

HEUBACH COLORANTS INDIA LIMITED
[formerly Clariant Chemicals (India) Limited]

Registered Office:
Rupa Renaissance, B Wing, 25th Floor
D-33, MIDC Road, TTC Industrial Area
Juinagar, Navi Mumbai – 400705. India
CIN: L24110MH1956PLC010806
www.heubach.com



September 1, 2023

To
BSE Limited
Corporate Relationship Department
1st Floor, New Trading Ring
Rotunda Building, P. J. Towers
Dalal Street, Mumbai - 400 001
Scrip: 506390

To
The National Stock Exchange of India Limited
Listing Department, Exchange Plaza,
5th floor, Plot No. C/1, G Block,
Bandra-Kurla Complex, Bandra (E),
Mumbai - 400 051
Scrip: HEUBACHIND

Sub.: Notice of the 66th AGM to be held on September 26, 2023

Dear Sir,

Pursuant to the Regulation 34 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the “Listing Regulations”) this is to inform you that the 66th Annual General Meeting of the members of Heubach Colorants India Limited will be held at 4:00 p.m. on Tuesday, September 26, 2023, through Video Conferencing (“VC”) / Other Audio-Visual Means (“OAVM”).

The Register of Members and Share Transfer Books of the Company will remain closed from September 20, 2023 to September 26, 2023 (Both Days Inclusive).

The Annual Report of the Company along with the Notice of the 66th Annual General Meeting is enclosed herewith for your reference and record.

Kindly take the same on record and acknowledge the receipt.

Thanking you,

For Heubach Colorants India Limited

Amee Joshi
Company Secretary

**NURTURING THE COLORS
OF CHANGE THROUGH
INNOVATION & SUSTAINABILITY**



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NURTURING THE COLORS OF CHANGE THROUGH INNOVATION & SUSTAINABILITY

Heubach Colorants India Limited has embarked on a journey of transformation where creativity meets purpose. Guided by innovation and dedication to sustainability, we nurture positive changes throughout our operations. With our imaginative and practical solutions, our possibilities are endless. Each new idea acts as a vibrant brushstroke on the canvas of progress, breathing life into innovative solutions.

As we explore these new ideas, our respect for our planet remains unwavering. At HCIL, Sustainability is a cherished principle, akin to a thriving oasis where our constructive changes can flourish perpetually. With mindful intent, we sow the seeds of ecological consciousness, cultivating a balanced world where every stride toward progress nurtures the planet. Together, we weave a significant narrative, uniting innovation and sustainability to craft a portrait of a future that shines with brilliance and resilience. This report, a part of Heubach Colorants India Limited's captivating world, underscores how we are **Nurturing the Colors of Change Through Innovation & Sustainability**.



For more investor-related information, please visit:
<https://www.heubach.com/heubach-india/investor-relations-india-overview/annual-reports/>



Scan this QR code for more investor-related information

Investor Information

| | | |
|--|---|----------------------------|
| NSE Symbol: HEUBACHIND | CIN: L24110MH1956PLC010806 | BSE Code: 506390 |
| AGM Date: September 26, 2023 | AGM Venue: Through Video Conferencing ('VC') / Other Audio-Visual Means ('OAVM'). | |

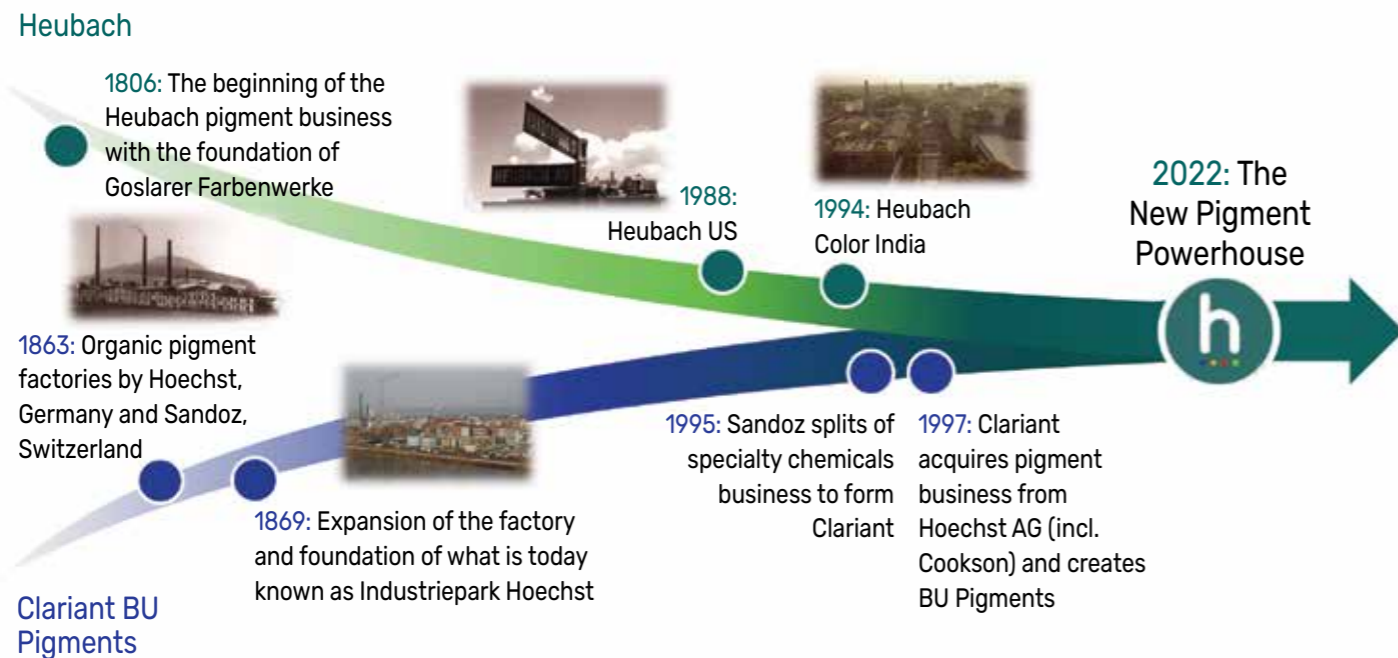


HEUBACH GROUP

THE NEW PIGMENT POWERHOUSE

With a tradition of delivering excellence that stretches back over 200 years, the Heubach name is synonymous with innovation, attention to customer needs and reliability in creating colors. The legacy Clariant Pigments business can look back on a similarly strong tradition and experience. Bringing together two of the most innovative color companies in history, we combine strengths to create a leading global supplier of comprehensive color solutions.

The Legacy Beyond Two Centuries



Key Business Metrics

Trusted Customers

in over 100 Countries

4,000+

Total Workforce

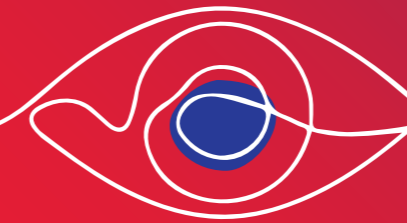
3,000+

Products

2,000+

Technical Centers

10

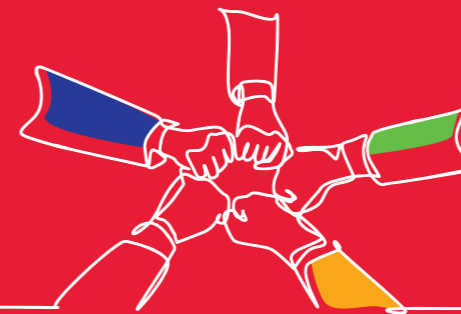
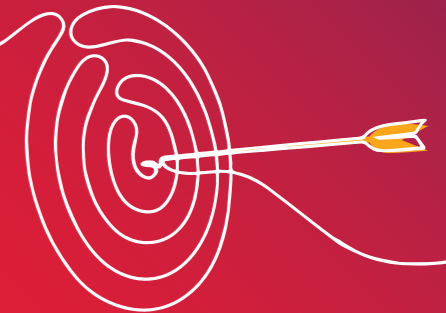


Our Vision

Heubach shapes colors to create a brighter world. We passionately join our customers delivering on their business and sustainability ambitions. We enhance lives through colors.

Our Mission

Heubach develops, produces and markets specialty color solutions. Our extensive professional experience, scientific approach and customer intimacy drives change in the industry and end-markets. We are committed to the highest standards of integrity and quality towards people, the environment and our shareholders.



Our Values

- Safety
- Sustainability (People/Planet/Profit)
- Compliance

Strategic Focus on Customer Value Creation



HEUBACH 3X – All Colors are Green



Growth



Green Innovation



Efficiency



Peace of Mind

MD'S COMMUNIQUE



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 pigment 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. Our sustainable practices are holistic.

Dear Stakeholders,

I hope this letter finds you in good health and spirits. I am pleased to share the 'state of the union' Heubach Colorants India Ltd (HCIL) during FY 2022-23. HCIL is a leader in the colorant industry with a long and proud history.

HCIL operates in a dynamic environment with challenges and opportunities. We are committed to creating a better tomorrow, and we do that by providing peace of mind to our customers and by focusing on bringing more and more sustainable products to them and via them to the end consumers.

Our strategy is built on **growth, efficiency, green innovation, and peace of mind.**

Let me share some progress/reflections on each of them.

Green Innovation

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 pigment 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. Our sustainable practices are holistic, and an example of how we walk the talk is the investments we have made to enhance the use of renewable energy at our manufacturing sites.

Our ethos embodies sustainability, exemplified by the 7.5 MWp Offsite Solar Power Plant in Roha, operational since May 2023, meeting 55% of power demands and reducing CO₂ emissions. This initiative fulfills 75% of energy needs from renewables. Furthering our commitment, the Hybrid Power Project in Cuddalore blends wind and solar for

60% power fulfillment by Nov 2023, fortifying sustainability and curbing CO₂ emissions. These efforts underline our unwavering integration of sustainability into core operations, making HCIL's actions a dynamic force for environmental commitment.

Efficiency

Our customers demand efficiency in what we do, and we are proud of the immense progress we have made in making our way of working more efficient. The company has seen remarkable progress over the years in making our sites and manufacturing more efficient, ensuring we continue delivering world-class products to our customers.

Peace of Mind

We pride ourselves on being a reliable long-term partner for many stakeholders. These partnerships were possible due to our attention to detail inside the Company and being ever-connected to the needs of our stakeholders outside the Company. We are on a journey to be a partner who gives absolute peace of mind. In the past year, we have improved our supply chain reliability, made strides in quality performance and enhanced our customer service levels. This journey never ends; each year, we strive to improve on this count.

Growth

A consequence of executing the above pillars of our strategy well is growth. The company is laser-focused on the need to deliver robust growth. Amidst a very tough market situation, we continued to work on building a platform for growth that is strong and sustainable.

Vital to our success as a Company is the well-being of our employees. We have taken comprehensive measures to create a safe and conducive working environment underpinned by robust health and safety

protocols. Our employees continue to be proud to be a part of the company, and we continue to communicate frequently with them to make our company better every day.

As I reflect on the past year, the pigment industry faced multiple and unprecedented challenges, including geo-political instability, tapering demand, and uncertain pricing. Despite these headwinds, we demonstrated remarkable resilience by stabilizing margins and sharpening our focus on innovation and sustainability. A key enabler for this has been our employees' unwavering commitment and world-class engagement. In this challenging environment, we have built more robust partnerships with our customers and suppliers. We fortified our innovation pipeline, laying the foundation for a prosperous future. In addition to these milestones, we successfully navigated a change in the majority shareholding of the Company, ensuring a smooth transition.

As I look ahead, I remain optimistic about the future of HCIL. My optimism is based on the fact that we have spent the last year strengthening the foundations of the business. We have reinvigorated our innovation efforts and taken the lead in being a world-class company regarding sustainability.

I extend my heartfelt gratitude to all our shareholders and stakeholders for your support and belief in HCIL. Our collective efforts will continue to shape a colourful and sustainable world.

Warm regards,

Bharath R. Sessa

Managing Director,
Heubach Colorants India Limited

EMBRACING THE NEW IDENTITY OF HEUBACH

Heubach Colorants India Limited (HCIL) is the artistic conjurer in the world of imagination, crafting vibrant colors that paint the tapestry of life. Serving as a masterful artisan, HCIL expertly blends pigments, creating enchanting hues on its palette.

HCIL has redefined the spectrum of colors, embarking on a new journey towards a brighter, sustainable future through innovative product offerings. With a storied history of 65 years, HCIL has perfected the art of color transformation, solidifying its position as an industry leader. Boasting an extensive portfolio spanning organic and inorganic pigments, pigment preparations, and dyes, HCIL caters to diverse applications and a broad customer base through its network of associates.

Awards and Recognitions



Awarded with the **'Sustainability Excellence in Safety in Chemicals'** by FICCI at the Chemicals & Petrochemicals Awards

For the year 2022



CII (Southern Region) - **EHS Excellence award**

For the year 2022



Grow Care Award for **Best Environment Practice**

For the year 2022



Bestowed with the **'Indian Chemical Council Award for Excellence in Environment Management'**

For the year 2022

Highlights FY 2022-23

HCIL is resolute in pursuing sustainable growth across its markets, meeting stakeholders' expectations through focused strategy, efficient cost management, and innovative products. By aligning these factors, the Company strives to capitalize on market prospects, fortify its competitive stance, and sustain its success.



Sales
₹ 76,642 Lakhs

EBITDA
₹ 6,147 Lakhs

Profit After Tax
₹ 1,918 Lakhs

EPS
₹ 8.31

OFFERING A WIDE SPECTRUM OF INNOVATIVE & SUSTAINABLE PRODUCTS

The concept of innovation and sustainability propels the reimagined HCIL, and the Company's commitment to these principles is greatly reflected through its product portfolio. With a vibrant and broad range of offerings, HCIL meets the recent incremental demand from customers for greener alternatives, expanding the horizon of sustainable products. The Company's unwavering dedication to pushing the boundaries of capabilities sets it apart as it continues to shape the future of industries with forward-thinking, eco-conscious products.

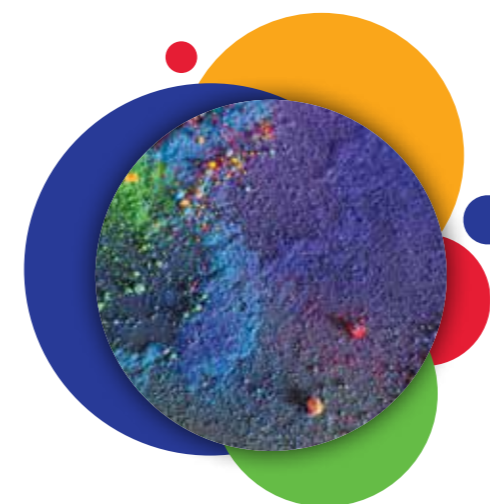
HCIL products have been carefully crafted to cater to diverse industries, including coatings, plastics, printing & digital printing, and special applications, showcasing the Company's commitment to versatility and adaptability. Through extensive research and development, HCIL has honed its product formulations to meet the unique needs of each sector, providing tailored solutions that excel in performance and sustainability.

Products of HCIL

- **Organic Pigments:** A diverse range of colorful compounds derived from organic sources, offering vibrant hues for various applications
- **Inorganic Pigments:** Inorganic mineral-based pigments, renowned for their durability and lightfastness, enriching surfaces with lasting and stable colors
- **Pigment Preparations:** Carefully formulated pigment blends designed for convenience and ease of use, simplifying color integration in various products
- **Dyes:** Versatile colorants with high solubility, ideal for dyeing and tinting a wide range of materials, from textiles to plastics



Key Differentiators



Organic Pigments

- **High Chroma:** Brilliant chromatic intensity, creating vivid and eye catching colors
- **High Color Strength:** Exceptional color potency allowing efficient coloration while requiring less quantity for impressive results
- **Large Coverage of Color Space:** With a wide spectrum of shades, organic pigments offer extensive possibilities to explore and create a diverse range of colors
- **Limited Resistance:** Maintaining balance between color brilliance and adequate suitability for various applications



Inorganic Pigments

- **High Opacity:** Inorganic pigments excel in providing excellent coverage and opacity, making them ideal for applications requiring solid and consistent coloration
- **High Resistance/Fastness Properties:** With outstanding lightfastness and chemical resistance, inorganic pigments offer long lasting color stability, making them suitable for durable and robust applications



Pigment Preparations

- **Pre-dispersed Pigment in Liquid & Solid Form:** Pigment preparations come conveniently pre-mixed and ready to use, available in both liquid and solid forms, streamlining the color integration process
- **Custom Color Blends:** Offering tailored solutions, pigment preparations enable the creation of bespoke color blends, catering to specific preferences and applications
- **Specialized Properties for Specific Use Cases:** Pigment preparations can be formulated with specialized properties, optimizing their performance for particular use cases, ensuring enhanced efficacy and compatibility



Dyes

- **Specialty Dyes:** Dyes with specialized properties and applications tailored for specific use cases and industries
- **Aluminium Dyes:** Dyes designed specifically for coloring aluminum and related alloys, providing vibrant and durable coloration

End User Industries

Colorants for Special Applications



Home & Personal Care



Agro



Viscose



Latex



Leather



Stationery

Colorants for Coatings



Automotive



Architectural



Wood



Industrial



Glass



POS

Colorants for Printing and NIP



Inkjet



SOHO



Security Inks



Packaging



Publication



Toner

Colorants for Plastics



Packaging



Fiber & Filament



Footwear



Wires & Cables



Compounding



Processors

BALANCING SUSTAINABILITY AND PERFORMANCE

BY RESHAPING THE FUTURE

As environmental consciousness continues to permeate consumer preferences and decisions, there is a growing demand for products made from sustainable and eco-friendly materials. This prevailing shift significantly shapes the Company's pursuits in creating new products and innovative and pioneering technologies.

Sustainability Endeavors are Guided by Three Strategic Priorities



Integrating Green Chemistry

Responsible use of natural resources and commitment to meeting the needs of the planet



- The Company emphasizes the significance of sustainable chemistry, which involves designing products and processes to reduce or eliminate hazardous substances and minimize environmental impacts while promoting economic growth
- The Company adheres to the twelve principles of 'Green Chemistry' in its pursuit of sustainable chemistry, which include:
 - Prevention
 - Atom economy
 - Less hazardous chemical syntheses
 - Designing safer products
 - Employing safer solvents and auxiliaries
 - Promoting energy efficiency in design
 - Utilizing renewable stocks
 - Reducing derivatives
 - Leveraging catalysis
 - Designing for degradation
 - Implementing real-time analysis for pollution prevention
 - Adopting inherently safer chemistry practices

Environmental Sustainability in Process

HCIL's focus is to become the partner of choice for industry leading sustainable products

- Prioritize safe handling of pigments and pigment preparations, exceeding national and international regulations when needed
- Continuous improvement of the existing high safety & environmental standards of our products and processes in the interest of customers and employees
- Production sites certified by all respective ISO standards (9001, 14001, 45001)
- Dedicate efforts to reduce carbon footprints, actively contributing to sustainability goals
- Implement renewable energy sources in production and office areas to support eco-friendly practices

- Adopt biofuel usage for boilers, effectively generating steam for production while reducing environmental impact
- Enforce stringent control measures on hazardous heavy metals and PCB content in pigments, with regular monitoring for safety compliance



Environmental Sustainability in Products

Contributing to a circular economy with a state-of-the-art product portfolio



- Innovating pigments for NTK packaging inks, replacing hazardous solvents like Toluene and Methyl Ethyl Ketone, prioritizing safety and sustainability
- Offering high color strength, stable, and superior-quality pigments, contributing to resource conservation efforts
- Pioneering eco-conscious practices, providing zinc-free alternatives for over a decade, with a comprehensive range of zinc-free orthophosphates and polyphosphates for exceptional protection in diverse applications
- Ensuring adherence to stringent environmental standards, offering organic pigments for coloration of biodegradable polymers such as PLA, PHA/PBS, and PBAT, compliant with EN 13432 guidelines when used below the maximum concentration in the final plastic application
- HCIL's black colorants allow the identification of polymer by the Near-Infrared technology sorting devices. Thus offering a solution for recycling black plastic
- Offer products from PV Fast and Graphtol ranges with OK compost INDUSTRIAL labels for compostable packaging in industrial composting plants
- Promote sustainable solutions like biodegradable, OK Compost alternatives, and recyclable colorants for environmental protection

Environmental Sustainability in Plants

Placing sustainability at the core of the business while driving innovation

- Installed a 7.5 MWp Offsite Solar Power Plant at Roha site, fulfilling 55% of electrical power demand with solar energy, achieving a remarkable 75% of total energy demand from renewable sources
- Advancing the Cuddalore site's sustainability with a Hybrid Power Plant project, combining Wind and Solar sources, set to deliver renewable energy by November 2023, fulfilling 60% of power requirements, reducing CO₂ emissions
- Converted all Spin Flash Dryers at Cuddalore site from Diesel to LPG fuel, demonstrating strong commitment to green energy initiatives, significantly reducing CO₂ emissions in plant operations



FOSTERING REACH & RELIABILITY IN OUR OPERATIONS

With a wide range of top-notch products, the Company is proud of its advanced logistics abilities, designed to fulfil all customer goals.



Cost and Efficiency

Achieving enhanced cost optimization and efficiency through streamlined processes, minimized air freight, reduced detention and demurrage, comprehensive RFQ roll out for all logistics activities, and optimal utilization of Government schemes like duty drawback and Rodtep



Customer Service

Distinguished by its commitment to exceptional customer service, the Company sets itself apart by consistently delivering personalized and top-tier assistance to meet and exceed customer expectations



Safety

Dedicated to upholding safety, the Company prioritizes strict adherence to the Company's policies, fostering secure environments for all individuals, actively engaging in awareness & reporting activities, and ensuring warehouse spaces are optimized for safety at all times



Asset Utilization

The Company optimizes asset utilization for greater operational efficiency through strategically pooling materials for both import and domestic dispatches, coupled with its focus on maximizing fleet utilization



Sustainable Operations

Embracing sustainability, the Company drives operational changes in its warehouses by embracing green energy solutions, optimizing energy consumption and packaging efficiency, transitioning to eco-friendly vehicles whenever possible, and minimizing carbon footprint through localized raw material sourcing

Capabilities

- 

Sophisticated and multi-faceted logistics solutions
- 

Broad portfolio of high-quality products
- 

3 production sites
- 

Applications expertise for diverse customer requirements
- 

Specialized technology for efficient operations

Operational Highlights FY 2022-23

- ### Automation
- Operated all production plants in Roha and Cuddalore on DCS (Distributed Control System)
 - Automated most liquid handling processes in the plants
 - Implemented MES (Manufacturing Execution System) in both Roha and Cuddalore plants, granting access to OEE (Overall Equipment Effectiveness), UEE (Unit Equipment Efficiency), and other operation parameters
 - Equipped Roha warehouse with WMS (Warehouse Management System)
 - Auto Power packing machine for Roha

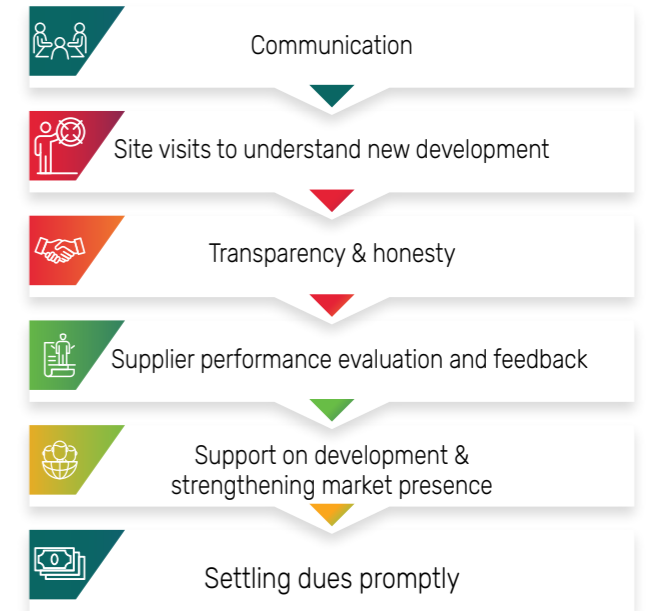
- ### Safety Highlights
- Achieved ZERO LTAR (Lost Time Accident Rate) in Roha, Cuddalore, and Nagda

- ### Localization and Supply Chain Excellence
- Strategic localization of supply chains for efficient and reliable partnerships
 - Swift response to customer demands despite supply chain disruptions
 - Manufacturing footprint strengthens support for businesses

Strategic Supplier Management

Embodies a systematic and proactive approach, where the careful selection, development, and collaborative engagement with key suppliers pave the way for achieving long-term value, mitigating risks, and elevating overall business performance.

