished dyes and pigments. The dye intermediates

serve various industries like plastics, paints, textiles, printing inks, leather and paper. I am happy to mention that Indian dyestuff industry meets about 95% of the domestic requirements, out of which about 60% is consumed by the textile industry and the remaining by other industries. The global market for dyes has been witnessing significant growth due to the expansion of various industries. India and China as we all know have been taking the lead in manufacturing dyes due to availability of raw materials and organic intermediate chemicals. India and China undoubtedly have become the leaders and the suppliers of the world. Developing economies like India, Bangladesh, Turkey, Brazil and Indonesia are expected to play a significant role in the growth and development of the dyes industry to sell its products in developing countries.

Let me update you on our ongoing case at the Singapore International Commercial Court. The trial for Valuation of Company's about 38% stake in DyStar was completed in April 2020 and the final hearing including oral closing and related arguments were also completed on 1st July 2020. The case was officially closed on 1st July 2020 and order was reserved. Order is now awaited from SICC at anytime. The valuation of Company's stake in DyStar shall be crystalized based on the financial position existing on the effective date of 3rd July, 2018, which is the valuation date to consider the valuation of DyStar for the stake of Kiri to execute the buyout order which is already in place. The financial performance of DyStar post 3rd July 2018, shall not be relevant for the valuation of Company's stake in DyStar.

I would also like to update you about the recent development in Singapore with respect to Kiri's appeal against DyStar for the order which was received earlier for awarding damages on DyStar's Case against Kiri and this appeal was heard by Supreme Court of Singapore on

14th September and judgment was reserved. Kiri is expecting positive outcome of this judgement, again this is not the valuation case, this is the side case, for which Kiri had filed appeal against DyStar earlier.

Now, we conclude this Meeting, with my sincere thanks to all of you for being present and extending your valuable support and co-operation to the Company.

E-voting facility will be available for 30 minutes from conclusion this meeting and results of voting will be announced on website of the Stock Exchanges, CDSL and on the website the Company within 48 hours of conclusion of this meeting.

Be safe and take care in current Covid19 Pandemic.

Again, thank you very much to all of your for remaining present in this meeting.

Thank You.