Strengthening Relation with Suppliers through



Safe Handling: A Top Priority

The Company upholds industry-leading standards and benchmarking across all facilities, ensuring high-quality materials for demanding production environments. It prioritizes the safe handling of its pigments and pigment preparations, exceeding compliance expectations when necessary.

With comprehensive logistics capabilities, the Company empowers exports with excellence, delivering high-quality products efficiently and responsibly. As the pigment industry evolves, the Company stands poised to lead as a reliable, innovative, and sustainable force in the market.

Mega Trends: A Reliable, Innovative, and Sustainable Leader

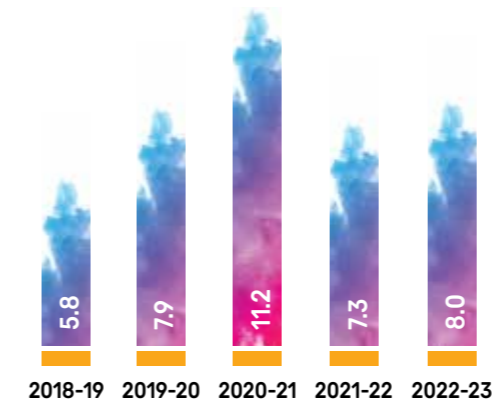
The Company envisions being a reliable, innovative, and sustainable leader in the pigment industry and leading the transformation in the sector. Thus, pushing the business to achieve:

- Stabilized margins achieved through robust cost management
- Nurtured enduring relationships with customers, fostering growth in sales

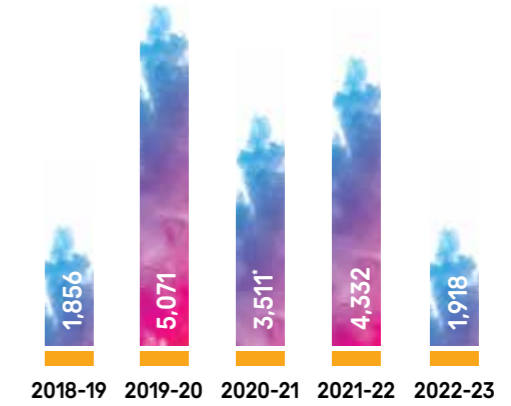
ACHIEVING EXCELLENCE IN FINANCIAL SUSTAINABILITY THROUGH OUR PERFORMANCE

The Company's financial performance entails the ability to generate consistent, long-term financial returns while actively promoting sustainability principles. It underlines how the Company balances financial growth and responsible business practices, taking into account the impact of its operations on the planet, society, and stakeholders. Achieving sustainable financial performance involves sound risk management, responsible resource allocation, and aligning business strategies with sustainability goals to ensure resilience, competitiveness, and positive contributions to the planet's and society's well-being.

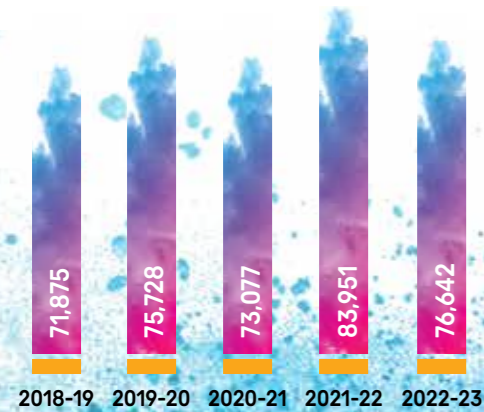
EBIDTA Margin (%)*



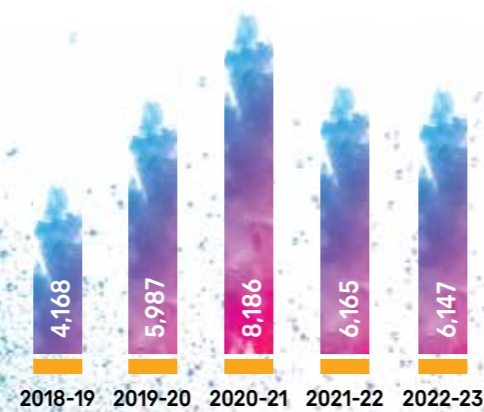
Profit after Tax (₹ in Lakhs)



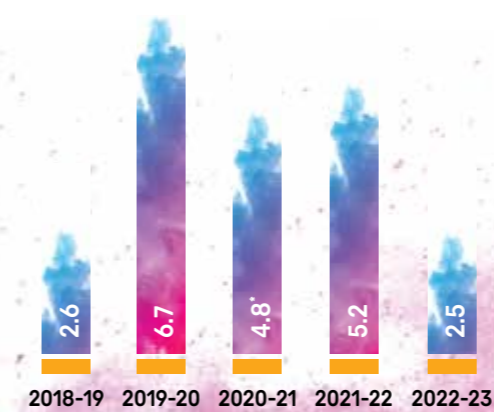
Revenue from operations (₹ in Lakhs)



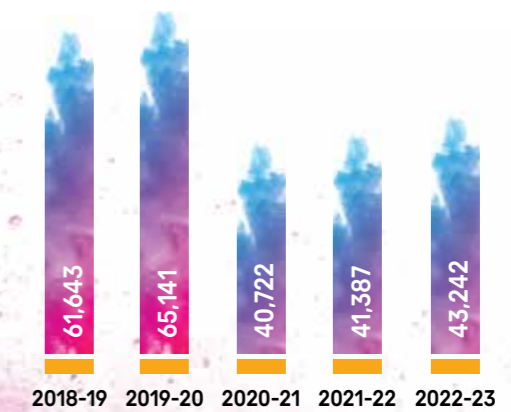
EBIDTA (₹ in Lakhs)*



PAT Margin (%)



Net worth (₹ in Lakhs)



*Excluding exceptional items



NURTURING GROWTH THROUGH OUR HUMAN RESOURCE INITIATIVES

The Company places significant emphasis on employee engagement, recognizing its crucial role in fostering a thriving work environment. The Company is committed to creating a positive and inclusive culture, offering ample growth opportunities, and acknowledging employee efforts. By promoting emotional commitment and dedication among its

Employee Engagement

Given paramount importance, employee engagement is a pre-requisite for creating good ideas and helping the business grow. The HR team focuses on nurturing talent and supports the growth of leadership skills. Online tools facilitate easy communication while ensuring the team's performance is in alignment with the Company's objectives. All in all, employee engagement is the constant guide that helps bring out the best in everyone.

Training and Development

Employee development and growth is immensely prioritized. Right from onboarding to specialized technical training, the Company uses modern methods like workshops, e-learning, and certifications to keep its workforce updated. The Company chalks out personalized development plans, and pays close attention to mentoring and job rotations to nurture talent within. Thus helping high-performing employees improve and progress in their roles. Regular performance assessments and feedback sessions are conducted to encourage employees' growth journey. By actively investing towards the development of its employees, the Company is building a skilled and motivated workforce poised to drive future success.

Total Employee Strength as on March 31, 2023

494

workforce, the Company cultivates a motivated and productive team that actively contributes to its success.

Performance Management

The Company fosters continuous growth and creativity by turning strategic business goals into everyday practices. The Performance Management Cycle commences with goal alignment between employees and their line managers, ensuring SMART (Specific, Measurable, Attainable, Relevant, Timely) objectives. The Company has deployed digital tools like SAP SuccessFactors, Automated Leave Management, and ADP Payroll help streamline the Company's operations while also enhancing employees' learning experience. HCIL also has communication and digital skills programs, including effective listening, Excel, and SAP training, to further contribute to holistic employee growth.

Employee Health and Safety

The Company places a high priority on the well-being and safety of its employees. It upholds a secure and healthy work environment, complying industry standards and regulations to minimize workplace risks. The Company organizes regular training and awareness sessions to equip its employees to prioritize safety in their daily tasks and takes proactive measures, such as safety inspections and risk assessments, to prevent accidents. It has also established Emergency Response Teams for prompt action in unforeseen situations. The Company's Safety First culture fosters collective responsibility, enhancing employee morale, productivity, and satisfaction. HCIL is committed to continuous improvement, upholding the highest employee health and safety standards, and recognizing its people as the most valuable asset.

Diversity and Inclusion

The Company embraces diversity in all its forms – gender, ethnicity, age, and background. It supports its employees to embrace and express their true selves, respecting every viewpoint and perspective. This invaluable diversity enriches the Company's talent pool, becoming a wellspring of innovation and boundless creativity. The Company is dedicated to providing equal opportunities to everyone and sees diversity as a significant asset. HCIL is devoted to establishing strong partnerships with a wide range of suppliers, partners, and stakeholders.



EMPOWERING SOCIETAL PROGRESS THROUGH SOCIAL COMMITMENTS

The Company strives to contribute to the society in which it operates, aiming not only for community development but also for a thoughtful consideration of related CSR aspects. HCIL's CSR strategy has been built upon three fundamental pillars, all of which play a role in fulfilling the Company's mission of fostering a positive societal impact.

Goodwill

- Collaborating with local organizations to co-create impactful CSR projects, ensuring collective efforts for greater results
- Promoting employee engagement by encouraging volunteering opportunities for all employees

Compliance

- Formulating a robust CSR policy and process in alignment with the new Heubach organization's focus on ethical behavior and risk management
- Prioritizing reporting and transparency to stakeholders, ensuring clarity and accountability in all CSR initiatives
- Upholding fairness in action and adherence to compliance standards, reinforcing trust and credibility

Impact

- Focusing on medium-term goals to bring about tangible change and impactful outcomes for the target group
- Building strong rapport with government agencies such as PCB, IDC, and factory officers to collaborate effectively on CSR projects
- Reinforcing the core values of innovation and sustainable business, aligning internal and external stakeholders towards a common vision

Contribution across Four Categories

- Projects with medium-term impact
- Projects run by local government bodies
- Local community development
- Funds reserved for disaster management

Community Development

As part of its Corporate Social Responsibility (CSR) initiatives, the Company actively engages in community development projects to uplift and empower the people residing in its operating regions. With a focus on education, healthcare, and environmental sustainability, HCIL strives to make a meaningful impact on the lives of individuals. By collaborating with local organizations and stakeholders, HCIL implements various programs to enhance educational infrastructure, provide access to quality healthcare facilities, and promote environmental conservation.

Community Development Initiatives across

Education & Infrastructure

At Nagda

- Painted Badla School building
- Supported medical students with academic books and medical apparatus
- Repaired school toilets and provided wooden seating benches for Uchahaida and Runkeda School



HP desktops with Table to BCI school

Nagda



- Supplied HP desktop computers with tables to BCI School
- Repaired and replaced damaged tiles in classrooms at Bhadla Village School

At Roha

- Provided notebooks, registers, and infrastructural equipment to local ZP schools and J. M. Rathi English School
- Handed over desktops and printers to Raigad Zilla Parishad Dhoklewadi Primary School and Surajya Samajik Pratishthan (NGO)
- Developed science laboratories for various educational institutions and facilitated the construction of classrooms
- Supported M. B. More Foundation's Women College with desktop computers

At Cuddalore

- Distributed notebooks to students at Sothikuppam Middle School and Evening Learning Center
- Constructed toilets at Kanganankuppam Government Primary School
- Developed playgrounds with sports materials in various schools
- Supported evening learning center for students in Karaikadu village

Livelihood

- Set up sewing machine learning centers in Cuddalore
- Distributed domestic flour mills to enhance local livelihood support at Roha
- Distributed sewing machines to empower women in different villages in Roha

Healthcare

- Provided a Digital Dental X-ray machine to Annamalai University in Cuddalore

Sustainability – Planet

- Conducted tree plantation drives in Roha
- Distributed cloth bags to promote cloth bag usage over polythene bags in Cuddalore



Domestic flour mill distribution to local women

Janani Majur Sahakari Sanstha, Roha



Distribution of notebooks to students

Cuddalore



Handover of laboratory chemicals & equipment

Kolad High School & Junior College, Roha



Distributing reusable water bottle for drinking water usage to public

Cuddalore



Handover of playing equipment to R Z P School

Gaothan Dhamansai



Handover of Student Benches to Diamond English School

Roha

CORPORATE INFORMATION

Board Of Directors



Mr. Ravi Kapoor

Non-Executive Chairman



Mr. Bharath Sesha

Managing Director



Mr. Kewal Handa

Independent Director



Mr. Sunirmal Talukdar

Independent Director



Dr. (Mrs.) Indu Shahani

Independent Director



Mr. Jugal Sahu

Executive Director and
Chief Financial Officer

CHIEF FINANCIAL OFFICER

Mr. Jugal Sahu

COMPANY SECRETARY

Ms. Ameer Joshi

AUDITORS

MSKA & Associates

BANKERS

Citibank N.A.
Standard Chartered Bank

REGISTRAR & TRANSFER AGENTS

Link Intime India Private Limited
C-101, 247 Park, L. B. S. Marg, Vikhroli (West)
Mumbai - 400 083, Maharashtra
Phone: +91 22 4918 6000
Email: rnt.helpdesk@linkintime.co.in

REGISTERED OFFICE

Rupa Renaissance, B Wing, 25th Floor
D-33, MIDC Road, TTC Industrial Area
Juinagar, Navi Mumbai - 400 705, India
Phone: (+91) 22 20874406
Email: investor.relations_india@heubach.com

WORKS

Roha Site
113/114, M.I.D.C. Industrial Area
A.V.P.O. Dhatav, Taluka Roha
District Raigad - 402 116, Maharashtra

Nagda Site
Plot/Phase No. 378/2/2
Durgapura Colony Road, Birlagram
Nagda - 456 331, Madhya Pradesh

Cuddalore Site
Kudikadu, SIPCOT Post
Cuddalore - 607 005, Tamil Nadu



Notice

NOTICE is hereby given that the **Sixty Sixth Annual General Meeting** of the Company will be held at 4:00 p.m. on Tuesday, September 26, 2023 through Video Conferencing ('VC') / Other Audio-Visual Means ('OAVM'), to transact the following business:

ORDINARY BUSINESS:

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 (DIN: 01761752) who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

3. To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), M/s. RA & Co., Cost Accountants, appointed as Cost Auditors for the Financial year 2023-24 to conduct audit of Cost Accounts of the Company be hereby paid the Fees of ₹ 3 Lakhs plus service tax and reimbursement of out-of-pocket expenses at actuals."

For and on Behalf of the Board

Amee Joshi

Company Secretary

ACS 22502

Date: July 25, 2023

Registered Office:

Heubach Colorants India Limited
Rupa Renaissance, B Wing, 25th Floor
D-33, MIDC Road, TTC Industrial Area
Juinagar, Navi Mumbai 400705 India

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 3

The Board of Directors, on the recommendation of Audit Committee, considered and approved re-appointment of M/s. RA & Co., Cost Accountants, for the conduct of the audit of the cost records of the Company for the Financial year 2023-24, at a remuneration of ₹ 3 Lakhs per annum exclusive of service tax and out of pocket expenses, to be reimbursed at actuals.

In pursuance of Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors is required to be ratified by the Shareholders.

The Board recommends the passing of resolution as set out at Item no. 3 as an Ordinary Resolution.

None of Directors, Key Managerial Personnel and/or their relatives, are interested and/or concerned in passing of the said resolution.

For and on Behalf of the Board

Amee Joshi

Company Secretary

ACS 22502

Date: July 25, 2023

Registered Office:

Heubach Colorants India Limited
Rupa Renaissance, B Wing, 25th Floor
D-33, MIDC Road, TTC Industrial Area
Juinagar, Navi Mumbai 400705 India

Notice (Contd.)

NOTES:

1. The Ministry of Corporate Affairs ("MCA") has vide General Circular No. 10/2022 dated December 28, 2022 read with General Circular No. 20/2020 dated May 05, 2020, General Circular No. 14/2020 dated April 08, 2020, General Circular No. 17/2020 dated April 13, 2020, and other circulars issued in this regard ("MCA Circulars") and the Securities and Exchange Board of India ("SEBI") has vide its Circular No. SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 05, 2023 read with Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, Circular No. SEBI/HO/CFD/CMD2/CIRP/P/2022/62 dated May 13, 2022 and other circulars issued in this regard ("SEBI Circulars") (collectively referred to as "Circulars"), permitted companies to conduct their Annual General Meeting through Video Conferencing (VC) or Other Audio-Visual Means (OAVM) without the physical presence of Members at a common venue till September 30, 2023. In accordance with the Circulars and in compliance with the provisions of the Companies Act, 2013 ("Act") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the 66th Annual General Meeting ("AGM") of the Company is being conducted through VC/OAVM.
2. The explanatory statement pursuant to Section 102 of the Companies Act, 2013 for the business set out under Item No. 3 is annexed to the Notice.
3. Pursuant to the provisions of the Companies Act, 2013, a member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote thereat instead of himself, on a poll. However, this AGM is being held, pursuant to the Circulars, through VC/ OAVM, the physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
4. Institutional/Corporate Shareholders (i.e., other than individuals/HUF, NRI, etc.) are required to send a scanned copy (PDF/JPEG Format) of its Board Resolution or governing body Resolution/Authorization etc., authorizing its representative to attend the Annual General Meeting through VC/OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer and to the Company by email at investor.relations_india@heubach.com and to the Registrar and Transfer Agents at rnt.helpdesk@linkintime.co.in.
5. In case of joint holders participating at the AGM together, only such joint holder whose name appears higher in the order of names will be entitled to vote.
6. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, September 20, 2023 to Tuesday, September 26, 2023 (Both Days Inclusive).
7. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts or Arrangements in which Directors are interested under Section 189 of the Act and any other documents referred to in the accompanying Notice and Explanatory Statement, shall be made available for inspection electronically by the Members in accordance with the applicable statutory requirements based on the requests received by the Company at investor.relations_india@heubach.com. Additionally, such documents shall be made available for inspection at the registered office of the Company during business hours on all working days except Saturdays and Sundays upto the date of the AGM.
8. The details of Director seeking reappointment at this Annual General Meeting, as required under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings issued by The Institute of Company Secretaries of India, is annexed hereto.
9. The amount outstanding in the unpaid dividend accounts in respect of any Dividend declared earlier by the Company will be transferred to Investor and Education Protection Fund (IEPF) after completion of 7 years. Members who have still not claimed/ encashed their dividends are requested to claim/ encash the same at the earliest.
10. As per Regulation 40 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, securities of listed Companies can be transferred, transmitted or transposed only in dematerialized form. In view of this and to eliminate all risks associated with physical shares, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrar and Transfer Agents, Link Intime India Private Limited for assistance in this regard.
11. Members desirous of getting any information about the accounts and operations of the Company are requested to send their query to investor.relations_india@heubach.com on or before September 16, 2023.

Notice (Contd.)

12. Members are requested to register their E-mail address with the Company/Registrar & Transfer Agents so as to receive Annual Report and other communication electronically.
13. In compliance with the aforesaid MCA Circular and circular issued by SEBI dated May 13, 2022 and January 05, 2023, Notice of the Annual General Meeting along with the Annual Report for the FY 2022-23 is being sent only by electronic mode to those Members whose email addresses are registered with the Company/Depositories. Members may note that the Notice of Annual General Meeting and Annual Report for the FY 2022-23 will also be available on the Company's website www.heubach.com; websites of the Stock Exchanges i.e. National Stock Exchange of India Limited and BSE Limited at www.nseindia.com and www.bseindia.com, respectively, and on the website of Link Intime India Private Limited at <https://instavote.linkintime.co.in/>.
14. Members can attend and participate in the Annual General Meeting through VC/OAVM facility only. Members attending the meeting through VC/OAVM shall be counted for the purposes of reckoning the quorum under Section 103 of the Companies Act, 2013.
15. **Since the AGM will be held through VC/OAVM, the route map is not annexed to this Notice.**
16. Members may note that as per SEBI Circular No. SEBI/HO/MIRSD/MIRSDPoD1/P/CIR/2023/37 dated March 16, 2023, it is mandatory for all holders of physical securities in listed entities to update PAN, Address, Email ID, Bank account details (KYC details) and Nomination details of shareholders, who have not updated the same, with the Registrar and Share Transfer Agent (RTA). Henceforth, the Company's RTA, Link Intime will attend to all service requests of the shareholders with respect to transmission, dividend, etc., only after updating the above details in the records. If the KYC details are not updated in the folio on or before September 30, 2023, such folios shall be frozen by the RTA with effect from October 01, 2023, as per the above SEBI circular. As and when there is a change in your e-mail address, you are requested to update the same with your Depository Participant, in case of shares held in demat mode, or with the Company/ RTA, for shares held in physical mode.
17. **VOTING THROUGH ELECTRONIC MEANS:**
- a) Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI Listing Regulations and the aforementioned Circulars,

the Company is providing the facility of remote e-Voting to its members in respect of the business to be transacted at the AGM.

For this purpose, the Company has entered into an agreement with Link Intime India Private Limited for facilitating voting through electronic means, as the authorised agency. The facility of casting votes by a member using remote e-Voting system as well as voting on the date of the AGM will be provided by Link Intime.

- b) The members, whose names appear in the Register of Members/ Beneficial Owners as on September 19, 2023, are entitled to vote on the resolutions set forth in this notice. A person who is not a member as on the cutoff date should treat this notice of AGM for information purpose only.
- c) The remote e-Voting period begins on September 23, 2023 at 9:00 AM and ends on September 25, 2023 at 5:00 PM. The remote e-Voting module shall be disabled by Link Intime for voting thereafter.
- Members, whose names appear in the Register of Members / Beneficial Owners as on the cut-off date i.e., September 19, 2023 may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date.
- d) In addition, the facility for voting through electronic voting system will also be made available during the AGM. Members attending the AGM, who have not casted their vote by remote e-Voting, will be eligible to cast their vote through e-Voting during the AGM.
- Members who have voted through remote e-Voting will be eligible to attend the AGM, however, they will not be eligible to vote at the meeting. Members holding shares in physical form are requested to access the remote e-Voting facility provided by the Company through Link Intime e-Voting system.

18. Instructions for e-voting and joining the AGM are as follows:

REMOTE E-VOTING INSTRUCTIONS FOR SHAREHOLDERS:

Shareholders are advised to update their Mobile No. and email address in their Demat Accounts to access eVoting facility.

As per SEBI circular dated December 09, 2020, individual shareholding holding securities in demat mode can register directly with the depository or will have the option of accessing various ESP Portals directly from their demat accounts.

Notice (Contd.)

Login method for Individual shareholders holding securities in demat mode is given below:

A. INSTRUCTIONS FOR VOTING THROUGH ELECTRONIC MEANS

| Type of Shareholders | Login Method |
|--|--|
| Individual Shareholders holding securities in demat mode with NSDL: | <ul style="list-style-type: none"> Existing IDeAS user can visit the e-Services website of NSDL viz. https://eservices.nsdl.com either on a personal computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name i.e. LINKINTIME and you will be re-directed to "InstaVote" website for casting your vote during the remote e-Voting period. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com Select "Register Online for IDeAS Portal" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a personal computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen-digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name i.e. LINKINTIME and you will be redirected to "InstaVote" website for casting your vote during the remote e-Voting period. |
| Individual Shareholders holding securities in demat mode with CDSL: | <ul style="list-style-type: none"> Existing users who have opted for Easi / Easiest, can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. After successful login of Easi/Easiest the user will be able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. LINKINTIME. Click on LINKINTIME and you will be redirected to "InstaVote" website for casting your vote during the remote e-Voting period. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration. Alternatively, the user can directly access e-Voting page by providing demat account number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. LINKINTIME. Click on LINKINTIME and you will be redirected to "InstaVote" website for casting your vote during the remote e-Voting period. |
| Individual Shareholders (holding securities in demat mode) may login through their depository participants: | <ul style="list-style-type: none"> You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name i.e. LINKINTIME and you will be redirected to "InstaVote" website for casting your vote during the remote e-Voting period. |

Notice (Contd.)

| Type of Shareholders | Login Method |
|--|--|
| Login method for Individual shareholders holding securities in physical form/ Non-Individual Shareholders holding securities in demat mode: | <p>Individual Shareholders of the Company, holding shares in physical form / Non-Individual Shareholders holding securities in demat mode as on the cut-off date for e-voting may register for e-Voting facility of Link Intime as under:</p> <ol style="list-style-type: none"> Open the internet browser and launch the URL: https://instavote.linkintime.co.in Click on "Sign Up" under 'SHARE HOLDER' tab and register with your following details: - <ol style="list-style-type: none"> User ID: Shareholders holding shares in physical form shall provide Event No + Folio Number registered with the Company. Shareholders holding shares in NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID; Shareholders holding shares in CDSL demat account shall provide 16 Digit Beneficiary ID. PAN: Enter your 10-digit Permanent Account Number (PAN) (Shareholders who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable. DOB/DOI: Enter the Date of Birth (DOB) / Date of Incorporation (DOI) (As recorded with your DP / Company - in DD/MM/YYYY format) Bank Account Number: Enter your Bank Account Number (last four digits), as recorded with your DP/Company. *Shareholders holding shares in physical form but have not recorded 'C' and 'D', shall provide their Folio number in 'D' above *Shareholders holding shares in NSDL form, shall provide 'D' above <ul style="list-style-type: none"> Set the password of your choice (The password should contain minimum 8 characters, at least one special Character (@!#\$%&*), at least one numeral, at least one alphabet and at least one capital letter). Click "confirm" (Your password is now generated). Click on 'Login' under 'SHARE HOLDER' tab. Enter your User ID, Password and Image Verification (CAPTCHA) Code and click on 'Submit'. |
| Cast your vote electronically: | <ol style="list-style-type: none"> After successful login, you will be able to see the notification for e-voting. Select 'View' icon. E-voting page will appear. Refer the Resolution description and cast your vote by selecting your desired option 'Favour / Against' (If you wish to view the entire Resolution details, click on the 'View Resolution' file link). After selecting the desired option i.e. Favour / Against, click on 'Submit'. A confirmation box will be displayed. If you wish to confirm your vote, click on 'Yes', else to change your vote, click on 'No' and accordingly modify your vote. |
| Guidelines for Institutional shareholders: | <p>Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on the e-voting system of LIPL at https://instavote.linkintime.co.in and register themselves as 'Custodian / Mutual Fund / Corporate Body'.</p> <p>They are also required to upload a scanned certified true copy of the board resolution /authority letter/power of attorney etc. together with attested specimen signature of the duly authorized representative(s) in PDF format in the 'Custodian / Mutual Fund / Corporate Body' login for the Scrutinizer to verify the same.</p> |

Notice (Contd.)

In case you have forgotten the Password

| Type of shareholders | Method for retrieving the password |
|---|--|
| Individual Shareholders holding securities in Physical mode has forgotten the password: | <p>If an Individual Shareholders holding securities in Physical mode has forgotten the USER ID [Login ID] or Password or both then the shareholder can use the "Forgot Password" option available on the e-Voting website of Link Intime: https://instavote.linkintime.co.in</p> <ul style="list-style-type: none"> Click on 'Login' under 'SHARE HOLDER' tab and further Click 'forgot password?' Enter User ID, select Mode and Enter Image Verification code (CAPTCHA). Click on "SUBMIT". <p><i>In case shareholders is having valid email address, Password will be sent to his / her registered e-mail address. Shareholders can set the password of his/her choice by providing the information about the particulars of the Security Question and Answer, PAN, DOB/DOI, Bank Account Number (last four digits) etc. as mentioned above. The password should contain minimum 8 characters, at least one special character (@!#\$%&*), at least one numeral, at least one alphabet and at least one capital letter.</i></p> <p>User ID for Shareholders holding shares in Physical Form (i.e. Share Certificate): Your User ID is Event No + Folio Number registered with the Company.</p> |
| Individual Shareholders holding securities in demat mode with NSDL/ CDSL has forgotten the password: | <p>Shareholders who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned depository/ depository participants website.</p> <ul style="list-style-type: none"> It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. For shareholders/ members holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice. During the voting period, shareholders/ members can login any number of time till they have voted on the resolution(s) for a particular "Event". |

Helpdesk for Individual Shareholders holding securities in demat mode:

Individual Shareholders holding securities in demat mode may contact the respective helpdesk for any technical issues related to login through Depository i.e. NSDL and CDSL.

| Login type | Helpdesk details |
|--|---|
| Individual Shareholders holding securities in demat mode with NSDL | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30 |
| Individual Shareholders holding securities in demat mode with CDSL | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022- 23058542-43. |

Helpdesk for Individual Shareholders holding securities in physical mode/ Institutional shareholders & eVoting service provider is Link Intime:

In case shareholders/ members holding securities in physical mode/ Institutional shareholders have any queries regarding e-Voting, they may refer the **Frequently Asked**

Questions ('FAQs') and InstaVote e-Voting manual available at <https://instavote.linkintime.co.in> under Help section or send an email to enotices@linkintime.co.in

or contact on: -

Tel: 022 - 4918 6000

InstaVote Support Desk

Link Intime India Private Limited

B. INSTRUCTIONS FOR MEMBERS TO ATTEND THE ANNUAL GENERAL MEETING THROUGH INSTAMEET (VC/OAVM) ARE AS UNDER:

- Facility for joining the Annual General Meeting through VC / OAVM shall open 15 minutes before the time scheduled for the Annual General Meeting and shall be kept open till the expiry of 15 minutes after the schedule time on first come first basis.
- Shareholders/Members with >2% shareholding, Promoters, Institutional Investors, Directors, KMPs, Chairpersons of Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Auditors etc. may be allowed to the meeting without restrictions of first come first basis. Participation is restricted upto 1000 members only.
- Shareholders/Members will be provided with the InstaMeet facility wherein they shall register their details and attend the Annual General Meeting as under:

Notice (Contd.)

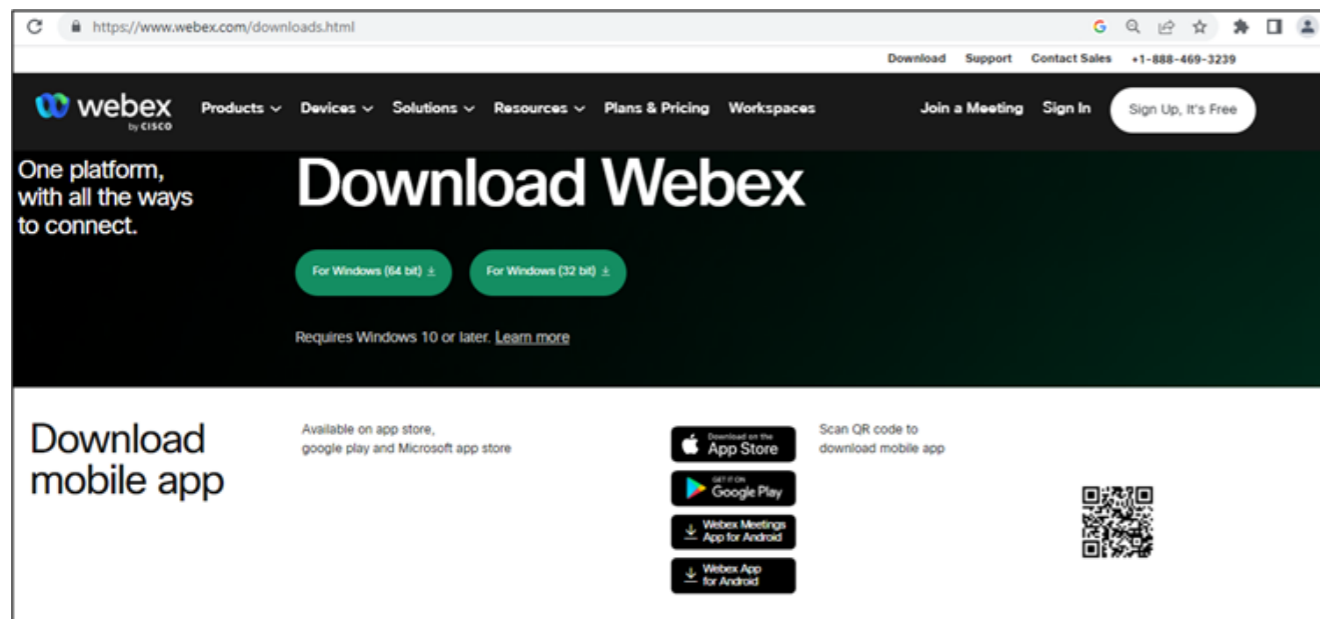
- > Open the internet browser and launch the URL: <https://instameet.linkintime.co.in> and click login
- > Select the **“Company”** and **‘Event Date’** and register with your following details: -
 - a. Demat Account No. or Folio No:** Enter your 16 digit Demat Account No. or Folio No
 - Shareholders/ members holding shares in CDSL demat account shall provide 16 Digit Beneficiary ID
 - Shareholders/ members holding shares in NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID
 - Shareholders/ members holding shares in physical form shall provide Folio Number registered with the Company
 - b. PAN:** Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP) / Company shall use the sequence number provided to you, if applicable.
 - c. Mobile No.:** Enter your mobile number.
 - d. Email ID:** Enter your email id, as recorded with your DP/Company.
- > Click “Go to Meeting” (You are now registered for InstaMeet and your attendance is marked for the meeting).

Please refer the instructions (below) for the software requirements and kindly ensure to install the same on the device which would be used to attend the meeting. Please read the instructions carefully before participating in the meeting. In case you need any assistance, you may call the InstaMeet Support desk on the dedicated numbers provided to you in the instructions/InstaMeet website.

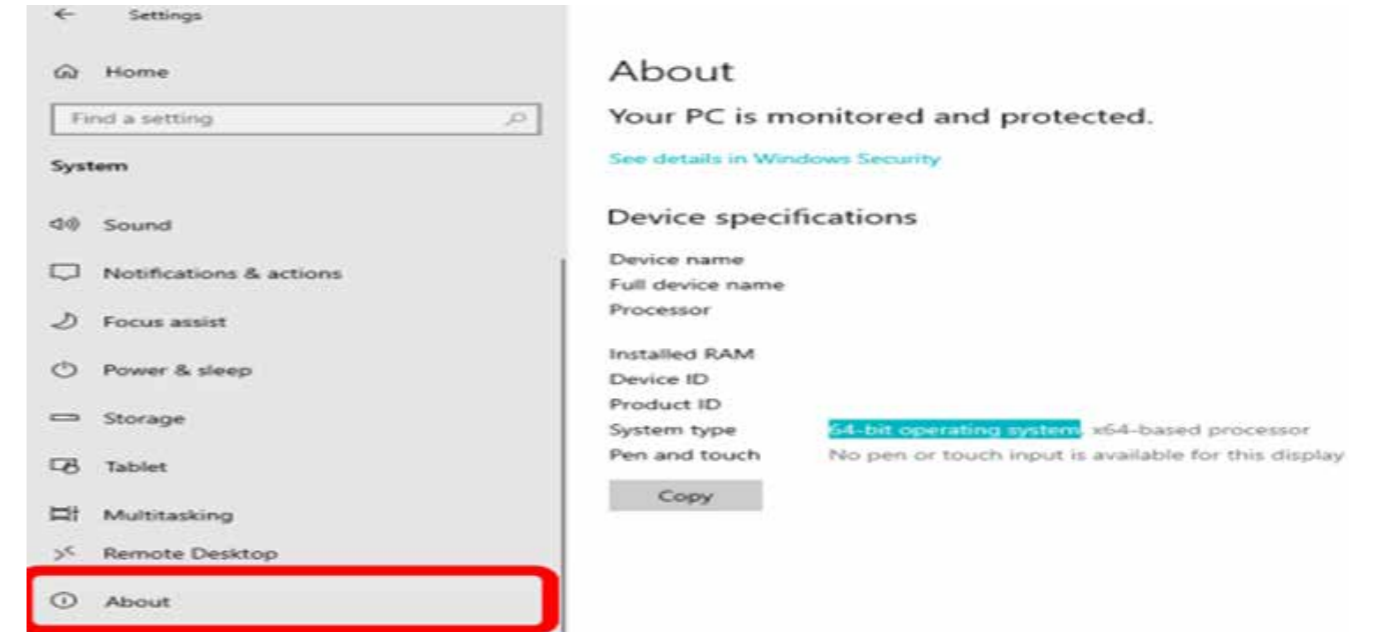
Guidelines to attend the AGM through InstaMEET

For a smooth experience of viewing the AGM through InstaMEET, shareholders/members who are registered as speakers for the event are requested to download and install the Webex application in advance by following the instructions as under:

Please download and install the Webex application by clicking on the link <https://www.webex.com/downloads.html> and following the instructions as below:



Notice (Contd.)



- To check windows configuration i.e. (64 bit or 32 bit) Go to Desktop/PC Device “Setting”, click on “About” to check the system type is 64 bit / 32 bit.
- Install the desktop app to get the full-featured Webex Meetings experience.
- You can still join from your web browser by clicking Join from your browser, If you can’t install apps.
- Checkpoints:

Your microphone and webcam are usually turned off.
You will need to turn both of those on, by clicking on each icon. You will also select use computer for audio.



- Open the internet browser and launch the Meeting URL shared to you. Or Open Webex App and further enter Meeting URL. Enter your name and email address, click “Next” and further click “Join Webinar”.
- Click Join Meeting.

Notice (Contd.)

C. INSTRUCTIONS FOR SHAREHOLDERS / MEMBERS TO SPEAK DURING THE ANNUAL GENERAL MEETING THROUGH INSTAMEET:

- Shareholders who would like to speak during the meeting must register their request mentioning their name, demat account number/folio number, email id, mobile number with the Company at **investor.relations_india@heubach.com** from September 16, 2023 to September 20, 2023.
- The first 15 Speakers on first come basis will only be allowed to express their views during the meeting.
- Shareholders will receive '**speaking serial number**' once they mark attendance for the meeting.
- Other shareholder may ask questions to the panelist, via active chat-board during the meeting.
- Please remember speaking serial number and start your conversation with panelist by switching on video mode and audio of your device.

Shareholders are requested to speak only when moderator of the meeting/ management will announce the name and serial number for speaking.

D. INSTRUCTIONS FOR SHAREHOLDERS/ MEMBERS TO VOTE DURING THE ANNUAL GENERAL MEETING THROUGH INSTAMEET:

Once the electronic voting is activated by the scrutinizer during the meeting, shareholders/ members who have not exercised their vote through the remote e-voting can cast the vote as under:

- On the Shareholders VC page, click on the link for e-Voting "Cast your vote".
- Enter your 16-digit Demat Account No. / Folio No. and OTP (received on the registered mobile number/ registered email Id) received during registration for InstaMEET and click on 'Submit'.
- After successful login, you will see "Resolution Description" and against the same the option "Favour/ Against" for voting.
- Cast your vote by selecting appropriate option i.e. "Favour/Against" as desired. Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour/Against'.
- After selecting the appropriate option i.e. Favour/ Against as desired and you have decided to vote, click on "Save". A confirmation box will be displayed. If you wish to confirm your vote, click on "Confirm", else to change your vote, click on "Back" and accordingly modify your vote.
- Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

Note: Shareholders/ Members, who will be present in the Annual General Meeting through InstaMeet facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting facility during the meeting. Shareholders/ Members who have voted through Remote e-Voting prior to the Annual General Meeting will be eligible to attend/ participate in the Annual General Meeting through InstaMeet. However, they will not be eligible to vote again during the meeting.

Shareholders/ Members are encouraged to join the Meeting through Tablets/ Laptops connected through broadband for better experience.

Shareholders/ Members are required to use Internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the meeting.

Please note that Shareholders/ Members connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspot may experience Audio/Visual loss due to fluctuation in their network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

In case shareholders/ members have any queries regarding login/ e-voting, they may send an email to **instameet@linkintime.co.in** or contact on:-

Tel: 022-49186175

InstaMeet Support Desk

Link Intime India Private Limited

E. OTHER INSTRUCTIONS

- Mr. Bhadresh Shah, Proprietor of Bhadresh Shah & Associates, Practising Company Secretary (CP No. 15957) has been appointed as the Scrutinizer to scrutinize the remote e-voting process as well as the voting during the meeting, to be conducted at the Annual General Meeting, in a fair and transparent manner.
- The Scrutinizer shall within 48 hours of conclusion of the meeting submit a consolidated scrutinizer report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing. The results declared 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**

Notice (Contd.)

PARTICULARS OF DIRECTOR SEEKING RE-APPOINTMENT AT THE ENSUING ANNUAL GENERAL MEETING PURSUANT TO REGULATION 36 OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND SECRETARIAL STANDARDS ON GENERAL MEETINGS ISSUED BY THE INSTITUTE OF COMPANY SECRETARIES OF INDIA

| Name of Director | Mr. Ravi Kapoor |
|--|--|
| Type | Non - Executive Director |
| Date of Birth | February 07, 1961 |
| Date of Appointment | April 23, 2022 |
| Qualification | Graduated from the Mumbai University. |
| No. of Equity Shares held | NIL |
| Expertise in Specific Functional area | Mr. Ravi Kapoor has a rich experience of more than 27 years in setting up and running pigment and specialty chemical business. |
| Directorships held in other Listed Companies | Nil |
| Particulars of Committee Chairmanship/ Membership held in other Listed Companies | Nil |
| Relationship with other Directors inter-se | None |

Note: Only two Committees viz. Audit Committee and Stakeholders' Relationship Committee have been considered.

IMPORTANT DATES AT A GLANCE

| Sr. No. | Particular | Dates |
|---------|--|--|
| 1. | Request for information relating to accounts and operations of the Company | September 16, 2023 |
| 2. | Window for registration as Speaker during the AGM | September 16, 2023 to September 20, 2023 |
| 3. | Cut-Off date for e-voting | September 19, 2023 |
| 4. | Book Closure | September 20, 2023 to September 26, 2023 (Both Days Inclusive) |
| 5. | E-voting period | September 23, 2023 at 9:00 AM to September 25, 2023 5:00 PM |
| 6. | Date of AGM | September 26, 2023 |

Directors' Report

Dear Members,

Your Directors are pleased to present the 66th Annual Report together with the Audited Statement of Accounts for the year ended March 31, 2023.

1. FINANCIAL PERFORMANCE OF THE COMPANY

(₹ in Lakhs)

| Particulars | Year ended March 31, 2023 | Year ended March 31, 2022 |
|--|---------------------------------|---------------------------------|
| Sales | 76,641.66 | 83,951.00 |
| Profit before tax | 4,626.98 | 4,949.53 |
| Exceptional Item | (630.32) | - |
| Less: Tax expenses (Incl. deferred tax) | 2,078.75 | 617.54 |
| Profit after tax | 1,917.91 | 4,331.96 |
| Add : Balance brought forward from previous period | 27,360.53 | 26,317.60 |
| Amount available for appropriation | 29,278.44 | 30,649.59 |
| Appropriations | | |
| Less: Dividend (including interim and final) | - | 3,462.27 |
| Less: Corporate tax on dividend | - | - |
| Add : Other comprehensive income (OCI) / (Loss) | (61.84) | 107.01 |
| Add: Reversal of vested option forfeiture | - | 66.20 |
| Transferred to retained earnings | - | - |
| Balance carried forward to the balance sheet | 29,216.29 | 27,360.53 |

2. REVIEW OF OPERATIONS

The Company's continued operations reported sales for the year ended March 31, 2023 of ₹ 76,641.66 Lakhs as against ₹ 83,951.00 Lakhs for the previous year ended March 31, 2022. The Company recorded a decline in sales by 9% of the total sales revenue for the year under review. 36% is contributed by exports.

3. DIVIDEND

The Board of Directors have not recommended any Dividend for the Financial year ended March 31, 2023.

Pursuant to the requirement of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company have

formulated and adopted Dividend Distribution Policy which is available on the website of the Company at www.heubach.com.

4. CHANGE IN NAME OF THE COMPANY

Consequent to the change in ownership structure of the Company post acquisition by SK Capital and Heubach Group, the Company changed its name from 'Clariant Chemicals (India) Limited' to 'Heubach Colorants India Limited' which was approved by the Registrar of Companies, Mumbai with effect from October 17, 2022.

5. CORPORATE GOVERNANCE, MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT & BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

The Company is committed to compliance standards, ensuring checks and balances between the Board and Management, as well as a sustainable approach to create value for all stakeholders. As stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Report on Corporate Governance, Management Discussion and Analysis Report as well as Certificate confirming the compliance with the conditions of corporate governance and Business Responsibility and Sustainability Report are annexed herewith and forms part of this Annual Report.

6. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

During the year under review, there has been no such significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

7. MATERIAL CHANGES BETWEEN THE DATE OF THE BOARD REPORT AND END OF FINANCIAL YEAR

There have been no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

8. SUBSIDIARY COMPANY

As on March 31, 2023, the Company does not have any subsidiary.

Directors' Report (Contd.)

9. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Consequent to acquisition of the Company by SK Capital and Heubach Group, and change in management & control of the Company, the Nomination & Remuneration Committee, the Board of Directors and the Members of the Company, approved the following appointments:

1. Mr. Bharath R. Sessa (DIN: 01983066) as the Managing Director of the Company for a term of three consecutive years, effective from April 23, 2022 to April 22, 2025.
2. Mr. Ravi Kapoor (DIN: 01761752) as Non-Executive Director and Chairman of the Company with effect from April 23, 2022.
3. Mr. Abhijit Naik (DIN: 08097208) as Whole Time Director of the Company for a period of three years from April 23, 2022 to April 22, 2025. However, due to change in work profile within the organization, Mr. Abhijit Naik resigned as a Whole Time Director w.e.f. February 3, 2023.
4. Mr. Jugal Sahu (DIN: 02629782) as the Executive Director and Chief Financial Officer of the Company for a term of three consecutive years, effective from February 3, 2023 to February 2, 2026.

Mr. Alfred Muench, Mr. Thomas Wenger and Mr. Sanjay Ghadge, being Clariant's representative resigned from Directorship of the Company effective from April 23, 2022.

The Board of Directors places on record its sincere appreciation to the Directors for their contribution during the tenure.

Key Managerial Personnel

1. Mr. Ashish Agarwal tendered his resignation to the Company from the post of Interim Chief Financial Officer of the Company, effective from closing working hours of April 20, 2022, for advancement of his career.
2. Mr. Jugal Sahu was appointed as Chief Financial Officer of the Company effective from August 9, 2022.

There were no other changes in the Key Managerial Personnel of the Company during the year.

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Ravi Kapoor retires by rotation at the

ensuing Annual General Meeting, and being eligible, he offers himself for re-appointment.

The above re-appointment forms part of the Notice of the 66th Annual General Meeting and a Resolution is recommended for your approval.

The brief profile of Mr. Ravi Kapoor, covering details of his qualification and experience, as required pursuant to the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings issued by The Institute of Company Secretaries of India is annexed to the notice of this Annual General Meeting.

All Independent Directors of the Company have given declarations that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, amended. They have also confirmed that they have registered their name in the data bank of Independent Directors.

10. AUDIT COMMITTEE

The details on the composition, meeting, attendance, etc. of the Audit Committee are provided in the Corporate Governance Section of the Annual Report. The Board has accepted all the recommendations of the Audit Committee during the Financial year under review.

11. NUMBER OF MEETINGS OF THE BOARD

During the year under review, the Board of Directors met 6 times on April 22, 2022, May 24, 2022, August 9, 2022, November 9, 2022, November 30, 2022 and February 3, 2023.

12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

As required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014, the relevant information and data for the year ended March 31, 2023 are annexed to this report as 'Annexure A'.

13. CORPORATE SOCIAL RESPONSIBILITY

In terms of the provisions of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time, the Board of Directors of your Company has constituted a Corporate Social Responsibility ('CSR') Committee which constitutes of

Directors' Report (Contd.)

following members:

| Name | Category |
|---|-------------|
| Dr. (Mrs.) Indu Shahani | Chairperson |
| Mr. Kewal Handa | Member |
| Mr. Bharath R. Sessa (w.e.f. April 23, 2022) | Member |
| Mr. Sanjay Ghadge (till April 23, 2022) | Member |

Your Company also has in place a CSR policy and the same is available on the website of the Company at www.heubach.com. A detailed report as per Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed as 'Annexure B' forming part of this report.

14. NOMINATION AND REMUNERATION POLICY

The Board has, based on the recommendation of Nomination and Remuneration Committee, framed a policy on Nomination and Remuneration of its Directors and Key Managerial Personnel, which is available on the website of the Company at www.heubach.com.

15. BOARD EVALUATION AND FAMILIARIZATION PROGRAMME

Pursuant to the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the annual evaluation of its own performance and Board Committees by seeking the inputs of Directors on various aspects of the Board/Committee Governance. The Board have reviewed the performance of the individual Directors and the Chairperson. The manner in which the evaluation has been carried out is stated in the Corporate Governance Report.

The details of programme for familiarization of the Independent Directors of your Company are available on the Company's website at www.heubach.com.

16. PARTICULARS OF EMPLOYEE

As per provisions of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, disclosure pertaining to the particulars of employees who are in receipt of remuneration as prescribed under the Section is annexed as 'Annexure C'.

The statement of particulars of employees pursuant to Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

forms part of this Annual Report. However, pursuant to proviso to Section 136(1) of the Companies Act, 2013, the report and accounts are being sent to members excluding this statement of particulars of employees. Any member interested in obtaining a copy of this statement, may write to Company Secretary at investor.relations_india@heubach.com.

17. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134(3)(c) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- (i) In the preparation of the annual accounts for the year ended March 31, 2023, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2023 and of the profit & loss of the Company for that period;
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The Directors have prepared the annual accounts on a going concern basis;
- (v) The Directors have laid down Internal Financial Controls to be followed by the Company and that such Internal Financial Controls are adequate and were operating effectively; and
- (vi) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

18. STATUTORY AUDITOR & AUDIT REPORT

M/s. MSKA & Associates, Statutory Auditors, in their Audit report for the Financial year ended March 31, 2023, have commented that the backup of the books of accounts and other books and papers maintained in electronic mode has not been maintained on servers physically located in India. The Company would like to clarify that the Company's SAP is centralized in

Directors' Report (Contd.)

global Data Centers outside India where the backup storage is maintained. The Company is reviewing the maintenance of backup of SAP data in India as required under Rule 3 of the Companies (Account) Rules, 2014.

19. COST AUDIT

The Board of Directors, in pursuance of order under Section 148 of the Companies Act, 2013, appointed M/s. RA & Co., Cost Accountants, as Cost Auditors of the Company to carry out the audit of the cost accounts of the Company for the Financial year 2023-24, subject to approval of Central Government, if any. The Cost Audit Report for the 12 months ended March 31, 2022 has been filed on due date.

20. SECRETARIAL AUDIT REPORT

Pursuant to provisions of Section 204 of the Companies Act, 2013, and Rule 9 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board has appointed M/s J. R. Ahuja & Co., Company Secretary, as Secretarial Auditor to carry out the Secretarial Audit for the FY 2022-23.

The Secretarial Audit Report is annexed herewith as 'Annexure D'. The Secretarial Auditor Report does not contain any qualification, reservation or adverse remark and is self-explanatory and thus does not require any further comments.

21. INTERNAL FINANCIAL CONTROLS AND THEIR ADEQUACY

The details in respect of Internal Financial Controls and their adequacy are included in the Management Discussion & Analysis Report, which forms part of this Report.

22. EXTRACT OF ANNUAL RETURN

Pursuant to the provisions of Section 92(3) of the Companies Act, 2013, the Annual Return in Form MGT-7 as on March 31, 2023, is available on Company's website at www.heubach.com.

23. RISK MANAGEMENT POLICY

The Company has a robust Risk Management to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage. Many risks identified by the business and functions

are systematically addressed through mitigating actions on a continuing basis. The Company has framed a Risk Management Policy to manage the risks involved in all activities of the Company, to maximize opportunities and minimize adversities.

In accordance of the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company have constituted the Risk Management Committee. Particulars of the committee are provided in the Corporate Governance Report forming part of this Annual Report.

24. RELATED PARTY TRANSACTIONS

In line with the requirements of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has framed a Policy on Material Related Party Transactions which is available on Company's website at www.heubach.com.

All the Related Party Transactions entered during the year under review were in ordinary course of business and on arm's length basis. All the Related Party Transactions are placed before Audit Committee for review and approval. Prior omnibus approvals are granted by Audit Committee for Related Party Transactions which are of repetitive nature, entered in the ordinary course of business and are on arm's length basis.

The disclosure of Related Party Transactions as required under Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules 2014 in the Form AOC-2 is annexed as 'Annexure E' to this report.

25. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The details of loans, guarantees and investments covered under the provisions of Section 186 of the Companies Act, 2013, is given in the notes forming part of Financial Statements.

26. PUBLIC DEPOSITS

During the year under review, the Company has not accepted any deposits from the public falling under Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 and as such no amount of principal or interest was outstanding as on the balance sheet date.

Directors' Report (Contd.)

27. VIGIL MECHANISM

The Company believes in upholding professional integrity and ethical behavior in the conduct of its business. To uphold and promote these standards, the Company has adopted Whistle Blower Policy for its Directors and Employees to report genuine concerns about unethical behavior, actual or suspected fraud or violation of the Code of Conduct without fear of reprisal.

28. PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the year under review, no complaints were received for sexual harassment of women at workplace.

29. CONSTITUTION OF INTERNAL COMPLAINTS COMMITTEE

The Company has constituted an Internal Complaint Committee (ICC) and complied with all the requirements of provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

30. DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS UNDER SUB-SECTION (12) OF SECTION 143 OF THE COMPANIES ACT, 2013 'OTHER THAN THOSE WHICH ARE REPORTABLE TO THE CENTRAL GOVERNMENT'

No matter of actual or alleged fraud has been reported by the auditors under Sub-Section (12) of Section 143 of the Companies Act, 2013.

31. ACKNOWLEDGEMENT

The Board of Directors wish to place on record its sincere appreciation for the support received from its stakeholders including shareholders, bankers, distributors, suppliers and business associates. The Directors recognize and appreciate the sincere and hard work, loyalty, dedicated efforts and contribution of all the employees that ensured sustained performance in a challenging business environment.

For and on behalf of the Board of Directors

Ravi Kapoor
Chairman
DIN (01761752)

Bharath R. Sessa
Managing Director
DIN (01983066)

Navi Mumbai, July 25, 2023

ANNEXURE A**Information under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) the Companies (Accounts) Rules, 2014 and forming part of the Report of the Directors****A. Conservation of Energy****(i) Steps taken or impact on conservation of energy:**

- Water consumptions optimized by:
 - Closely monitoring daily water consumption report.
 - Closely monitoring each individual filter press wash water parameter and thereby reducing wash water time and quantity.
 - Recycling of alkaline wash water collected from filter press in acidic filter press washing purpose.
 - Continuous usage of WWTP treated wastewater for various applications such as - Plant floor washing, Scrubber system, Drum washings, Lime solution preparation, etc.
 - Continuous usage of Rainwater harvesting pond water for gardening purpose.
 - Monitoring of cooling towers loss.
 - Closed loop of water used for water ring vacuum pumps to avoid wastage of water.
 - Installed automatic water tap system in restroom.
 - Conductivity based auto washing system installed for filter presses in order to reduce water consumption.
 - Installed zero leak type filter for certain products.
- Steam consumption optimized by:
 - Weekly monitoring of steam network and steps initiated to replace defective steam traps by leak tag system.
 - Target rationalized to reduce the steam consumption per ton of product.
 - Regular Steam/Air Audits.
- Utilities consumptions optimized by reducing consumption of Electrical units reduced per ton of production.
- Electricity consumptions optimized by:
 - Reduction of frequency with VFD for higher HP motor to get desired result without compromising quality and quantity.
 - Replaced conventional lights by energy efficient LED lights across site- Plants & offices while replacing of defective lights.
- Old AC's being replaced by latest energy efficient AC and usage at optimized temperatures and set on & off system based on timer.
- Replacing of old motors by energy efficient motors.
- Old Roof Sheets are being replaced with transparent sheets to achieve abundant natural light.
- Timer logic for stirrer operations for non-critical equipment.
- VFD Based Air compressor to save electricity during load variation.
- Use of Gravity flow for effluent handling instead of pumping.
- Rearranged lighting switches from centralized to localized to switch off lights where not required.
- Disposal of bi products; instead of treating at site to reduce the energy consumption.
- Installed Solar water heater for plant wash rooms and removed electric geysers.
- Installed VFD for WWTP stirrer motors.
- Installed energy efficient pump for effluent transfer.
- Installed membrane filter press to increase cake dryness and reduce further energy for drying the product.
- Spin Flash Dryers in Cuddalore which were initially operated on Diesel as fuel, has now been converted on LPG fuel as green energy initiative, leading to reduction in the CO2 emission.
- Steam condensate recovery and reuse is done.
- Improved productivity resulting in energy saving:
 - Higher batch size wherever possible
 - Reduction in drying time at tray dryers and RVDs by optimizing drying temperature.
 - Water batching system modification for consistent water supply, this has reduced the batch cycle time.

ANNEXURE A (Contd.)

(ii) Steps taken by the Company for utilizing alternate sources of energy:

- The installation process of Solar Power Project for the Roha site has been finalized, and the solar power facility is currently in operation since May 2023. This achievement will cater to 55% of the site's electricity requirements through solar energy, thereby enhancing its sustainability efforts and contributing to a decreased emission of CO₂. As a whole, 75% of the site's energy needs will now be met by renewable sources.
- The Cuddalore site is progressing with its Hybrid Power Project, integrating both wind and solar energy sources. Agreements for this project have been finalized and the implementation phase is currently underway, with the anticipated outcome of generating renewable energy by November 2023. This initiative will address 60% of the power requirements through the Hybrid setup, contributing to enhanced sustainability and a consequent reduction in CO₂ emissions.
- Use of higher calorific value LPG in place of Bio Diesel for hot air generator, which resulted in environment benefit and also cost savings.
- Installation of solar water heater for bathrooms on Site.
- Use of LSHS oil as fuel instead of furnace oil.

(iii) Capital investment on energy conservation equipment: ₹ 118.34 Lakhs**B. Technology Absorption****(i) The efforts made towards technology absorption:**

- Polyelectrolyte was used at WWTP water at primary treatment and secondary treatment side to get maximum solid content on disposal of solid waste.

- Use of bag compactor machine to pack the waste bags to minimize the space occupation.
- Instrument control for consistent quantity of water to the reactor based on Chlorine consumption to complete the reaction in time with quality.
- Auto changeover of LPG header manifold without manual intervention and also triggering of SMS to concerned person on leakage of LPG and Manifold empty.

(ii) The benefits derived like product improvement, cost reduction, product development or import substitution:

- Batch cycle and quality was improved by maintaining the chlorine gas pressure consistent by introducing control valve based pressure transmitter.
- Use of double blow leg in the reactor for more absorption of chlorine gas to reduce the cycle time.
- Recovery and reuse of Methanol and MTT from crude generated during process.

(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year): Not Applicable**(iv) The expenditure incurred on Research and Development: Nil****C. Foreign exchange earnings and outgo:**

The particulars of foreign exchange earned and used during the year is given below:

The Foreign Exchange earned ₹ **26,997.97 Lakhs** (Previous period ₹ 30,814.38 Lakhs)

Foreign exchange used ₹ **14,352.34 Lakhs** (Previous period ₹ 16,313.23 Lakhs)

ANNEXURE B**Annual Report on Corporate Social Responsibility (CSR) Initiatives**

(Particulars required as per the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended, from time to time)

1. Overview of Corporate Social Responsibility**a. Brief outline on CSR Policy of the Company**

The CSR Policy of the Company has been framed in accordance with Section 135 of Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules 2014, as amended, from time to time. The Policy is applicable to all our sites and offices in India and the emphasis is towards allocation of resources and employee engagement to the marginalized groups in the society.

The Company's CSR Vision is based on tenets of trust, fairness, and care. Following are the keystones to the Company's CSR Philosophy.

- To actively initiate projects and/ or participate in projects that together make us the local lighthouse of the region which significantly improves the lives of the people where we operate and are present.
- Provide vocational training and impart skilling to enhance the livelihood and skills of people who are primarily from the unorganized sector.
- Commit to creating social and economic value as a corporate citizen and encourage employees to participate and contribute to various CSR programmes.
- Manage our operations using principles of sustainable development to minimize resource footprint and protect health and safety of all the stakeholders.

The Company believes in responsible growth and thus undertakes CSR initiatives that will be effective to the communities and the environment in which we operate.

b. Activities

Areas around which the Company focuses its CSR initiatives and channelizes the resources on a sustained basis is as follows:

- **Health and Hygiene:** Primary health care support through infrastructure support, building awareness about hygiene, sanitation, clean habits etc.

- **Disaster Management:** Relief, rehabilitation and reconstruction activities, mitigating the effects of crisis created by natural disasters, pandemic or likewise and partnering with government authorities and local partners to support the communities.
- **Enhancing Vocational Skills:** Specialized vocational training and skill-based training to women enabling them to secure better employment opportunities.
- **Education:** Enabling initiatives that support in providing education to the children in the communities that we operate in. The interventions include infrastructure building, support with tutoring for children, etc.

The CSR areas is monitored and reviewed by the Management, CSR committee and the Board of Directors, from time to time. All CSR initiatives/ projects/ programs/ activities fall under the purview of Schedule VII of the Companies Act, 2013 and Sustainable Development Goals (SDG).

c. Governance

We have a dynamic structure in place for effective implementation of CSR projects and activities. The implementation of all activities is taken under guidance of the Board of Directors. The Board has empowered the CSR Committee to closely monitor and report its progress. The Company adopts a comprehensive approach while initiating, implementing, monitoring, and utilizing the CSR budgets. The commitment is ensured at the beginning of the year and the budgets are allocated as per the long term and short-term projects of each site, under the supervision of CSR Committee and the Board.

The Company undertakes the CSR either itself or jointly along with any other companies, and/ or in collaboration with its stakeholder which includes the NGOs, local communities, and district authorities.

ANNEXURE B (Contd.)

2. Composition of CSR Committee

The composition of the CSR Committee is in compliance with the Act and the CSR Rules.

The Composition of the Committee and attendance of the Members at meetings held during the year is as below:

| Sr. No. | Name of Member | Position held | Number of Meetings of CSR Committee | |
|---------|--|---------------|-------------------------------------|----------|
| | | | Held | Attended |
| 1. | Dr. (Mrs.) Indu Shahani | Chairperson | 2 | 1 |
| 2. | Mr. Bharath R. Sessa (from April 23, 2022) | Member | 2 | 2 |
| 3. | Mr. Kewal Handa | Member | 2 | 2 |
| 4. | Mr. Sanjay Ghadge (till April 23, 2022) | Member | NA | NA |

3. Web-links where CSR related information of the Company is available:

- Composition of the CSR Committee: <https://www.heubach.com/heubach-india/investor-relations-india-overview/committee-information/>
- CSR Policy: https://admin.heubach.com/wp-content/uploads/2023/02/HCIL_CSR-Policy_2022.pdf
- CSR projects (approved by the Board of Directors): <https://www.heubach.com/heubach-india/investor-relations-india-overview/information-update/>

4. Impact assessment of CSR projects carried out in pursuance of Sub-Rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014: Not Applicable**5. Details of the amount available for set off in pursuance of Sub-Rule (3) of Rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the Financial year:** Not Applicable**6. Average Net Profit of the Company as per Section 135(5):** ₹ 5,185.06 Lakhs**7. Prescribed CSR Expenditure (2% of the amount as in item 6 above):** ₹ 103.70 Lakhs**8. Surplus arising out of the CSR projects or programmes or activities of the previous Financial years:** Nil**9. Amount required to be set off for the Financial year:** ₹ 1.94 Lakhs**10. Total CSR obligation for the Financial year (7+8-9):** ₹ 101.76 Lakhs**11. CSR expenditure**

- CSR amount spent or unspent for the Financial year:

| Total Amount Spent for the Financial Year. (in ₹) | Amount Unspent (in ₹) | | | | |
|---|---|------------------|---|--------|------------------|
| | Total Amount transferred to Unspent CSR Account as per Section 135(6) | | Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5) | | |
| | Amount. | Date of transfer | Name of the Fund | Amount | Date of transfer |
| 1,06,22,272.00 | Nil | NA | NA | NA | NA |

- Details of CSR amount spent against **ongoing projects** for the Financial year: NIL
- Details of CSR amount spent against **other than ongoing projects** for the Financial year:

ANNEXURE B (Contd.)

| (1) Sr. No. | (2) Name of the Project | (3) Item from the list of activities in Schedule VII to the Act | (4) Local area (Yes/No) | (5) Location of the project | | (6) Amount spent for the project (in ₹) | (7) Mode of implementation (Direct / Indirect) | (8) Mode of implementation - Through implementing agency | | (9) |
|----------------|--|--|----------------------------|--------------------------------|---------------------|--|---|---|-------------------------|-----|
| | | | | State | District | | | Name | CSR registration number | |
| 1 | Healthcare support Supported the cancer patients at Tata Memorial Centre and Madat Charitable Trust and children suffering from Thalassemia at Triumph Blood Bank | (i) | Yes | Maharashtra | Airoli, Navi Mumbai | 17,50,000.00 | Direct | None | NA | |
| 2 | Community Support Showcased a movie, spent time with the children and played sports of MA Niketan. Infrastructure and Facilities arranged at MA Niketan by repairing toilet | (ii) | Yes | Maharashtra | Airoli, Navi Mumbai | 6,86,194.00 | Direct | None | NA | |
| 3 | Promoting Education & Providing Healthy Sanitation <ul style="list-style-type: none"> Painted School building from outside to maintain the structure, repaired /replaced old, damaged tiles from girl's classroom and Repaired girl's school toilet in Bhadla Village school. Provided Computers to BCI School for enhancing computer knowledge. Donated Student benches & tables in Runkheda village school. Carried out necessary civil work to arrest leakages from School roof and toilet roof in Naredi Hanuman school. Changed flooring in Deepa khedi school. Repaired Girls school washroom that was badly damaged in Deepa khedi school. Provided Medical academic books and apparatus Repaired old, damaged tiles of classroom in Banbani village school. Repaired restrooms in Banbani school. | (ii) | Yes | Madhya Pradesh | Nagda | 14,72,796.00 | Direct | None | NA | |
| 4 | Promoting Education & Providing Healthy Sanitation <ul style="list-style-type: none"> Started Sothikuppam village student Evening Learning centre (Running project) Setup of Evening Tuition centre at Karaikadu village. Provided Digital Dental X-ray machine to Annamalai University, Chidambaram / Support to Kannarapettai Primary Health centre for infrastructure development. Constructed Toilet Block at Government Primary school, Kanganankuppam near Rani Colony, Cuddalore. Levelled the playground area of Govt. Higher Secondary School, Naduveerapattu Village. | (ii) | Yes | Tamil Nadu | Cuddalore | 9,50,502.00 | Direct | None | NA | |

ANNEXURE B (Contd.)

| (1) Sr. No. | (2) Name of the Project | (3) Item from the list of activities in Schedule VII to the Act | (4) Local area (Yes/No) | (5) Location of the project | | (6) Amount spent for the project (in ₹) | (7) Mode of implementation (Direct / Indirect) | (8) Mode of implementation - Through implementing agency | | (9) |
|----------------|--|--|----------------------------|--------------------------------|-----------|--|---|---|-------------------------|-----|
| | | | | State | District | | | Name | CSR registration number | |
| 5 | Community Service <ul style="list-style-type: none"> Provided support for tutor fee of sewing machine in Kudikadu Vanniyar village (Running Project) Started new sewing machine Learning centre for women at Sothikuppam village. Provided Shed to the people of Sothikuppam village (For women who are knitting the damaged fishing net). | (ii) | Yes | Tamil Nadu | Cuddalore | 8,86,600.00 | Direct | None | NA | |
| 6 | Community Service <ul style="list-style-type: none"> Contributed to the District Administration for supporting of using yellow cloth bag by the public to avoid usage of polythene covers and to support the District administration for their efforts to implement new scheme to the district people in Cuddalore. Distributed reusable PET Bottle for drinking water usage to public | (ii) | Yes | Tamil Nadu | Cuddalore | 7,99,600.00 | Direct | None | NA | |
| 7 | Promoting Education <ul style="list-style-type: none"> Provided school furniture & equipment to J M Rathi English School Provided Computer to Surajya Samajik Pratishthan Provided Computer to Raigad Zilha Parishad School Dhoklewadi Provided Water Purifier to Roha Municipal Urdu School, Ashtami, Roha Provided Laboratory facility to Athavale Audyogik Vidyalaya Dhataav Provide Chemicals & Equipment for Laboratory at Kolad High School Provided School Benches for Pre School, Diamond Pre School Ashtami Provided Playing Equipment for tribal school, Dhamansai Anganwadi Provided Chemicals for Women College, M B More Women College Changed the flooring of School, RZP School Pale Khurd Provided Infrastructure Support to J M Rathi English School Painted the Protection wall of Roth Budruk Constructed Classroom at RZP School Roth Khurd | (ii) | Yes | Maharashtra | Roha | 31,71,314.00 | Direct | None | NA | |
| 8 | Women Empowerment <ul style="list-style-type: none"> Distributed Sewing Machine to beneficiary of Malsai Grampanchayat Distributed Domestic Flour Mill to beneficiary of Janani Majur Sahakari Sanstha | (iii) | Yes | Maharashtra | Roha | 6,12,538.00 | Direct | None | NA | |
| 9 | Plantation activity Carried out tree Plantation at various places in Roha Municipal Corporation | (iv) | Yes | Maharashtra | Roha | 55,950.00 | Direct | None | NA | |
| Total | | | | | | 1,03,85,494.00 | | | | |

ANNEXURE B (Contd.)

- (d) Amount spent in Administrative Overheads: ₹ **2,36,778.00**
(e) Amount spent on Impact Assessment: **Not applicable**
(f) Total amount spent for the Financial Year: ₹ **1,06,22,272.00**
(g) Excess amount for set off: ₹ **4,46,272.00**

12. Unspent CSR

- (a) Details of Unspent CSR amount for the preceding three Financial years:

| Sr. No. | Financial Year | Amount transferred to Unspent CSR Account under Section 135 (in ₹) | Amount spent in the reporting Financial Year (in ₹) | Amount transferred to any fund specified under Schedule VII as per Section 135(5), if any. | | | Amount remaining to be spent in succeeding financial years (in ₹) |
|---------|----------------|--|---|--|---------------|------------------|---|
| | | | | Name of the Fund | Amount (in ₹) | Date of transfer | |
| 1 | 2020-21 | - | 40,00,000 | CM's State Disaster Management Fund - Tamil Nadu (to combat COVID-19) | 20,00,000 | August 19, 2021 | Nil |
| | | | | CM's State Disaster Management Fund - Maharashtra (to combat COVID-19) | 20,00,000 | August 9, 2021 | Nil |

- (b) Details of CSR amount spent in the Financial year for **ongoing projects** of the preceding Financial year(s): Nil

13. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the Financial year: Not applicable**14. Reason(s) for not spending the amount at 7:** Not applicable

For and on behalf of the Board of Directors

Dr. (Mrs.) Indu Shahani
Chairperson
DIN (00112289)

Bharath R. Sesha
Managing Director
DIN (01983066)

Navi Mumbai, July 25, 2023

ANNEXURE C

Details pertaining to remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

i. The ratio of the remuneration of each Executive Director to the median remuneration of the employees of the Company for the Financial Year:

(₹ in Lakhs)

| Sr. No. | Particulars | Remuneration for the 12 months ended March 31, 2023 | Ratio of Remuneration to median remuneration of employees |
|---------|--|---|---|
| 1. | Mr. Bharath Sessa Managing Director (w.e.f. April 23, 2022) | 244.87 | 3.91 |
| 2. | Mr. Jugal Sahu Executive Director and Chief Financial Officer (w.e.f. February 3, 2023) | 14.09 | 0.23 |
| 3. | Mr. Abhijit Naik Whole-time Director (w.e.f. April 23, 2022 till February 3, 2023) | 86.38 | 1.39 |

Note: The Non-Executive Non Independent Directors of the Company are not paid any remuneration by the Company. The Independent Directors of the Company are entitled to sitting fees and commission as per the statutory provisions and within the limits approved by the shareholders. The details of remuneration of Independent Directors are provided in the Corporate Governance section forming part of this report.

ii. The percentage increase in remuneration of each Executive Directors, Chief Financial Officer, Company Secretary in the Financial year:

| Executive Directors, Chief Financial Officer and Company Secretary | % increase/ (decrease) in remuneration in the Financial year |
|--|--|
| Mr. Bharath Sessa Managing Director (w.e.f. April 23, 2022) | NA |

| Executive Directors, Chief Financial Officer and Company Secretary | % increase/ (decrease) in remuneration in the Financial year |
|--|--|
| Mr. Jugal Sahu Executive Director and Chief Financial Officer (w.e.f. February 3, 2023) | NA |
| Mr. Abhijit Naik Whole-time Director (w.e.f. April 23, 2022 till February 3, 2023) | 11.13% |
| Ms. Ameer Joshi Company Secretary | 25.2% |
| Mr. Ashish Agarwal Interim Chief Financial Officer (till April 20, 2022) | NA |

iii. The percentage increase in the median remuneration of employees in the financial year: 9.07%

iv. The number of permanent employees on the rolls of Company as on March 31, 2023: 494

v. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Average Percentile Increase for other than managerial personnel: **9.08%**

Average Percentile Increase for managerial personnel: **8.56%**

vi. It is affirmed that the remuneration paid during the year under review is as per the remuneration policy of the Company.

For and on behalf of the Board of Directors

Ravi Kapoor
Chairman
DIN (01761752)

Bharath R. Sessa
Managing Director
DIN (01983066)

Navi Mumbai, July 25, 2023

ANNEXURE D

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2023

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule no.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,

Heubach Colorants India Limited

(Formerly Clariant Chemicals (India) Limited)

Reliable Tech Park, Gut No. 31, Village Elthan, Off Thane Belapur Road, Airoli, Navi Mumbai, Maharashtra, 400708

CIN: L24110MH1956PLC010806

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Heubach Colorants India Limited, (hereinafter called as the 'Company'). This Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2023, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other returns maintained by the Company for the financial year ended March 31, 2023 according to the provisions of:

- The Companies Act, 2013 (Act) and the rules made thereunder;
- The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 read with Amendments;
 - The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (no event to report)
 - The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (no event to report)
 - The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 read with Amendments, regarding the Companies Act and dealing with client;
 - The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (no event to report)
 - The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (no event to report)
- (vi) The other laws that are applicable specifically to the Company are as follows:
- Factories Act, 1948;
 - Environment Protection Act, 1986 and other applicable environmental laws;
 - Hazardous Waste (Management and Handling) Rules, 1989 and Amendment Rules, 2003;
 - All applicable labour laws including Industrial Disputes Act, 1947, Minimum Wages Act, 1948, Employees' Provident Fund & Miscellaneous Provisions Act, 1952, etc.

I have also examined compliance with the applicable clauses of the following:

- Secretarial Standards issued by The Institute of Company Secretaries of India.

ANNEXURE D (Contd.)

(ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

During the year under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decisions are carried through, with no dissenting members for any agenda item at the Board Meetings held during the period under review

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that the Clariant Group, globally, has divested their Pigments Business to a consortium of SK Capital and Heubach Group and consequently, is now part of the new Heubach Group. In view of this, the name of the Company is changed to M/s Heubach Colorants India Limited with effect from October 17, 2022.

This Report is to be read with our letter of even date which is annexed as Annexure and forms an integral part of this Report.

For J.R. Ahuja & Co.
Company Secretary

Jagdish Ahuja
Proprietor

FCS No. 9079; C.P. No. 10563

May 15, 2023 Peer Review Certificate No. 1877/2022
Place: Mumbai UDIN: F009079E000305397

ANNEXURE D (Contd.)

To
The Members,

Heubach Colorants India Limited
(Formerly Clariant Chemicals (India) Limited)
Reliable Tech Park, Gut No. 31, Village Elthan,
Off Thane Belapur Road, Airoli, Navi Mumbai,
Maharashtra, 400708

CIN: L24110MH1956PLC010806

My report of even date is to be read along with this letter:

1. Maintenance of secretarial record is responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about correctness of the contents of the secretarial records. The verification was done on test basis to ensure that the correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of account of the Company as well as correctness of the values and figures reported in various disclosures and returns as required to be submitted by the Company under the specified laws, though we have relied to a certain extent on the information furnished in such returns.
4. Wherever required, I obtained management representation about the compliance of laws, rules, regulations, norms and standards and happening of events.
5. The compliance of the provisions of the corporate and other laws, rules, regulations, norms and standards is the responsibility of the management. My examination was limited to the verification of procedure on test basis.
6. The secretarial audit report is neither as assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For J.R. Ahuja & Co.
Company Secretary

Jagdish Ahuja
Proprietor

FCS No. 9079; C.P. No. 10563
Peer Review Certificate No. 1877/2022

May 15, 2023
Place: Mumbai

ANNEXURE E

FORM AOC-2

Pursuant to Clause (h) of Sub-Section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014

- Details of contracts or arrangements or transactions not at arm's length basis: **Not Applicable**
- Details of material contracts or arrangement or transactions at arm's length basis for the year ended March 31, 2023:

(₹ in Lakhs)

| Name(s) of the related party and nature of relationship | Nature of contracts/ arrangement/ transactions | Duration of the contracts / arrangements / transactions | Salient terms of the contracts or arrangements or transactions | Date(s) of approval by the Board, if any: | Amount paid as advances, if any | Value |
|---|---|---|--|---|---------------------------------|-----------|
| Heubach Colorants Singapore Pte. Limited | Sale of finished goods as per the purchase order raised, from time to time. | On Going | Ordinary course of business and at arm's length price | - | - | 24,203.32 |

For and on behalf of the Board of Directors

Ravi Kapoor

Chairman
DIN (01761752)

Bharath R. Sessa

Managing Director
DIN (01983066)

Navi Mumbai, July 25, 2023

Management Discussion and Analysis Report

ECONOMIC OVERVIEW

The global economy displayed resilience in 2022, despite facing initial obstacles such as the ongoing Russia-Ukraine geopolitical crisis, disruptions in supply chains, increased energy prices and mounting inflationary pressures. In response, central banks worldwide raised policy interest rates to stimulate economic activities and address inflation concerns. According to April 2023 forecast by the International Monetary Fund (IMF), the global economy grew by 3.4% in 2022, with a projected growth rate of 2.8% in 2023 and 3.0% in 2024. These projections consider the easing of supply chain issues and a decrease in headline inflation due to lower energy and food prices. Whereas the Indian economy has also demonstrated robust growth in FY 2022-23, solidifying its position as one of the world's fastest-growing economies. This sustained growth trajectory has been driven by the expansion of economic activities, particularly in private sector consumption and the government's emphasis on infrastructure development. According to the Ministry of Statistics and Programme Implementation (MoSPI), the Indian economy achieved a growth rate of 7.2% in FY 2022-23. With increased government spending, along with the growth in private consumption and investment, as announced in the Union Budget 2023-24, there is a strong anticipation of enhanced economic activity and a boost to demand.

Overall, the global and Indian economies are expected to grow at a healthy pace in 2023 and 2024. However, there are some risks to this outlook, such as the ongoing geopolitical crisis in Ukraine and the potential for further supply chain disruptions.

SPECIALTY CHEMICAL INDUSTRY OVERVIEW

The specialty chemical industry has been experiencing growth on a global scale, driven by increased demand from sectors such as construction, water treatment and electronic chemicals. The sector also benefits from the rising demand for pharmaceuticals, food & feed additives, and flavors & fragrances, among other applications.

In India, the specialty chemicals segment is also growing at a handsome pace. This growth can be attributed to a number of factors, including increased demand from various end-user sectors, a growing domestic customer base, and evolving consumer lifestyles. However, it's important to note that the current market conditions are characterized by uncertainty in demand. While there are positive factors contributing to the industry's expansion, there are also some headwinds affecting the short-term outlook.

The worldwide China+1 strategy has presented India with a unique opportunity to become a viable alternative hub for specialty chemical manufacturing. India offers a number

of advantages, such as low-cost operations, availability of feedstock, a skilled labor force, a vast coastline and navigable waterways facilitating trade, favorable government policies, substantial import substitution opportunities, and robust intellectual property protection.

The favorable macroeconomic conditions and improvements in the business environment have created a positive ecosystem, attracting foreign specialty chemical manufacturers to invest in India. This presents a significant growth opportunity for India to emerge as a frontrunner in specialty chemical manufacturing. By leveraging its core research and development capabilities, the country is well-positioned to expand its global market share by scaling up production capacity, and adopting efficiency measures to deliver products at competitive costs.

PIGMENT INDUSTRY OVERVIEW

The global pigments market is characterized as dynamic and thriving, catering to diverse sectors like paints and coatings, printing inks, and plastics. Several factors drive this market's growth, including the increasing demand for vibrant colors in consumer goods, technological advancements, and rising disposable incomes worldwide. Despite short-term challenges, the market is poised for long-term positive growth.

An important development in this industry is the notable surge in demand from key application sectors, namely paints and coatings, construction, and plastic pigments. India, with its favorable ecosystem and localized value chain, has emerged as a promising destination for pigment manufacturing. Organic pigments make up 58% of the total pigment production in India.

HEUBACH COLORANTS INDIA LIMITED (HCIL)

Heubach Colorants India Limited (referred to as 'HCIL' or 'The Company') boasts an extraordinary portfolio, encompassing organic and inorganic high-performance pigments, and pigment preparations for paints, varnishes, plastics, coatings, printing, non-impact printing, inks, latex, adhesives, and construction materials. With manufacturing facilities strategically located in Roha (Maharashtra), Cuddalore (Tamil Nadu), and Nagda (Madhya Pradesh), the Company has a wide-ranging manufacturing presence throughout the country. The Company stands among the world's leading producers of high-quality organic and inorganic pigments, as well as in pigment preparation.

With a rich history, the Company has been shaping the world of colors, establishing an extraordinary legacy of excellence. The Company takes pride in its pioneering efforts to develop sustainable color technologies, aiming to create a brighter tomorrow for all. Beyond providing

Management Discussion and Analysis Report (Contd.)

innovative solutions, it strives to assist its customers in achieving their business and sustainability goals. Embracing the responsibility of driving positive change in the pigments industry, the Company implements industry-leading ESG (Environmental, Social, and Governance) measures. These measures ensure that the Company's operations meet the highest standards in quality and sustainability while upholding ethical business practices. By instilling peace of mind to its customers, employees, and stakeholders, The Company fosters a harmonious ecosystem which enables sustainable growth.

PRODUCT PORTFOLIO

- **Organic Pigments:** Vibrant and eco-friendly, offering intense colors, while covering a wide range, but with limited durability
- **Inorganic Pigments:** Boasts excellent opacity and resistance, but with lower intensity and a narrower color spectrum
- **Pigment Preparations:** Meticulously crafted and expertly blended liquid or solid pigment formulations, catering to customized colors and specialized applications
- **Dyes:** Sustainable specialty and aluminum dyes, offering environmentally conscious coloring solutions
Key product characteristics

| Organic Pigments | Inorganic Pigments | Pigment Preparations | Dyes |
|---|---|---|---|
| <ul style="list-style-type: none"> • High chroma • High color strength • Large coverage of color space • Limited resistance | <ul style="list-style-type: none"> • Lower chroma • Lower color strength • Limited color space • High opacity • High resistance/ fastness properties | <ul style="list-style-type: none"> • Pre-dispersed pigment in liquid & solid form • Custom color blends • Specialized properties for specific use case | <ul style="list-style-type: none"> • Specialty Dyes • Aluminum Dyes |

OUR COLORANTS PORTFOLIO COMPOSITION

| Organic Pigments | Inorganic Pigments | Pigment Preparations | Dyes |
|--|---|--|--|
| <ul style="list-style-type: none"> • Quinacridone • Dioxazine • Benzimidazolone • DPP • Isoindolinone • Perylene • Phthalos | <ul style="list-style-type: none"> • Bismuth Vanadate • Rutile pigments • Cobalt blue • Spinel pigments | <ul style="list-style-type: none"> • Based on high performance pigments • Customized solutions | <ul style="list-style-type: none"> • Polymer soluble dyes • Solvent dyes • Water soluble dyes |

APPLICATIONS

Coatings

The comprehensive selection of high-performance organic and inorganic pigments, along with pigment preparations, stands as a testament to brilliance and durability. This caters to coatings and paints with utmost effectiveness.

Diverse Range of Coating Applications

- Automotive Coatings
- Coil Coatings
- Corrosion Protection
- Exterior Paints & Plasters
- Floor Coatings
- Industrial Coatings
- Interior Decorative Paints

- Powder Coatings
- Road Marking & Traffic Paints
- Wood Coatings

Plastics

Offering products that adhere to rigorous global benchmarks for environmental, health, and safety excellence, while also conserving energy and minimizing the customers' carbon impact.

Diverse Applications of Our Plastic Products

- Automotive Plastics
- Construction & Electrical
- Consumer Goods
- Fiber
- Packaging

Management Discussion and Analysis Report (Contd.)

PRINTING & DIGITAL PRINTING

Contemporary printing requires adaptable, top-tier solutions. Our pigments and pigment preparations cater to inkjet, toner, offset, flexographic, and gravure packaging needs, excelling with UV, solvent, and water-based inks.

Our Printing Solutions Across Industries

- Ink jet
- Printing for Packaging
- Publication
- Specialty Printing
- Toner

SPECIAL APPLICATIONS

The diverse collection of pigment dispersions and pigments suits a broad array of usages, ranging from vivid textiles to high-end handbags, lightweight aluminum casings to vibrant balloons.

Versatile Applications of Our Solutions

- Home & Fabric Care
- Personal Care
- Seed Coloration & Crop Protection
- Aluminum anodizing dyes and chemicals
- Stationery
- Viscose Coloration
- Latex Coloration
- Leather and Paper Coloration
- Concrete & Plaster

INNOVATIONS IN ECO-FRIENDLY PIGMENTS AND COLORANTS

- Introduced LVOC colorants for odorless paints
- Created Lead Free pigments for eco-friendly paints
- Innovated pigments for NTK packaging inks, replacing hazardous solvents like Toluene and Methyl Ethyl Ketone. Delivered high-quality pigments with strong color intensity for resource-efficient solutions. These pigments enhance material longevity in paints and coatings
- Enhanced road marking paints to ensure durability and sustainability, contributing to road safety. Our HEUCOSIN™ products provide resilient solutions
- Prioritized safe handling of pigments, adhering to global regulations and often surpassing them
- Enhanced coatings' durability through our HEUCODUR® inorganic pigments, known for exceptional light fastness and weather resistance

- Pioneering in zinc-free alternatives for a decade, our range of orthophosphates and polyphosphates offer effective protection in various applications
- Complying with strict environmental standards, our organic pigments are suitable for coloring biodegradable polymers like PLA, PHA/PBS, and PBAT
- Enabled black polymer identification through Heubach's NIR technology, facilitating recycling of black plastics
- Ensuring compostability through selected products like PV Fast and Graphtol
- Promoting sustainability with Biodegradable, Ok Compost, and recyclable colorant options, prioritizing environmental protection
- Developed water-based pigment preparations for three decades, catering to various applications without solvents for eco-friendliness
- Rigorously monitoring pigment content for hazardous heavy metals and PCBs to ensure compliance and safety

Strength

- Rich industry presence
- Commitment to the highest standards in quality, sustainability, and integrity
- Extensive portfolio with comprehensive offerings
- Global network of related companies across 100 countries
- Connected to the customer through associate companies
- Diversified facility capabilities for multiple product portfolio

Innovating Products and Integrating Sustainability

The Company constantly focuses on innovation to bring new products to its portfolio while integrating sustainability in its products. The Company stays at the forefront of technological advancements with its state-of-the-art technical centers and analytical laboratories.

The Company ensures on-site support to the customers through its associates spread globally. This allows the Company to offer tailored solutions, quick delivery times, and globally compliant products. Through this approach, it prioritizes customer satisfaction, coupled with a focus on minimizing its environmental footprint.

Utilizing the resources naturally is at the core to the Company's strategy to achieve sustainable growth.. Sustainability is deeply embedded in the Company's core values and serves as the driving force behind its business and innovation.

Management Discussion and Analysis Report (Contd.)

The Company is unwavering in its determination to be an industry leader. With a resolute approach, the Company is actively striving to become the foremost long-term partner for companies seeking cutting-edge and sustainable products. Sustainability is not merely an option but a fundamental cornerstone of the Company's operations, deeply ingrained in every aspect of the Company's activities. The Company is resolutely committed to leaving a positive and lasting impact on the environment, working tirelessly to create a better, greener future for the planet and for generations yet to come.

Financial Performance

The Company remains dedicated to achieving sustainable growth to cater the expectations of the stakeholders. This commitment is supported by a focused strategic approach, efficient cost management, and the introduction of innovative products. By aligning these key factors, the Company aims to capitalize on market opportunities, enhance its competitive position, and drive its continued success.

The Company ensures compliance with Indian Accounting Standards (Ind AS) for its financial statements in accordance with the Companies Act, 2013. The Company's continued operations recorded sales of ₹ 76,642.00 Lakhs in FY 2022-23 as compared to ₹ 83,951.00 Lakhs for FY 2021-22. The exports accounted for 36% of the Company's total sales revenue during the year, demonstrating its global reach and market presence.

FINANCIAL HIGHLIGHTS FY 2022-23

(₹ in Lakhs)

| Particulars | Year ended on March 31, 2023 | Year ended on March 31, 2022 |
|---|------------------------------|------------------------------|
| Income from Operations | 76,642.00 | 83,951.00 |
| Operational Profit (EBITDA) | 6,147.00 | 6,165.00 |
| Other Income | 542.00 | 867.00 |
| Profit Before Tax and Exceptional Items | 4,627.00 | 4,950.00 |
| Exceptional Item | (630.00) | - |
| Profit Before Tax | 3,997.00 | 4,950.00 |
| Profit After Tax | 1,918.00 | 4,332.00 |
| EPS (₹) | 8.30 | 18.80 |

KEY RATIO ANALYSIS FY 2022-23

| Particulars | FY 2022-23 | FY 2021-22 |
|--------------------------|---------------|--------------|
| Debtors' Turnover ratio | 3.9 | 4.9 |
| Inventory Turnover Ratio | 3.4 | 3.8 |
| Debt to Equity Ratio | No Borrowings | No Borrowing |
| Current Ratio | 2.1 | 1.9 |

| Particulars | FY 2022-23 | FY 2021-22 |
|---------------------------------------|------------|------------|
| Interest Coverage Ratio | 175 | 106 |
| Return on Net Worth (%) | 5% | 11% |
| Return on Capital Employed (ROCE) (%) | 9% | 12% |
| Operating Profit Margin (%) | 8% | 7% |
| Net Profit Margin (%) | 3% | 5% |

OUTLOOK AND OPPORTUNITIES

- **Emergence of a potential China + 1 strategy:**

As global supply chains actively seek alternatives to China to reduce dependency and diversify sourcing, a strategic opportunity arises for India to attract investments and expand its chemicals sector. The Company can position itself as a reliable and competitive partner for international companies looking to establish manufacturing and supply capabilities in India.

- **Availability of a skilled workforce and competitive labor costs:**

India takes pride in its abundance of technically skilled professionals and offers cost-effective labor. This winning combination enhances the competitiveness of the Indian chemicals industry, allowing the Company to maintain cost efficiency, while delivering colorants of high-quality.

- **Fragmented Industry:**

The pigment chemical industry's fragmentation poses challenges like intense competition but also opens opportunities for companies to differentiate and consolidate.

- **Limited Innovation and Application Development:**

A key attribute that differentiates the Company in the industry is the keen focus on innovation and differentiation. Innovation that marries an "outside in" approach with the key technical competencies of the company.

We work on bringing to our customers solutions that address the ever tightening regulatory environment for e.g. our products address the need to address regulatory requirements on LVOC colorants, lead-free pigments, pigments tailored for NTNK packaging ink. Additionally, the Company has introduced an array of inorganic pigments part of the HEUCODUR® product line.

- **Solution vs. Products:** Shifting customer preferences towards comprehensive solutions offers a chance for specialty chemical companies to evolve their business models.

Management Discussion and Analysis Report (Contd.)

The Company believes products are a vehicle to bring to customers solutions that matter to them. We often ask the customers about their toughest problems and how we can bring solutions to solve those issues. As an example in response to the feedback to increase the recyclability of plastics, the Company launched a black colorant which possess the capacity to facilitate polymer identification through employment with near-infrared technology sorting devices—thus presenting a solution for the recycling of plastics.

- **Sustainability:** Increasing focus on sustainability presents a significant opportunity. Embracing eco-friendly practices and offering green alternatives can give companies a competitive edge.

The water-based pigment preparations championed by the Company are characterized by their solvent-free composition, thereby making them eco-friendly. The Company has invested in renewable energy sources to meet the majority of energy needs at its production sites. The adoption of biofuels for boilers, for steam generation in the production process, is yet another example of walking the talk.

CHALLENGES

- **Slowing demand in global markets and higher raw material costs:**

The expansion of domestic capacities for export-oriented specialty chemicals, coupled with slowing demand in global markets, impacts product margins. Additionally, the increasing costs of key raw material due to inflation pose additional challenges

- **Need for differentiation and evolving as a solution provider:**

In the chemical industry, achieving differentiation is crucial for success. To stay competitive, the Company must evolve and shift its focus towards becoming a solution provider to meet the evolving needs of customers

ENVIRONMENT, CORPORATE SUSTAINABILITY, AND SOCIAL RESPONSIBILITY

With a strong commitment to ethical and sustainable business practices, the Company leads by the principles of ESG, Responsible Care, and its code of ethics. The Company proactively sets aspirational and realistic goals to address carbon emissions, and it has charted a roadmap to achieve these goals.

Sustainability plays a pivotal role in the Company's growth strategy, enabling it to create value through innovative

and sustainable solutions. The Company has ingrained sustainability into its work culture, guiding its identified goals, market positioning, differentiation strategy, stakeholder value creation, brand reputation, and risk management practices. The sustainability focus is evident in the development of new products/applications which differentiates as a solution provider to its customers.

Corporate Social Responsibility (CSR) is deeply ingrained in the Company's corporate philosophy. The Company's CSR Policy is in strict alignment with the Companies (Corporate Social Responsibility Policy) Rules, 2014. The Company takes great pride in making substantial contributions to vital areas, including children's education, safety, healthcare, and community support. These efforts aim to create a positive and meaningful impact on society and the communities in which the Company operates.

At the Company, the CSR strategy is guided by the belief in sustainable business practices, a core value that drives the initiatives to create a positive impact on the communities and environment in which the Company operates. The Company focuses on achieving results that bring clear change to the target beneficiaries, while also reinforcing the commitment to innovation and sustainable business practices for both internal and external stakeholders. By collaborating with Government agencies and co-creating CSR projects with organizations, the Company ensures to make a meaningful difference, positioning the Company as a responsible employer with a strong presence in the region. Moreover, the employee engagement programs foster a culture of giving back, with opportunities for volunteering and active participation in CSR endeavors. The Company has developed a robust CSR policy and process that aligns with the values of the new the Company, emphasizing ethical behavior, risk management, reporting, transparency, and clear accountability, which further enhances the goodwill and credibility in the community.

RISK MITIGATION & STRATEGIES

Recognizing the importance of effective risk management, the Company prioritizes safeguarding its business operations and ensuring sustainable growth. The Company has implemented a comprehensive risk management framework that encompasses the identification, assessment, mitigation, and consistent monitoring of potential risks across all facets of its operations.

Management Discussion and Analysis Report (Contd.)

| Risk Theme | Risks | Mitigation Approach |
|-----------------------------|---|--|
| Growth | Industry structure change leads to oversupply and competition from small players with varying costs and quality | Focusing on product innovation, operational efficiency, and maintaining a strong reputation for consistent quality |
| | Challenges in tapping business opportunities due to lack of innovation and customer engagement/partnerships | Overcoming challenges in seizing business opportunities by prioritizing innovation and fostering active customer engagement and strategic partnerships. |
| | Failure to plan for fluctuating costs affecting profitable growth | Implementation of dynamic cost management strategy that includes regular cost analysis, strategic sourcing, and contingency planning. |
| Sustainability | Inability to develop green, sustainable products through Research and Development | Employing a dedicated R&D team that focuses on innovation and eco-friendly practices to overcome challenges in creating green and sustainable products. |
| | Risk of not reducing carbon emissions and adapting to a Net ZERO economy | Investing in innovative technologies to transition towards a Net Zero economy, thereby mitigating environmental risks and ensuring long-term viability. |
| Operations and supply chain | Low production capacity utilization affecting efficiency | Implementation of a comprehensive production optimization plan to address low capacity utilization and enhance operational efficiency. |
| | Inadequate demand, supply, and logistics planning leading to higher costs | Implementation of demand forecasting, optimizing supply chain operations, and enhancing logistics coordination to minimize costs and improve overall efficiency. |
| People | Difficulty in attracting and retaining talent across the business | Creating a dynamic and inclusive work environment, offering competitive compensation packages, professional development opportunities, and clear career progression paths |
| | Absence of a strong leadership succession plan at critical levels | Identifying high-potential individuals, providing targeted development opportunities, and fostering a culture of mentorship to ensure seamless transitions and continuity of leadership. |

INTERNAL CONTROL SYSTEMS

The Company has implemented internal control systems that align with the size and nature of its business. These systems include corporate policies, management information, and reporting systems for critical operational areas, serving as essential components of the overall control mechanisms. To enhance the effectiveness of the internal control process, the Company has engaged independent firms of professionals as auditors, authorized by the Audit Committee, to assess the adequacy and compliance of the internal control process. These auditors provide comprehensive reports that include their observations and recommendations.

The Audit Committee of the Company plays a crucial role in ensuring strong internal controls. It approves the annual internal audit plan, which encompasses all business operations and support function activities. On a quarterly basis, the audit results and the recommended management actions, are presented to the Audit Committee.

The Company has established a robust system of internal financial controls in compliance with the Companies

Act, 2013, and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. These controls are designed to ensure the adequacy and operating effectiveness of financial reporting. They provide reasonable assurance across various aspects, including adherence to the Company's policies and procedures, safeguarding of assets, prevention and detection of fraud and errors, reliability and completeness of accounts, and timely reporting of both financial and non-financial information, both internally and externally.

The internal financial controls and governance processes underwent a thorough review by an independent chartered accountant to assess their adequacy and effectiveness. Based on the evaluation, the Audit Committee concluded that as of March 31, 2023, the internal financial controls were operating effectively and were adequate.

HUMAN RESOURCES

The Company believes that fostering a culture of innovation, execution excellence, collaboration, and capability building is crucial for ensuring sustainable business growth and

Management Discussion and Analysis Report (Contd.)

creating a future-ready organization. The Company places significant emphasis on effective workforce management, recognizing its people as the most valuable resource. In this endeavor, the Human Resources (HR) department plays a pivotal role in nurturing the Company's organizational values and leadership behaviors. By encouraging a culture of continuous learning and development, the Company strives to empower its employees to excel and drive the organization forward.

To streamline HR processes and enhance operational efficiency, the Company has implemented digital platforms such as SAP SuccessFactors, an Automated Leave Management module, and the ADP payroll tool. These platforms have been provided to employees to automate various HR operations, resulting in smoother and more efficient workflows.

In terms of learning and development, the Company focuses on enhancing communication and digital skills among employees. The Company conducts programs on Effective Listening, Excel skills, and SAP skills to ensure holistic growth and equip employees with the abilities necessary to adapt to the evolving business landscape.

Effective communication plays a significant role in keeping employees engaged and connected. The Company organizes periodic town halls and various communication forums like HR Open House to facilitate transparent and effective communication channels. These platforms allow the Company to share updates, gather feedback, and foster connections with employees at all levels.

The Company understands that performance management is a key driver of employee engagement and an integral part of the individual development cycle. It ensures the translation of strategic business objectives into employees' day-to-day actions, enabling continuous growth and promoting innovation. To facilitate this, the Company follows a structured Performance Management Cycle. Typically, at the beginning of the year, eligible employees and their line managers align their goals and enter them in SuccessFactors within the specified deadlines. During

the goal-setting process, employees and supervisors collaborate to ensure goals are set SMART (Specific, Measurable, Attainable, Relevant, Timely) and include at least one goal related to the Cultural Agenda. This process promotes clarity, accountability, and alignment between individual and organizational objectives.

FY 2022-23 was a period of significant transformation for the Company, as there were challenges that required continuous efforts from the leadership team to maintain employee motivation and build confidence. Employee engagement initiatives, including performance management, increments, and investment in learning and development, played a crucial role in this process. By fostering a supportive and growth-oriented work environment, the Company aimed to rebuild employee confidence and inspire them to achieve their full potential. As of March 31, 2023, the Company had 494 employees.

CAUTIONARY STATEMENT

Certain statements under 'Management Discussion & Analysis' that describe the Company's objectives, projections, estimates, expectations, or predictions may constitute as 'forward-looking' statements within the meaning of applicable securities law and regulations. While these expectations are based on reasonable assumptions, the actual results may materially differ from those expressed or implied due to various external and internal factors that are beyond the Company's control. The Company does not assume any obligation to publicly amend, modify, or revise any 'forward-looking' statements based on subsequent developments, information, or events.

For and on behalf of the Board of Directors

Ravi Kapoor
Chairman
DIN (01761752)

Bharath R. Sesha
Managing Director
DIN (01983066)

Navi Mumbai, July 25, 2023

Report on Corporate Governance

PRINCIPLES OF CORPORATE GOVERNANCE

The Corporate Governance policy in the Company encompasses the simple tenets of integrity, transparency, accountability and fairness in whatever the Company does. Heubach is ordained to set the highest standards of corporate governance right from its inception, benchmarked with the best-in-class practices across the globe. In a nutshell, the corporate governance principles, that the Company adheres to, aims to provide shareholder value and transparency to ensure sustainable and long-term growth. The entire governance system is supported by well-structured systems and procedures that ensure well informed decision making across different levels of management.

1. GROUP STRUCTURE

Heubach Colorants India Limited is part of the new Heubach group and is headquartered in Navi Mumbai, Maharashtra. With a tradition of delivering excellence, the Heubach name is synonymous with innovation, attention to customer needs and reliability in creating colors. Today's Heubach is a global industry leader in the field of organic, inorganic and anti-corrosive pigments, pigment preparations, dyes and specialty materials. With a global manufacturing footprint including 19 facilities around the globe, Heubach is committed to a reliable supply of high-quality materials to meet customers demanding production environments.

2. BOARD OF DIRECTORS

2.1 Composition and Changes:

The Board has an optimum combination of Executive and Non-Executive Directors, which is in conformity with the requirement of Regulation 17 of the SEBI

(Listing Obligations & Disclosure Requirements) Regulations, 2015.

The Company has 6 Directors out of which 3 are Independent Directors, 1 is a Non-Executive Director and 2 are in whole time employment of the Company, one being the Managing Director and another Executive Director. The Company has an active and independent Board of Directors that provide supervisory and strategic advice and direction.

Mr. Ravi Kapoor is the Chairman of the Board who is a Non-Executive Director. The Directors on the Board are eminent professionals in business, finance, academic and corporate management and have vast experience in their respective fields which enable them to contribute effectively to the Company in their capacity as members of the Board.

The necessary disclosures regarding committee positions have been made by all the Directors. None of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees across all Companies in which they are Directors.

None of the Independent Directors has any material pecuniary relationships or transactions with the Company, its Promoters, Directors, Associates which, in their judgment, would affect their independence. There is no relationship between the Directors inter-se. The Board does not have any Nominee Director representing any institution.

The composition and category of the Board of Directors, as on March 31, 2023 the number of other Directorships/Committee memberships held by them and also their attendance at the Board meetings of the Company is as under:

| Name of the Director | Category | Particulars of Attendance | | Last AGM held on August 25, 2022 | No. of other Directorships* and Committee Memberships / Chairmanships# in Indian Public Companies ** | | |
|--|---------------|--|----------|----------------------------------|--|-----------------------|-------------------------|
| | | Number of Board Meetings held during the year wherein Director was entitled for attendance | | | Other Directorships | Committee Memberships | Committee Chairmanships |
| | | Held | Attended | | | | |
| Mr. Ravi Kapoor DIN 01761752 Chairman (w.e.f. April 23, 2022) | Non-Executive | 5 | 5 | Attended | 1 | None | None |

Report on Corporate Governance (Contd.)

| Name of the Director | Category | Particulars of Attendance | | | Last AGM held on August 25, 2022 | No. of other Directorships* and Committee Memberships / Chairmanships# in Indian Public Companies ** | | |
|--|---------------------------|--|----------|---------------------|----------------------------------|--|-------------------------|--|
| | | Number of Board Meetings held during the year wherein Director was entitled for attendance | | Other Directorships | | Committee Memberships | Committee Chairmanships | |
| | | Held | Attended | | | | | |
| Mr. Bharath R. Sessa DIN 01983066 Managing Director (w.e.f. April 23, 2022) | Executive | 5 | 5 | Attended | 1 | 1 | None | |
| Mr. Kewal Handa DIN 00056826 | Non-Executive Independent | 6 | 6 | Not Attended | 8 | 3 | None | |
| Mr. Sunirmal Talukdar DIN 00920608 | Non-Executive Independent | 6 | 6 | Attended | 5 | 2 | 3 | |
| Dr. (Mrs.) Indu Shahani DIN 00112289 | Non-Executive Independent | 6 | 6 | Attended | 4 | 5 | 1 | |
| Mr. Jugal Sahu DIN: 02629782 Executive Director & Chief Financial Officer (w.e.f. February 3, 2023) | Executive | 0 | NA | NA | 1 | None | None | |
| Mr. Abhijit Naik DIN 08097208 Whole-time Director (w.e.f. April 23, 2022 till February 3, 2023) | Executive | 5 | 4 | Attended | 1 | None | None | |
| Mr. Alfred Muench DIN 03092351 (till April 23, 2022) | Non-Executive | 1 | 1 | NA | 2 | None | None | |
| Mr. Thomas Wenger DIN 08350960 (till April 23, 2022) | Non-Executive | 1 | 1 | NA | 1 | 1 | None | |
| Mr. Sanjay Ghadge DIN 08455742 (till April 23, 2022) | Non-Executive | 1 | 0 | NA | 1 | None | None | |

* Directorship held in Heubach Colorants India Limited is included and Directorships of Private Limited Companies, Foreign Companies and Section 8 Companies of the Companies Act, 2013 are not included.

It excludes committees other than Audit Committee & Stakeholders' Relationship Committee, Companies other than Public Limited Company and includes Committee membership/chairmanship held in Heubach Colorants India Limited.

** the particulars of Directorship of Companies, Membership and / or Chairmanship in the Committees, as the case maybe, are as on March 31, 2023; except for Mr. Alfred Muench, Mr. Thomas Wegner and Mr. Sanjay Ghadge whose particulars are as on April 23, 2022.

Report on Corporate Governance (Contd.)

2.2 Names of the listed entities where the Director holds Directorship:

| Sr. No. | Name of the Director | Name of other listed entity(s) | Category of Directorship |
|---------|--|---|--|
| 1. | Mr. Ravi Kapoor (Chairman & Non- Executive Director) | None | NA |
| 2. | Mr. Kewal Handa (Independent Director) | Mukta Arts Limited Borosil Limited | Independent Director Independent Director Independent Director |
| 3. | Mr. Bharath Sessa (Managing Director) | None | NA |
| 4. | Dr. (Mrs.) Indu Shahani (Independent Director) | United Spirits Limited Colgate-Palmolive (India) Limited Bajaj Electricals Limited | Independent Director Independent Director Independent Director |
| 5. | Mr. Sunirmal Talukdar (Independent Director) | India Carbon Limited Sasken Technologies Limited Aditya Birla Fashion and Retail Limited Titagarh Wagons Limited | Independent Director Independent Director Independent Director Independent Director |
| 6. | Mr. Jugal Sahu (Executive Director and Chief Financial Officer) | None | NA |

2.3 Matrix setting out the skills / expertise / competence of Board:

The Board of Company comprises of qualified individuals who bring the required skills, competencies, expertise and diversity to the Board that allows them to contribute efficiently. The Board and Committees thereof, are committed to ensure that Company is compliant with the highest standard of Corporate Governance. The Board has identified and briefly summarized following key qualifications, skills and competence which are currently available with the Board:

| Sr. No. | Skill / Qualification / Expertise |
|---------|--|
| 1. | Strategic thinking & Vision |
| 2. | Leadership |
| 3. | Drive for Innovation & Improvement |
| 4. | Driving a culture of Safety |
| 5. | Stakeholders' Relationship |
| 6. | Global Business |
| 7. | Commercial Management |
| 8. | Social Responsibility |
| 9. | Risk Management |
| 10. | Corporate Governance, Finance & Taxation |

The Independent Directors of the Company fulfils the conditions specified in the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, as amended and are independent from the Management of the Company.

2.4 Profile of the Directors proposed to be appointed/ re-appointed:

The brief profile and information pertaining to directorship held in other Companies, Shareholding, etc. of the Director proposed to be re-appointed at the ensuing Annual General Meeting of the Company forms part of the Notice of Annual General Meeting.

2.5 Board Meetings and Agenda:

The Board provides the strategic directions to the Company and evaluates management policies and their effectiveness to ensure that the long-term interests of the shareholders are being served.

In accordance with the law and the Articles of Association of the Company, the Board of Directors is the ultimate decision-making authority for the Company in all matters except those decisions reserved by law or the Articles of Association for shareholders. The Board has complete and unrestricted access to any information required by them to perform its supervisory duties and make decisions on the matters reserved for the Board of

Report on Corporate Governance (Contd.)

Directors. The Board generally meets once in a quarter to review, among other things, quarterly performance of the Company and Financial results. The Company provides video/teleconferencing facilities to facilitate Directors travelling or present at other locations, to participate in meetings. During the year under review, the Board of Directors held 6 meetings April 22, 2022, May 24, 2022, August 9, 2022, November 9, 2022, November 30, 2022, and February 3, 2023.

Only in case of urgent business, if the need arises, the Board's/ Committee's approval is taken by passing resolutions through circulation or by calling Board/ Committee meetings at shorter notice, as permitted under the Act and Secretarial Standard ('SS') issued by the Institute of Company Secretaries of India.

Paperless Board Meetings: The Board/Committee Meetings agenda and notes are hosted on the Digital Meeting portal. The Directors receive the agenda notes in electronic form through this portal, which is accessible through iPad/laptop. The application meets high standards of security that are essential for storage and transmission of sensitive information in electronic form.

The compliance reports in respect of applicable laws are placed before the Board periodically. Agenda papers containing the necessary information/ documents are made available to the Board in advance to enable the Board to discharge its responsibilities effectively and take informed decisions. Where it is not practicable to attach or send the relevant information as a part of agenda papers, the same are tabled at the meeting and/or the presentations are made in respect thereof. The information as specified in Part A of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is made available to the Board, whenever applicable, for discussion and consideration. Considerable time is spent by the Directors on discussions and deliberations at the Board Meetings.

2.6 Familiarization Program:

The Company has put in place a well-structured induction and familiarization program for its Independent Directors. The details of familiarization program are available on Company's website (www.heubach.com) at below path:

<https://www.heubach.com/heubach-india/investor-relations-india-overview/policies/>

2.7 Independent Directors' Meeting:

In accordance with the provisions of Schedule IV of Companies Act, 2013 and SEBI (Listing Obligations

and Disclosure Requirements) Regulations, 2015, a separate meeting of Independent Directors was held on February 3, 2023 and attended by all the Independent Directors of the Company. The Independent Directors, inter alia, reviewed the following:

- the performance of Non-Independent Directors and the Board as a whole;
- the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

2.8 Performance evaluation:

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulation, 2015, the Board has carried out the annual evaluation of its own performance and Board Committees by seeking the inputs of Directors on various aspects of the Board/ Committee Governance. The Board have reviewed the performance of the individual Directors and the Chairperson.

The performance evaluation of the Directors was done based on criteria which included leadership qualities, contribution in strategic planning, balanced decision making, safeguard of confidential information, adherence to code of conduct, transparency, attendance, etc. In a separate meeting of Independent Directors, performance evaluation of Non-Independent Directors and the Board as a whole was evaluated. The performance evaluation of Independent Directors was done by the entire Board except the Independent Director subjected to evaluation at the Board Meeting held on February 3, 2023.

3. BOARD COMMITTEES

The Board of Directors has constituted/reconstituted five committees viz., Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee. The roles and responsibilities assigned to these Committees are covered under the terms of reference approved by the Board and are subject to review by the Board from time to time. The minutes of the meetings of these Committees are reviewed and taken note by the Board. The details as to the composition, terms of reference, number of meetings and related attendance etc. of these committees are provided below:

Report on Corporate Governance (Contd.)

3.1 Audit Committee**3.1.1 Composition and Meetings:**

The composition of the Audit Committee is in conformity with Regulation 18 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. During the year under review, seven meetings were held on April 13, 2022, April 22, 2022, May 24, 2022, August 9, 2022, November 9, 2022, December 19, 2022 and February 3, 2023. The detail of composition and the number of meetings attended by the members is given below:

| Name | Position held | No. of Meetings held during the tenure of member | |
|---|---------------|--|----------|
| | | Held | Attended |
| Mr. Sunirmal Talukdar | Chairman | 7 | 7 |
| Mr. Kewal Handa | Member | 7 | 7 |
| Dr. (Mrs.) Indu Shahani | Member | 7 | 6 |
| Mr. Bharath R. Sessa (w.e.f. April 23, 2022) | Member | 5 | 5 |
| Mr. Thomas Wenger (till April 23, 2022) | Member | 2 | 2 |

All the members of the Audit Committee are financially literate and considering their professional background and experience, have acquired respective management, financial, accounting and legal expertise. The Chairman of the Audit Committee is a Non-Executive Independent Director. Mr. Sunirmal Talukdar, Chairman of the Committee was present at the Annual General Meeting held on August 25, 2022. The Chief Financial Officer and Auditors are invitees to the meetings of the Audit Committee. Ms. Ameer Joshi acts as Secretary to the Committee.

3.1.2 Terms of reference:

The Terms of reference for the Audit Committee is in line with the requirements of Section 177 of the Companies Act, 2013 and the rules framed thereunder and Regulation 18 of SEBI (Listing Obligations & Disclosure Requirements) Regulation, 2015. The terms of reference are briefly described as under:

- a) Overseeing the Company's financial reporting process to ensure disclosure of financial information as per the requirements of Stock

- Exchange and the Company Law and to ensure that the financial statements are correct, sufficient and credible;
- b) Review and examination of quarterly, half yearly and annual financial statements and the auditors' report thereon before submission to the Board for approval;
- c) Review of Management Discussion & Analysis of financial condition and results of operations, statement of significant related party transactions;
- d) Recommending to the Board, the appointment, reappointment and, if required, the replacement or removal of the Statutory Auditors, Internal Auditors and Cost Auditor and the fixation of audit fees and terms of appointment.
- e) Review and monitor the auditor's independence and performance and effectiveness of audit process;
- f) Approval and subsequent modification of transactions of the Company with related parties;
- g) Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
- h) Scrutiny of inter-corporate loans and investments;
- i) Valuation of undertakings or assets of the Company, wherever it is necessary;
- j) Evaluation of internal financial controls and risk management systems;
- k) Review the appointment, removal and terms of remuneration of Internal Auditors;
- l) Review with the management, performance of Statutory and Internal Auditors, adequacy of the internal control systems;
- m) Review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- n) Review of reports of Statutory and Internal Auditors and replies of the management thereon;
- o) Review of the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

Report on Corporate Governance (Contd.)

- p) Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer documents / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;
- q) Discussion with Internal Auditors of any significant findings and follow up there on;
- r) Review, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
- Matters required to be included in the Directors' Responsibility Statement, forming part of the Board's report in terms of Clause (c) of Sub-Section (3) of Section 134 of the Companies Act, 2013;
 - Changes, if any, in accounting policies and practices and reasons for the same;
 - Major accounting entries involving estimates based on exercise of judgment of management;
 - Significant adjustments made in the financial statements arising out of audit findings;
 - Compliance with listing and other legal requirements relating to financial statements;
 - Disclosures of any related party transactions;
 - Qualifications in the draft audit report;
- s) Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern and review of management representation letters to be issued to the Statutory Auditors;
- t) Looking into the reasons for substantial defaults in payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- u) Reviewing compliances as regards the Company's Whistle Blower Policy;
- v) Approval of the appointment of the Chief Financial Officer (CFO) of the Company after assessing the qualifications, experience & background, etc. of the Candidate;

- w) Carrying out any other function as may be referred by the Board, from time to time;
- x) Reviewing the utilization of loans and/ or advances from/investment by the holding Company in the subsidiary exceeding rupees 100 Crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/ advances/investments existing as on the date of coming into force of this provision.
- y) Consider and comment on rationale, cost benefit and impact of scheme involving merger, demerger and amalgamation etc., on the Company and its shareholders.

3.2 Nomination and Remuneration Committee**3.2.1 Composition and Meetings:**

The composition of the Nomination and Remuneration Committee is in conformity Regulation 19 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

During the year under review, four meetings were held on April 22, 2022, May 24, 2022, August 9, 2022 and February 3, 2023.

The details of composition and the number of meetings attended by the members is given below:

| Name | Position held | No. of Meetings held during the tenure of member | |
|--|---------------|--|----------|
| | | Held | Attended |
| Mr. Sunirmal Talukdar | Chairperson | 4 | 4 |
| Mr. Kewal Handa | Member | 4 | 4 |
| Mr. Ravi Kapoor (w.e.f. April 23, 2022) | Member | 3 | 3 |
| Mr. Alfred Muench (till April 23, 2022) | Member | 1 | 1 |

Ms. Ameer Joshi acts as Secretary to the Committee.

3.2.2 Terms of reference:

The brief terms of reference of the Nomination and Remuneration Committee are as under:

- a) Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board of Directors a Policy relating to, the remuneration of the Directors, Key Managerial Personnel and other employees;
- b) Formulation of criteria for evaluation of performance of Independent Directors, other Directors and Key Managerial Personnel;

Report on Corporate Governance (Contd.)

- c) Devising a policy on diversity of Board of Directors;
- d) Identifying persons who are qualified to become Directors in accordance with the criteria laid down and recommend to the Board of Directors their appointment and removal;
- e) Identifying persons who are qualified to become Key Managerial Personnel (KMP) in accordance with the criteria laid down and recommend to the Board of Directors their appointment and removal;
- f) Identifying persons who may be appointed in Senior Management in accordance with the criteria laid down and recommend to the Board of Directors their appointment and removal;
- g) Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors;
- h) To recommend to the Board on Remuneration

payable to the Whole Time Directors, Key Managerial Personnel and Senior Executives.

3.2.3 Remuneration Policy:

The Nomination & Remuneration policy of the Company is performance driven and is structured to motivate employees, recognize their merits & achievements and promote excellence in their performance.

The Nomination & Remuneration Policy is available on the website of the Company at www.heubach.com

3.2.4 Remuneration paid to the Directors:

The Independent Directors are remunerated by way of sitting fees for attending each meeting of the Board and Committee thereof. They are also paid commission on an annual basis, as and when declared, in accordance with the provisions of the Companies Act, 2013, read with Rules framed thereunder.

The details of remuneration paid/payable to the Directors for the year ended March 31, 2023 is given as under:

(₹ in Lakhs)

| Name of Director | Sitting fees | Salary, benefits & perquisites, performance bonus, Pension & Other Funds etc. | Commission | Total | No. of shares held as on March 31, 2023 |
|--|--------------|---|------------|--------|---|
| Mr. Kewal Handa | 14.00 | - | - | 14.00 | Nil |
| Mr. Sunirmal Talukdar | 17.00 | - | - | 17.00 | Nil |
| Dr. (Mrs.) Indu Shahani | 11.30 | - | - | 11.30 | Nil |
| Mr. Bharath Sessa (w.e.f. April 23, 2022) | - | 244.87 | - | 244.87 | Nil |
| Mr. Jugal Sahu (w.e.f. February 3, 2023) | - | 14.09 | - | 14.09 | 1960 |
| Mr. Abhijit Naik (w.e.f. April 23, 2022 till February 3, 2023) | - | 86.38 | - | 86.38 | Nil |

Other than this, none of the Directors, on the Board as on March 31, 2023, have any other pecuniary interest in the Company.

The Company has not framed any scheme/plan to grant stock option to its employees. However, few of the employees under senior management level including Mr. Bharath R. Sessa, Managing Director, have right to participate in Management Equity Plan of Heubach Group.

3.2.5 Service Contracts, Notice Period and Severance Fees:

The appointment and remuneration of the Managing Director and Executive Directors are subject to the provisions of the Act and the resolutions passed by the Board of Directors and Members of the Company which cover the terms and conditions of such appointment. There is no separate provision for payment of severance fee under the resolutions governing the appointment of Managing Director and other Executive Directors.

3.3. Stakeholders' Relationship Committee**3.3.1 Composition and Meetings:**

During the year under review, four meetings were held on May 24, 2022, August 9, 2022, November 9, 2022 and February 3, 2023. The composition and details of the meetings attended by the members are given below:

| Name | Position held | No. of Meetings held during the tenure of member | |
|--|---------------|--|----------|
| | | Held | Attended |
| Dr. (Mrs.) Indu Shahani | Chairperson | 4 | 3 |
| Mr. Sunirmal Talukdar | Member | 4 | 4 |
| Mr. Bharath R. Sessa (w.e.f. April 23, 2022) | Member | 4 | 4 |

Ms. Ameer Joshi acts as Secretary to the Committee.

Report on Corporate Governance (Contd.)

3.3.2 Terms of reference:

The brief terms of reference of Stakeholders Relationship Committee of the Board of Directors includes the following:

- Resolving the grievances of the security holders of the Company including complaints related to transfer/ transmission of shares, non-receipt of Annual Report, non-receipt of declared dividends, issue of new/ duplicate certificates, general meetings, etc.;
- Review of measures taken for effective exercise of voting rights by shareholders;
- Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent;
- Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

Details of Investors' Complaints

The Company and Link Intime India Private Limited (the Share Transfer Agent) attend to all grievances of the investors received directly or through SEBI, Stock Exchanges, Ministry of Corporate Affairs, Registrar of Companies, etc.

The Company has retained the services of a Practising Company Secretary to perform audit of reconciliation of share capital and provide the report on quarterly basis. No non-compliance from established procedures is reported.

Ms. Ameer Joshi, Company Secretary, is the compliance officer pursuant to the requirement of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Pursuant to Regulation 13 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, investors' grievance redressal status and the number of pending complaints are reported every quarter to the stock exchanges. There were no investor complaint pending as on March 31, 2023.

Detail of Investors' Complaint received and resolved during the year ended March 31, 2023 is given below:

| Nature of Complaints | Number of Complaints | |
|-------------------------|----------------------|----------|
| | Received | Resolved |
| Non-Receipt of Dividend | 14 | 14 |
| TDS Deduction | 1 | 1 |

| Nature of Complaints | Number of Complaints | |
|---|----------------------|-----------|
| | Received | Resolved |
| Non-Receipt of Share Certificates after Demat Rejection | 3 | 3 |
| Others | 0 | 0 |
| Total | 18 | 18 |

3.4 Corporate Social Responsibility (CSR) Committee**3.4.1 Composition & Meetings:**

The composition of the Corporate Social Responsibility Committee is in conformity with the provisions of Section 135 of the Companies Act, 2013.

During the year under review, two meetings were held on May 24, 2022 and November 9, 2022. The composition and details of the meeting attended by the members are given below:

| Name | Position held | No. of Meetings held during the tenure of member | |
|--|---------------|--|----------|
| | | Held | Attended |
| Dr. (Mrs.) Indu Shahani | Chairperson | 2 | 1 |
| Mr. Kewal Handa | Member | 2 | 2 |
| Mr. Bharath R. Sessa (w.e.f. April 23, 2022) | Member | 2 | 2 |

3.4.2 Terms of reference:

The brief terms of reference of the CSR Committee are as under:

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of Companies Act, 2013;
- Recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- Monitor the Corporate Social Responsibility Policy of the Company from time to time.

3.5. Risk Management Committee**3.5.1 Composition and Meetings:**

Pursuant to SEBI (Listing Obligation & Disclosure Requirement) Regulation, 2015, the Board of Directors of the Company have constituted the Risk Management Committee. During the year under

Report on Corporate Governance (Contd.)

review, the Risk Management Committee met 3 times on May 24, 2022, November 9, 2022 and February 3, 2023. The composition of the Committee is given below:

| Name | Position held | No. of Meetings held during the tenure of member | |
|--|---------------|--|----------|
| | | Held | Attended |
| Mr. Sunimal Talukdar | Chairperson | 3 | 3 |
| Mr. Bharath R. Sessa (w.e.f. April 23, 2022) | Member | 3 | 3 |
| Mr. Abhijit Naik (from April 23, 2022 till November 9, 2022) | Member | 2 | 2 |
| Mr. Jugal Sahu (w.e.f. November 9, 2022) | Member | 1 | 1 |
| Mr. Abhijit Doshi (w.e.f. March 29, 2023) | Member | None | NA |

Ms. Ameer Joshi acts as Secretary to the Committee.

3.5.2 Terms of reference:

The brief terms of reference of Risk Management Committee of the Board of Directors includes the following:

- a) To formulate a detailed Risk Management Policy which shall include:
- (i) A framework for identification of internal and external risks specifically faced by

4. SENIOR MANAGEMENT

The particulars of senior management including the changes therein since the close of the previous financial year:

| Name of Senior Management Personnel | Designation | Reason(s) for change |
|-------------------------------------|---|--|
| Mr. Ashish Agarwal | Interim Chief Financial Officer (Resigned w.e.f. April 20, 2022) | Advancement of career |
| Mr. Jugal Sahu | Executive Director and Chief Financial Officer (Appointed w.e.f. August 9, 2022 as a CFO) | Appointed in place of Mr. Ashish Agarwal |
| Ms. Ameer Joshi | Company Secretary | Not Applicable |
| Mr. Sambit Roy | Global Head of Marketing | Not Applicable |
| Mr. Abhijit Naik | Regional Head BU PP IMEA | Not Applicable |
| Mr. Jim Easow | Vice President, Legal & Compliance- IMEA | Not Applicable |

the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee;

- (ii) Measures for risk mitigation including systems and processes for internal control of identified risks;
- (iii) Business continuity plan;
- b) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- c) To monitor and oversee implementation of the Risk Management Policy, including evaluating the adequacy of Risk Management Systems;
- d) To periodically review the Risk Management Policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- e) To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- f) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee;
- g) The Risk Management Committee shall coordinate its activities with other Committees, in instances where there is any overlap with activities of such Committees, as per the framework laid down by the Board of Directors.

Report on Corporate Governance (Contd.)

5. SUBSIDIARY COMPANY

The Company did not have any Subsidiary Company during the year under review.

6. GENERAL BODY MEETINGS

The details of Annual General Meetings of the Company held during preceding 3 years are as follows:

| AGM | Date and Time | Venue | Special Resolutions Passed |
|------|------------------------------|---|----------------------------|
| 63rd | August 20, 2020 4:00 p.m. | Through Video Conferencing ('VC')/Other Audio-Visual Means ('OAVM') | None |
| 64th | August 12, 2021 4:00 p.m. | Through Video Conferencing ('VC')/Other Audio-Visual Means ('OAVM') | None |
| 65th | August 25, 2022 4:00 p.m. | Through Video Conferencing ('VC')/Other Audio-Visual Means ('OAVM') | None |

During the year under review, the members have passed Six Resolutions through Postal Ballot in accordance with Section 110 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014, details of which are as below:

1. Appointment of Mr. Bharath R. Sessa as Managing Director of the Company.

| Category | Mode of Voting | No. of shares held | No. of votes polled | % of Votes Polled on outstanding shares | No. of Votes - in favour | No. of Votes - Against | % of Votes in favour on votes polled | % of Votes against on votes polled |
|-----------------------------|----------------|--------------------|---------------------|---|--------------------------|------------------------|--------------------------------------|------------------------------------|
| | | [1] | [2] | [3]=([2]/[1])*100 | [4] | [5] | [6]=([4]/[2])*100 | [7]=([5]/[2])*100 |
| Promoter and Promoter Group | E-Voting | 12548811 | 12548811 | 100.00 | 12548811 | 0 | 100.00 | 0.00 |
| | Poll | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Postal Ballot | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Total | | 12548811 | 100.00 | 12548811 | 0 | 100.00 | 0.00 |
| Public Institutions | E-Voting | 829065 | 633251 | 76.38 | 600173 | 33078 | 94.78 | 5.22 |
| | Poll | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Postal Ballot | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Total | | 633251 | 76.38 | 600173 | 33078 | 94.78 | 5.22 |
| Public Non Institutions | E-Voting | 9703922 | 38585 | 0.40 | 37594 | 991 | 97.43 | 2.57 |
| | Poll | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Postal Ballot | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Total | | 38585 | 0.40 | 37594 | 991 | 97.43 | 2.57 |
| Total | | 23081798 | 13220647 | 57.28 | 13186578 | 34069 | 99.74 | 0.26 |

Report on Corporate Governance (Contd.)

2. Appointment of Mr. Ravi Kapoor as Non-Executive Director of the Company.

| Category | Mode of Voting | No. of shares held | No. of votes polled | % of Votes Polled on outstanding shares | No. of Votes - in favour | No. of Votes - Against | % of Votes in favour on votes polled | % of Votes against on votes polled |
|-----------------------------|----------------|--------------------|---------------------|---|--------------------------|------------------------|--------------------------------------|------------------------------------|
| | | [1] | [2] | [3]=([2]/[1])*100 | [4] | [5] | [6]=([4]/[2])*100 | [7]=([5]/[2])*100 |
| Promoter and Promoter Group | E-Voting | 12548811 | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Poll | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Postal Ballot | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Total | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| Public Institutions | E-Voting | 829065 | 633251 | 76.38 | 633251 | 0 | 100.00 | 0.00 |
| | Poll | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Postal Ballot | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Total | | 633251 | 76.38 | 633251 | 0 | 100.00 | 0.00 |
| Public Non Institutions | E-Voting | 9703922 | 38585 | 0.40 | 37515 | 1070 | 97.23 | 2.77 |
| | Poll | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Postal Ballot | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Total | | 38585 | 0.40 | 37515 | 1070 | 97.23 | 2.77 |
| Total | | 23081798 | 671836 | 76.78 | 670766 | 1070 | 99.84 | 0.16 |

3. Appointment of Mr. Abhijit Naik as Whole Time Director of the Company.

| Category | Mode of Voting | No. of shares held | No. of votes polled | % of Votes Polled on outstanding shares | No. of Votes - in favour | No. of Votes - Against | % of Votes in favour on votes polled | % of Votes against on votes polled |
|-----------------------------|----------------|--------------------|---------------------|---|--------------------------|------------------------|--------------------------------------|------------------------------------|
| | | [1] | [2] | [3]=([2]/[1])*100 | [4] | [5] | [6]=([4]/[2])*100 | [7]=([5]/[2])*100 |
| Promoter and Promoter Group | E-Voting | 12548811 | 12548811 | 100.00 | 12548811 | 0 | 100.00 | 0.00 |
| | Poll | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Postal Ballot | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Total | | 12548811 | 100.00 | 12548811 | 0 | 100.00 | 0.00 |
| Public Institutions | E-Voting | 829065 | 633251 | 76.38 | 600173 | 33078 | 94.78 | 5.22 |
| | Poll | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Postal Ballot | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Total | | 633251 | 76.38 | 600173 | 33078 | 94.78 | 5.22 |
| Public Non Institutions | E-Voting | 9703922 | 38585 | 0.40 | 37554 | 1031 | 97.33 | 2.67 |
| | Poll | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Postal Ballot | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Total | | 38585 | 0.40 | 37554 | 1031 | 97.33 | 2.67 |
| Total | | 23081798 | 13220647 | 57.28 | 13186538 | 34109 | 99.74 | 0.26 |

Report on Corporate Governance (Contd.)

4. Approval for change of name of the Company.

| Category | Mode of Voting | No. of shares held | No. of votes polled | % of Votes Polled on outstanding shares | No. of Votes - in favour | No. of Votes - Against | % of Votes in favour on votes polled | % of Votes against on votes polled |
|-----------------------------|----------------|--------------------|---------------------|---|--------------------------|------------------------|--------------------------------------|------------------------------------|
| | | [1] | [2] | [3]=([2]/[1])*100 | [4] | [5] | [6]=([4]/[2])*100 | [7]=([5]/[2])*100 |
| Promoter and Promoter Group | E-Voting | 12548811 | 12548811 | 100.00 | 12548811 | 0 | 100.00 | 0.00 |
| | Poll | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Postal Ballot | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Total | | 12548811 | 100.00 | 12548811 | 0 | 100.00 | 0.00 |
| Public Institutions | E-Voting | 800226 | 659945 | 82.47 | 659945 | 0 | 100.00 | 0.00 |
| | Poll | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Postal Ballot | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Total | | 659945 | 82.47 | 659945 | 0 | 100.00 | 0.00 |
| Public Non Institutions | E-Voting | 9732761 | 63814 | 0.66 | 55003 | 8811 | 86.19 | 13.81 |
| | Poll | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Postal Ballot | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Total | | 63814 | 0.66 | 55003 | 8811 | 86.19 | 13.81 |
| Total | | 23081798 | 13272570 | 57.50 | 13263759 | 8811 | 99.93 | 0.07 |

5. Approval for alteration in the Memorandum of Association and the Articles of Association of the Company.

| Category | Mode of Voting | No. of shares held | No. of votes polled | % of Votes Polled on outstanding shares | No. of Votes - in favour | No. of Votes - Against | % of Votes in favour on votes polled | % of Votes against on votes polled |
|-----------------------------|----------------|--------------------|---------------------|---|--------------------------|------------------------|--------------------------------------|------------------------------------|
| | | [1] | [2] | [3]=([2]/[1])*100 | [4] | [5] | [6]=([4]/[2])*100 | [7]=([5]/[2])*100 |
| Promoter and Promoter Group | E-Voting | 12548811 | 12548811 | 100.00 | 12548811 | 0 | 100.00 | 0.00 |
| | Poll | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Postal Ballot | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Total | | 12548811 | 100.00 | 12548811 | 0 | 100.00 | 0.00 |
| Public Institutions | E-Voting | 800226 | 659945 | 82.47 | 659945 | 0 | 100.00 | 0.00 |
| | Poll | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Postal Ballot | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Total | | 659945 | 82.47 | 659945 | 0 | 100.00 | 0.00 |
| Public Non Institutions | E-Voting | 9732761 | 63814 | 0.66 | 54593 | 9221 | 85.55 | 14.50 |
| | Poll | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Postal Ballot | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Total | | 63814 | 0.66 | 54593 | 9221 | 85.55 | 14.50 |
| Total | | 23081798 | 13272570 | 57.50 | 13263349 | 9221 | 99.93 | 0.07 |

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6. Appointment of Mr. Jugal Sahu as Executive Director and Chief Financial Officer of the Company.

| Category | Mode of Voting | No. of shares held | No. of votes polled | % of Votes Polled on outstanding shares | No. of Votes - in favour | No. of Votes - Against | % of Votes in favour on votes polled | % of Votes against on votes polled |
|-----------------------------|----------------|--------------------|---------------------|---|--------------------------|------------------------|--------------------------------------|------------------------------------|
| | | [1] | [2] | $[3]=\frac{[2]}{[1]}\times 100$ | [4] | [5] | $[6]=\frac{[4]}{[2]}\times 100$ | $[7]=\frac{[5]}{[2]}\times 100$ |
| Promoter and Promoter Group | E-Voting | 12548811 | 12548811 | 100.00 | 12548811 | 0 | 100.00 | 0.00 |
| | Poll | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Postal Ballot | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Total | | 12548811 | 100.00 | 12548811 | 0 | 100.00 | 0.00 |
| Public Institutions | E-Voting | 549562 | 418036 | 76.07 | 418036 | 0 | 100.00 | 0.00 |
| | Poll | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Postal Ballot | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Total | | 418036 | 76.07 | 418036 | 0 | 100.00 | 0.00 |
| Public Non Institutions | E-Voting | 9983425 | 29587 | 0.30 | 28135 | 1452 | 95.09 | 4.91 |
| | Poll | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Postal Ballot | | 0 | 0.00 | 0 | 0 | 0.00 | 0.00 |
| | Total | | 29587 | 0.30 | 28135 | 1452 | 95.09 | 4.91 |
| Total | | 23081798 | 12996434 | 56.31 | 12994982 | 1452 | 99.99 | 0.01 |

6. DISCLOSURES

6.1 Related party transactions:

Related party transactions have been disclosed under Note 40 of Significant accounting policies & notes forming part of the financial statements of Audited Accounts in accordance with 'Indian Accounting Standard 24' and pursuant to Regulation 23 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. A statement in summary form of transactions with related parties in the ordinary course of business is periodically placed before the Audit Committee for review and recommendation to the Board for their approval.

The Company has formulated a policy on dealing with Material Related Party Transactions. The Policy is available on the website of the Company i.e. <https://www.heubach.com/heubach-india/investor-relations-india-overview/policies/>

None of the transactions with related parties were in conflict with the interest of the Company. Company's major related party transactions, during the year under review, are with the affiliates of group company

operating worldwide. All these transactions are in the normal course of business and have no potential conflict with the interest of the Company at large and are carried out on an arm's length basis.

6.2 Code of Conduct:

The Board of Directors has adopted the Code of Conduct for Directors and Senior Management Personnel and the compliance of the same is affirmed by them annually. In addition, code of business conduct formulated by Heubach group is applicable to all employees of the Company. The Code of Conduct is available on Company's website <https://www.heubach.com/heubach-india/investor-relations-india-overview/policies/>

The Managing Director has confirmed the compliance of code of conduct as required under Regulation 17(5) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, and provided a declaration as under:

I, Mr. Bharath R. Sessa, Managing Director of the Company, do hereby give this declaration pursuant to Regulation 17(5) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015;

Report on Corporate Governance (Contd.)

The Board has laid down code of conduct for all Board Members and Senior Management of the Company and the same is posted on the website of the Company i.e., www.heubach.com. All the Board Members and Senior Management personnel have affirmed compliances with the code for the year ended March 31, 2023.

6.3 Prohibition of Insider Trading:

The Company has framed a Code of Conduct for Prohibition of Insider Trading as per the amended SEBI (Prohibition of Insider Trading) Regulations, 2015. The code is applicable to all Directors and such employees of the Company who have access to unpublished price sensitive information relating to the Company. Transaction for dealing or trading in the prescribed volume of the security of the Company during the prescribed time requires prior approval from the Company.

6.4 Disclosure of Accounting Treatment:

The Financial statements of the Company for the year ended March 31, 2023 are prepared in conformity with the Indian Accounting Standards (Ind AS).

6.5 Proceeds from public issues, rights issues, preferential issues, etc.:

During the year under review, the Company has not raised any proceeds through public issues, rights issues, preferential issues, etc.

6.6 Management:

- Management Discussion & Analysis report forms part of Directors' Report.
- There were no material financial and commercial transactions by Senior Management, where they have personal interest that may have a potential conflict with the interests of the Company at large.

6.7 Compliance:

The Company has complied with all regulatory requirements. No penalties/strictures were imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital market during last three years.

6.8 Whistle Blower Policy:

The Company has adopted a Whistle Blower Policy for employees to report to the management about the unethical behavior, fraud or violation of Company's code of conduct. The mechanism provides for adequate safeguard to the victimized employees and spreads

the way to curb those practices being followed in the office premises. None of the personnel of the Company has been denied access to the Audit Committee.

6.9 Commodity Risk and Hedging Activities:

Specialty Chemical industry is exposed to high risk of volatile prices, stringent government regulations and availability of raw materials/traded goods. Company mitigates / hedges the said risks by its sustainable strategy consisting of structured approach to reduce cost and controls price fluctuation by quarterly price contracts, volume bundling and deployment of new vendors.

6.10 Agreements binding under Clause 5A of Para A of Part A of Schedule III

None of the shareholders, promoters, promoter group entities, related parties, directors, key managerial personnel and employees of the Company or of its holding and associate company, have entered into agreements as specified in clause 5A of para A of part A of schedule III to SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

7. MEANS OF COMMUNICATION

All important information relating to the Company, its performance, shareholding pattern, quarterly results, press releases and other information as per the SEBI Regulations are regularly posted on Company's website and also forwarded to the Stock Exchanges. The quarterly, half-yearly and annual Financial results of the Company are published in newspapers like Business Standard and Mumbai Lakshadeep, circulating in the local area. These results are also available on the websites of the Company, BSE Limited and National Stock Exchange of India Limited.

8. GENERAL SHAREHOLDER INFORMATION

8.1 Annual General Meeting:

Day, Date and Time: Tuesday, September 26, 2023 at 4:00 P.M.

Mode: The 66th Annual General Meeting (AGM) of the Company will be held through Video Conference (VC)/ Other Audio-Visual Means (OAVM).

8.2 Financial Calendar:

Financial Year April 1 to March 31.

| | |
|------------------------|--------------------------------|
| 1st Quarter Results | On or before August 14, 2023 |
| 2nd Quarter Results | On or before November 14, 2023 |
| 3rd Quarter Results | On or before February 14, 2024 |
| Annual Results | On or before May 30, 2024 |
| Annual General Meeting | In the month of August 2024 |

Report on Corporate Governance (Contd.)

8.3 Dates of Book Closure:

| | |
|---------------------------|--|
| Book Closure dates | September 20, 2023 to September 26, 2023 (Both days inclusive) |
|---------------------------|--|

8.4 Listing of Shares:

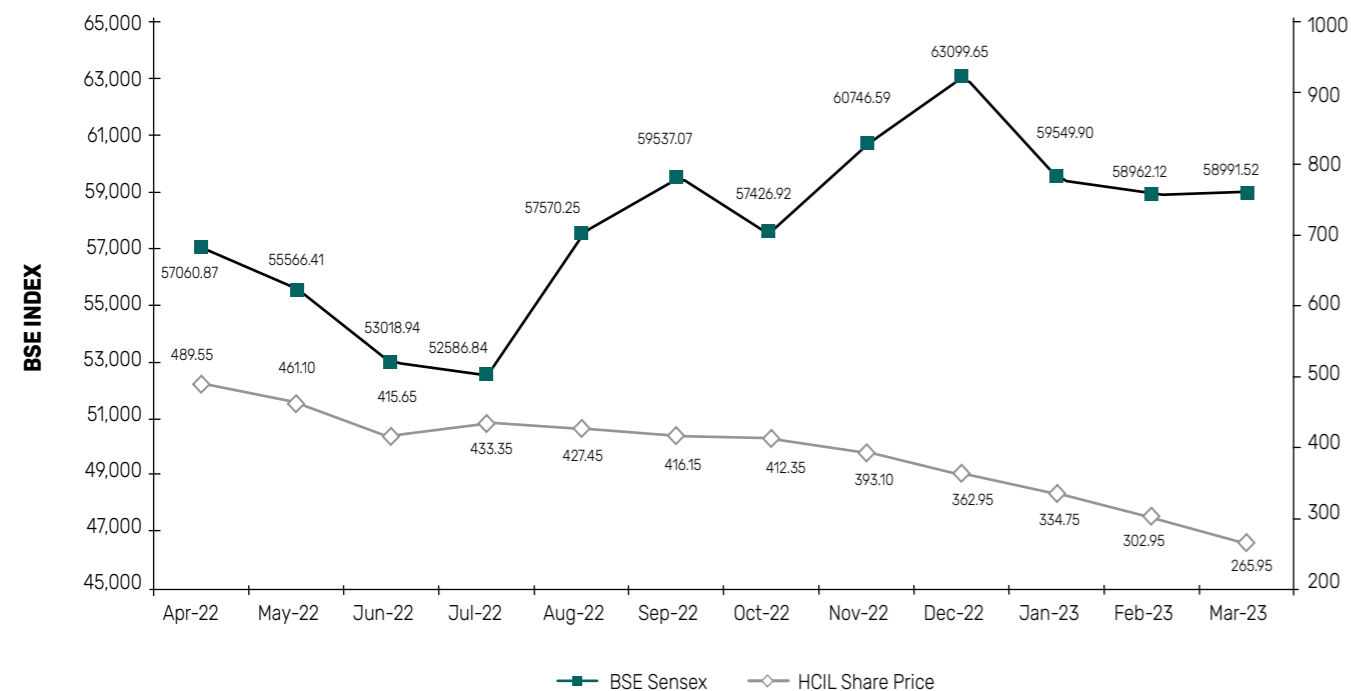
Shares of the Company are listed on BSE Limited (BSE) under Stock ID '506390' and National Stock Exchange of India Limited (NSE) under the code 'HEUBACHIND. The Company has paid the listing fees up to March 31, 2024, to both the Stock Exchanges.

8.5 Corporate Identification Number (CIN) of the Company: L24110MH1956PLC010806

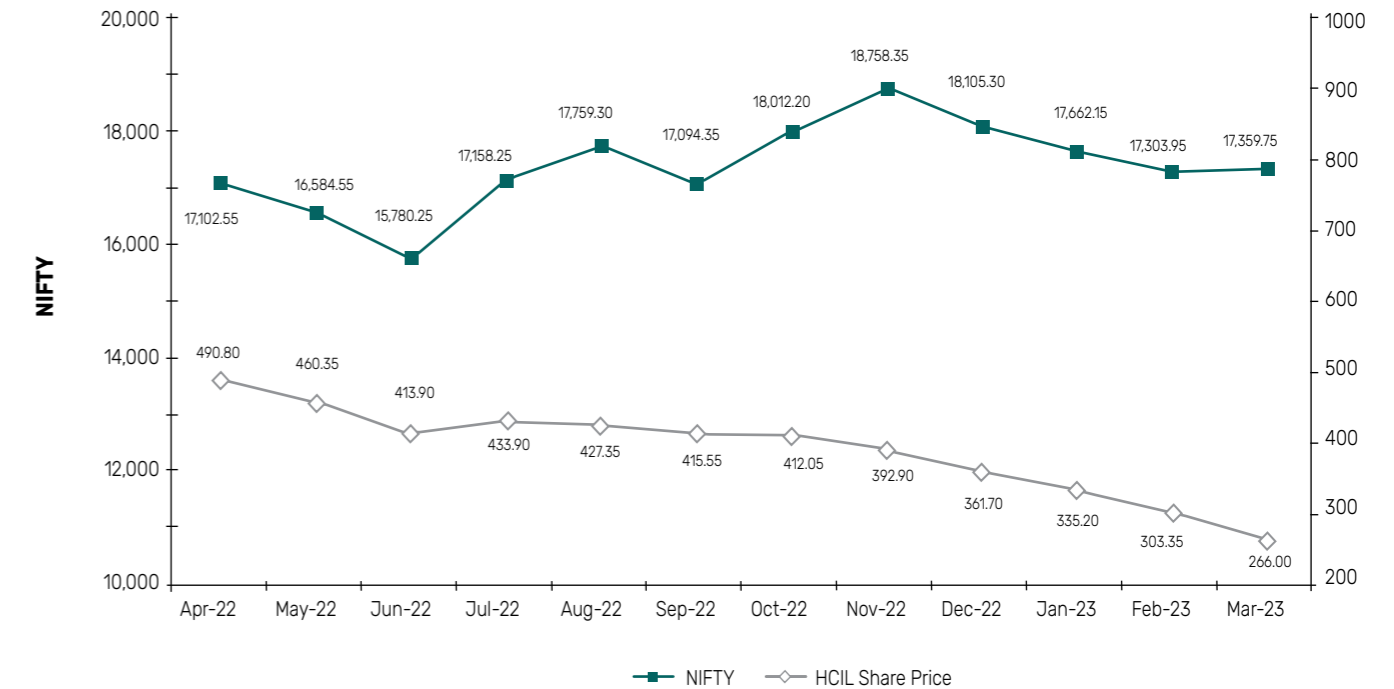
8.6 Stock Market Data - Price per share:

| Month | Bombay Stock Exchange (BSE) | | | National Stock Exchange (NSE) | | |
|----------------|-----------------------------|--------|--------|-------------------------------|--------|--------|
| | High | Low | Volume | High | Low | Volume |
| 2022-23 | | | | | | |
| April 22 | 529.30 | 459.95 | 103096 | 528.00 | 458.40 | 620431 |
| May 22 | 493.10 | 440.05 | 39999 | 493.30 | 440.00 | 311678 |
| June 22 | 467.20 | 384.25 | 35272 | 466.05 | 383.60 | 259748 |
| July 22 | 444.85 | 408.50 | 23836 | 444.90 | 410.10 | 187586 |
| August 22 | 457.95 | 402.50 | 54430 | 459.55 | 420.25 | 415315 |
| September 22 | 455.00 | 410.00 | 58049 | 456.00 | 409.60 | 406390 |
| October 22 | 434.00 | 405.00 | 22542 | 431.85 | 400.00 | 162695 |
| November 22 | 438.70 | 390.00 | 54090 | 438.40 | 390.30 | 344339 |
| December 22 | 405.05 | 354.95 | 58495 | 406.00 | 356.15 | 466432 |
| January 23 | 372.00 | 325.15 | 52146 | 372.55 | 328.00 | 370297 |
| February 23 | 340.00 | 301.75 | 67780 | 336.77 | 302.65 | 374115 |
| March 23 | 325.15 | 258.00 | 117707 | 323.75 | 317.10 | 462960 |

8.7 Performance in comparison to broad based indices (Taken BSE Index):



Report on Corporate Governance (Contd.)



8.8 Address for correspondence:

A) Share Transfer Agents:

Link Intime India Private Limited
 C 101, 247 Park, L B S Marg, Vikhroli (West),
 Mumbai - 400 083, Maharashtra
 Tel: 022 - 49186000
 E-mail id.: rnt.helpdesk@linkintime.co.in
 Contact Person: Mr. Devang Mehta
 E-mail ID for Investor Services:
investor.relations_india@heubach.com

B) Company's Registered Office:

Heubach Colorants India Limited
 Rupa Renaissance, B Wing, 25th Floor
 D-33, MIDC Road, TTC Industrial Area
 Juinagar, Navi Mumbai 400705 India
 Tel: 022- 20874405

The shareholders having physical shares are requested to ensure that any correspondence for change of address, change of bank mandates etc. should be signed by the first named shareholder and supported by the documents

such as Aadhar Card, Telephone or Electricity Bill in the name of shareholder or a family member along with a copy of PAN card.

In case shares of the Company are held in electronic form (i.e., in dematerialized form), all communications concerning transfer and transmission, dividends, change of address, furnishing of alterations in bank account details, nominations, ECS credit of dividend amount to shareholders' bank account or other inquiries should be addressed only to the Depository Participant (DP) with whom demat account is maintained, quoting client ID number and not to the Company or the R&T Agent. This is because once the shares are dematerialized the data is maintained by the DPs and the Company cannot alter the details and has to act on the basis of the details downloaded from NSDL or CDSL as the case may be.

For any assistance from the Company, members may contact Ms. Ameet Joshi, Company Secretary, at the registered office of the Company.

Report on Corporate Governance (Contd.)

8.9 Shareholding pattern as on March 31, 2023:

| Sr. No. | Category | No. of Shares held | % of holding |
|----------|---|--------------------|---------------|
| A | Promoters' Holding | | |
| | Foreign Promoters | | |
| (a) | Colorants International AG | 8439385 | 36.56 |
| (b) | EBITO Chemiebeteteiligungen AG | 4109426 | 17.80 |
| | Sub-Total | 12548811 | 54.36 |
| B | Institutional Investors | | |
| (a) | Mutual Funds / Alternate Investment Funds | 180 | 0.00 |
| (b) | Financial Institutions / Banks | 11327 | 0.05 |
| (c) | Insurance Companies | 446080 | 1.93 |
| (d) | Foreign Portfolio Investors (Corporate) | 78095 | 0.34 |
| (e) | Foreign Institutional Investors | 0.00 | 0.00 |
| (f) | Foreign bank | 878 | 0.00 |
| | Sub-Total | 536560 | 2.32 |
| C | Others | | |
| (a) | Domestic Companies | 363189 | 1.58 |
| (b) | Non-Resident Indians / Trusts | 368391 | 1.60 |
| (c) | Indian Public | 8595510 | 37.24 |
| (d) | Foreign Nationals | 0.00 | 0.00 |
| (e) | Government Companies | 0.00 | 0.00 |
| (f) | Investor Education and Protection Fund | 122809 | 0.53 |
| (g) | NBFCs Registered with RBI | 16221 | 0.07 |
| (h) | Key Managerial Personnel | 1960 | 0.00 |
| (i) | Other | 528347 | 2.30 |
| | Sub-Total | 9996427 | 43.32 |
| D | Total Public Shareholding (B+C) | 10532987 | 45.64 |
| | Total (A+D) | 23081798 | 100.00 |

2,27,54,505 equity shares of the Company are held in dematerialized form constituting 98.58% of the paid up capital as on March 31, 2023. The total number of shareholders as on March 31, 2023 is 57031*.

*No. of Shareholders are not clubbed as per their PAN.

8.10 Details of Members holding > 1% of the paid up capital of the Company:

| Sr. No | Name of the Shareholder | As at March 31, 2023 | | As at March 31, 2022 | |
|--------|--|----------------------|-------|----------------------|-------|
| | | No. of shares | % | No. of shares | % |
| 1 | Colorants International AG | 8439385 | 36.56 | 8439385 | 36.56 |
| 2 | Ebito Chemiebeteteiligungen AG | 4109426 | 17.80 | 4109426 | 17.80 |
| 3 | Bajaj Allianz Life Insurance Company Limited | 349529 | 1.51 | 600173 | 2.60 |

Report on Corporate Governance (Contd.)

8.11 Distribution of shareholdings as of March 31, 2023:

| No. of equity shares held | Shareholders | | Equity Shares held | |
|---------------------------|---------------------|---------------|--------------------|---------------|
| | No. of Shareholders | % | No. of shares | % |
| 1 - 500 | 55597 | 94.23 | 4437766 | 19.23 |
| 501 - 1000 | 2000 | 3.39 | 1506576 | 6.53 |
| 1001 - 2000 | 844 | 1.43 | 12140770 | 5.26 |
| 2001 - 3000 | 229 | 0.39 | 568157 | 2.46 |
| 3001 - 4000 | 120 | 0.20 | 428429 | 1.86 |
| 4001 - 5000 | 73 | 0.12 | 337893 | 1.46 |
| 5001 - 10000 | 90 | 0.15 | 636191 | 2.75 |
| 10001 & above | 50 | 0.09 | 13952709 | 60.45 |
| Total | 59003 | 100.00 | 23081798 | 100.00 |

*No. of Shareholders are not clubbed as per their PAN.

8.12 Names of Depositories for dematerialization of equity shares:

| Name of the Depository | ISIN No. |
|--|--------------|
| National Securities Depositories Limited (NSDL) | INE492A01029 |
| Central Depository Services (India) Limited (CDSL) | INE492A01029 |

Trading in equity shares of the Company is permitted only in dematerialized form.

8.13 ADRs/GDRs/Warrants:

The Company has not issued any GDRs / ADRs / Warrants or any other convertible instruments.

8.14 Plant Locations:

The Company's current manufacturing facilities are located at:

- 113/114, M.I.D.C. Industrial Area, A.V.P.O. Dhatav, Taluka Roha, District Raigad - 402 116 Maharashtra
- Plot/Phase No. 378/2/2, Durgapura Colony Road, Birlagram, Nagda - 456 331 Madhya Pradesh
- Kudikadu, SIPCOT Post, Cuddalore - 607 005 Tamil Nadu

8.15 Credit Ratings:

During the year under review, the Company had not subjected itself for any Credit Rating.

8.16 Certificate from Company Secretary:

A Certificate from M/s. J R Ahuja & Co., Practicing Company Secretaries, that none of the Directors on

the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the SEBI and/or Ministry of Corporate Affairs, or any such statutory authorities, is annexed at the end of this report.

8.17 Fees paid to Statutory Auditors:

The Company had paid the Statutory Auditors, in connection of the work related to Audit carried out by them and other activities as approved by the Audit Committee, for the Financial year 2022-23, as below:

| Nature of Engagement | FY 2022-23 |
|----------------------|----------------------|
| As auditors | ₹ 11.33 Lakhs |
| For other services | ₹ 7.59 Lakhs |
| Total | ₹ 18.92 Lakhs |

8.18 Recommendation of Committee:

There were no recommendations of any Committee of the Board which is not accepted by the Board during the Financial year 2022-23. All the Committee recommendations have been duly accepted by the Board after deliberations.

8.19 Instances of Sexual Harassment of Women:

The particulars of instances of sexual harassment of women at workplace of Heubach is as follows:

| | |
|--|-----|
| Number of complaints filed during the Financial year | Nil |
| Number of complaints disposed of during the Financial year | Nil |
| Number of complaints pending as on end of the financial year | Nil |

Report on Corporate Governance (Contd.)

8.20 Utilization of funds raised through Preferential allotment or Qualified Institutions Placement:

The Company has not allotted any specified security to anyone on Preferential basis or to Qualified Institutional Buyers in terms of Regulation 32 (7A) of SEBI (Listing Obligations & Disclosure requirements) Regulations, 2015.

9. ADDITIONAL INFORMATION**9.1 Unpaid/Unclaimed Dividend Shares:**

In terms of the provisions of Section 124 & 125 of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), the Company is obliged to transfer dividends which remain Unpaid or Unclaimed for a period of seven years from the date of transfer to Unpaid Dividend Account to the credit of the Investor Education and Protection Fund ('IEPF') established by the Central Government.

Further, in addition to the Unpaid or Unclaimed Dividend required to be transferred by the Company to IEPF, equity shares relating to such Unclaimed/Unpaid Dividend and lying unpaid / unclaimed for seven consecutive years or more are also required to be transferred to the Investor Education and Protection Fund Suspense Account ('IEPF Suspense Account').

In accordance with the requirements as set out in the IEPF Rules, the Company was not required to transfer any shares to IEPF Suspense Account during the year ended March 31, 2023.

Members are hereby informed that the 7 years period pertaining to Dividends for the various Financial years will expire as below; and thereafter the amount standing to the credit in the said account and the shares in respect of such unclaimed dividend will be transferred to the 'Investor Education and Protection Fund' of the Central Government. Members are therefore requested to encash the dividend at the earliest.

| Financial Year / period | Date of Declaration | Date of completion of seven years |
|-------------------------|---------------------|-----------------------------------|
| 2015-16 (Final) | 12.08.2016 | 18.09.2023 |
| 2016-17 (Final) | 11.08.2017 | 16.09.2024 |
| 2017-18 (Final) | 09.08.2018 | 14.09.2025 |
| 2018-19 (Interim) | 01.11.2018 | 07.12.2025 |
| 2018-19 (Final) | 08.08.2019 | 13.09.2026 |
| 2020-21 (First Interim) | 11.07.2020 | 17.08.2027 |

| Financial Year / period | Date of Declaration | Date of completion of seven years |
|--------------------------|---------------------|-----------------------------------|
| 2019-20 (Final) | 20.08.2020 | 26.09.2027 |
| 2020-21 (Second Interim) | 12.02.2021 | 20.03.2028 |
| 2020-21 (Final) | 12.08.2021 | 17.09.2028 |

Please note that no claim shall lie against the Company in respect of the unclaimed dividend amount and equity shares transferred to IEPF, pursuant to IEPF Rules. Shareholders can however claim both the unclaimed dividend amount and the equity shares transferred to IEPF Suspense Account from IEPF Authority by making an Application in Form IEPF-5 online and sending the physical copy of the same duly signed (as per registered signature) along with requisite documents enumerated in the said Form IEPF-5 to the Company at its registered office or to Link Intime for verification of the claim.

9.2 Detail of Unclaimed Shares:

The detail of unclaimed shares is given below:

| | |
|---|----------------------------------|
| Aggregate number of shareholders and the outstanding unclaimed shares as at end of the year | 257 Shareholders 35861 Shares |
| Number of shareholders who approached the issuer for transfer of unclaimed shares during the year | 5 Shareholders 747 Shares |
| Number of unclaimed shares were transferred during the year | NIL |
| Number of shareholders involved in IEPF4 | NIL |
| Number of shares involved in IEPF4 | NIL |
| Aggregate number of shareholders and the outstanding unclaimed shares as at end of the year | 252 Shareholders 35114 Shares |

The voting rights on the outstanding unclaimed shares shall remain frozen till the rightful owner of such shares claims the shares.

9.3 Bank Mandate:

Electronic Clearing Services (ECS) is a method of payment of dividend whereby the amount due to investors can directly be credited into their bank accounts, without having to issue paper instruments. It is fast and there is no scope for loss of dividend warrants in transit and possible fraudulent encashment.

In case of shares held in physical form the bank

Report on Corporate Governance (Contd.)

details may be sent to the Registrar & Share Transfer Agents. In case of shares held in demat form, the bank details provided by the Depository Participant (DP) with whom the demat account is maintained will be applicable. All previous instructions given by you to the Company in respect of ECS and bank details will stand superseded by the ECS details recorded with your DP.

9.4 Nomination Facility:

A member can nominate a person who shall have rights to shares and/or amount payable in respect of shares registered in his name in the event of his death. The nomination form can be obtained from the Company's Share Transfer Agent or downloaded from the website of the Company at www.heubach.com.

9.5 Consolidation of folios and avoidance of multiple folios:

Members having multiple folios are requested to consolidate their folios into single folio and for this purpose send request along with the original certificates to the Share Transfer Agent specifying the folio number under which they desire to hold the shares.

9.6 Communication:

In order to save the environment and in order to initiate e-communication, the Company requests all shareholders to register their email address with the depository, in case of shares held in demat form or with the Share Transfer Agents for shares held in physical form. This will facilitate the Company and Share Transfer Agents to send the communication through electronic mail which is faster and cost effective.

9.7 Non-Mandatory requirements:

The status of compliance with non-mandatory recommendations under Part E, Schedule II of SEBI (Listing Obligations & Disclosure Requirements)

Regulations, 2015 is provided below:

9.7.1 The Board: There is no separate Chairperson's office maintained by Non-Executive Chairman of the Company.

9.7.2 Shareholders' Rights: As the quarterly and half yearly financial performances are published in the newspapers and are also posted on the Company's website, the same are not being sent to the shareholders.

9.7.3 Modified Opinion(s) in the Audit Report and Audit Qualifications: There are no modified opinion in the Audit Report and the Company's financial statement for the year ended March 31, 2023 does not contain any audit qualification.

9.7.4 Reporting of Internal Auditor: The Internal Auditor reports to the Audit Committee.

10. CEO/CFO CERTIFICATION

The Managing Director and Executive Director and Chief Financial Officer have provided annual certificate on Financial Reporting and Internal Controls to the Board pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The said certificate was placed and taken on record at the Board Meeting held on May 16, 2023. They have also provided quarterly certificates on Financial results while placing the Financial results before the Board.

For and on behalf of the Board of Directors

Ravi Kapoor
Chairman
DIN (01761752)

Bharath R. Sessa
Managing Director
DIN (01983066)

Navi Mumbai, July 25, 2023

Independent Auditors' Certificate on Corporate Governance

To the members of

Heubach Colorants India Limited (formerly Clariant Chemicals (India) Limited)

We, the Statutory Auditors of **Heubach Colorants India Limited (formerly Clariant Chemicals (India) Limited)** (the Company) have examined the compliance of conditions of Corporate Governance by the Company for the year ended March 31, 2023 as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D, E of schedule V of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations 2015 (the Regulations) and as amended from time to time.

MANAGEMENT'S RESPONSIBILITY

The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

AUDITOR'S RESPONSIBILITY

Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the

Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

OPINION

Based on our examination of relevant records and information and according to the explanations given to us and the representation provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46 (2) and para C, D, E of schedule V of the Securities and Exchange Board of India (Listing Obligations Et Disclosure Requirements) Regulations 2015, during the year ended March 31, 2023, as applicable.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration No. 105047W

Vishal Vilas Divadkar
Partner
Place: Mumbai
Date: July 25, 2023
Membership No. 118247
UDIN: 23118247BGYDLB4515

Certificate from Practising Company Secretary

To

The Members,

Heubach Colorants India Limited

Reliable Tech Park, Gut No. 31,
Village Elthan, Off Thane Belapur Road,
Airoli, Navi Mumbai, Maharashtra, 400 708
CIN: L24110MH1956PLC010806

Sub: Certificate from a Company Secretary in Practice pursuant to Regulation 34(3) and Clause 10(i) of Part C of Schedule V to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

This is to certify, on the basis of records maintained by **Heubach Colorants India Limited** (Formerly known as Clariant Chemicals (India) Limited) (the Company) and the data available at the Ministry of Corporate Affairs (MCA) website and also declarations received from the following Directors of the Company, that none of the directors on the Board of the Company, for the Financial Year ended on March 31, 2023, have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Board/MCA or any such statutory authority:

| SN | DIN | Name of the Director |
|----|----------|------------------------|
| 1 | 00056826 | Kewal Kundanlal Handa |
| 2 | 00112289 | Indu Ranjit Shahani |
| 3 | 00920608 | Sunirmal Talukdar |
| 4 | 01761752 | Ravi Brijmohan Kapoor |
| 5 | 01983066 | Bharath Ramraman Sessa |
| 6 | 02629782 | Jugal Kishore Sahu |

For **J.R. Ahuja & Co.**

Date: 24th June 2023
Place: Mumbai

Jagdish Ahuja, Proprietor
UDIN: F009079E000491946
Peer Review No: 1877/2022

Business Responsibility and Sustainability Report (BRSR)

| | |
|------------------|---------------------------------------|
| SECTION A | General disclosures |
| SECTION B | Management and process disclosures |
| SECTION C | Principle-wise performance disclosure |

| | |
|--------------------|---|
| PRINCIPLE 1 | Businesses should conduct and govern themselves with integrity and in a manner that is ethical, transparent, and accountable |
| PRINCIPLE 2 | Businesses should provide goods and services in a manner that is sustainable and safe |
| PRINCIPLE 3 | Businesses should respect and promote the well-being of all employees, including those in their value chains |
| PRINCIPLE 4 | Businesses should respect the interests of and be responsive to all its stakeholders |
| PRINCIPLE 5 | Businesses should respect and promote human rights |
| PRINCIPLE 6 | Businesses should respect and make efforts to protect and restore the environment |
| PRINCIPLE 7 | Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent |
| PRINCIPLE 8 | Businesses should promote inclusive growth and equitable development |
| PRINCIPLE 9 | Businesses should engage with and provide value to their consumers in a responsible manner |

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

| | | |
|------------|--|---|
| 1. | Corporate Identity Number (CIN) of the Company | L24110MH1956PLC010806 |
| 2. | Name of the Company | Heubach Colorants India Limited (Formerly known as Clariant Chemicals (India) Limited) |
| 3. | Year of Incorporation | 1956 |
| 4. | Registered office address | Rupa Renaissance, B Wing, 25th Floor D-33, MIDC Road, TTC Industrial Area Juinagar, Navi Mumbai 400705 India |
| 5. | Corporate office address | Rupa Renaissance, B Wing, 25th Floor D-33, MIDC Road, TTC Industrial Area Juinagar, Navi Mumbai 400705 India |
| 6. | E-mail | amee.joshi@heubach.com |
| 7. | Telephone | 022 20874406 |
| 8. | Website | www.heubach.com |
| 9. | Financial year for which reporting is being done | FY 2022-23 |
| 10. | Name of the Stock Exchange(s) where shares are listed | BSE Limited & National Stock Exchange of India Limited |
| 11. | Paid-up Capital | ₹ 230817980 |
| 12. | Name and contact details (telephone, email address) of the person for BRSR Reporting | Ms. Ameer Joshi Company Secretary & Compliance Officer amee.joshi@heubach.com 022 20874406 |
| 13. | Reporting boundary | As the Company does not have any subsidiaries, the Business Responsibility & Sustainability Report has been prepared on standalone basis. |

Business Responsibility and Sustainability Report (Contd.)

II. Products/Services

14. Details of business activities (accounting for 90% of the turnover):

| S. No. | Description of Main Activity | Description of Business Activity | % Of Turnover of the entity |
|--------|---|---|-----------------------------|
| 1 | Manufacturing and sale of synthetic organic coloring matter | Manufacture of organic, pigment preparations, dyes and specialty materials for various applications | 100 |

15. Products/Services sold by the entity (accounting for 90% of the turnover):

| S. No. | Product/Services | NIC Code | % Of total turnover contributed |
|--------|---|----------|---------------------------------|
| 1 | Manufacture of organic, pigment preparations, dyes and specialty materials for various applications | 20114 | 87 |

III. Operations

16. Number of locations where plants and/or operations/offices of the entity are situated:

| S. No. | Location | Number of plants | Number of offices | Total |
|--------|---------------|------------------|-------------------|-------|
| 1. | National | 3 | 2 | 5 |
| 2. | International | Nil | Nil | Nil |

17. Markets served by the entity:

a. Number of locations

| S. No. | Locations | Number |
|--------|-------------------------------------|--------|
| 1. | National (Number of states) | 27 |
| 2. | International (Number of countries) | 4 |

b. What is the contribution of exports as a percentage of the total turnover of the entity?

Out of total turnover ₹ 76,641.66 Lakhs on standalone basis for the year 2022-23, the percentage of revenue from exports contribute to 36% (₹ 27,447.02 Lakhs).

c. A brief on types of customers

The Company supplies wide variety of products to diversified industries which include coating, corrosion protection industries, plastic manufacturers, printing, digital printing, special application product manufacturers. For more details, please visit website www.heubach.com and explore various product applications under the Products and Applications tab.

Business Responsibility and Sustainability Report (Contd.)

IV. EMPLOYEES**18. Details as at the end of Financial Year:****a. Employees and Workers (including differently abled):**

| Sl. No. | Particulars | Total (A) | Male | | Female | |
|------------------|------------------------------|------------|------------|------------|-----------|------------|
| | | | No. (B) | % (B / A) | No. (C) | % (C / A) |
| EMPLOYEES | | | | | | |
| 1. | Permanent (D) | 215 | 193 | 90% | 22 | 10% |
| 2. | Other than permanent (E) | 18 | 14 | 78% | 4 | 22% |
| 3. | Total Employees (D+E) | 233 | 207 | 89% | 26 | 11% |
| WORKERS | | | | | | |
| 4. | Permanent (F) | 279 | 276 | 99% | 3 | 1% |
| 5. | Other than permanent (G) | 405 | 369 | 91% | 36 | 9% |
| 6. | Total Workers (F+G) | 684 | 645 | 94% | 39 | 6% |

b. Differently abled Employees and Workers:

| Sl. No | Particulars | Total (A) | Male | | Female | |
|------------------------------------|--|-----------|---------|-----------|---------|-----------|
| | | | No. (B) | % (B / A) | No. (C) | % (C / A) |
| Differently abled Employees | | | | | | |
| 1. | Permanent (D) | Nil | NA | | | |
| 2. | Other than Permanent (E) | | | | | |
| 3. | Total Differently abled Employees (D+E) | | | | | |
| Differently abled Workers | | | | | | |
| 4. | Permanent (F) | Nil | NA | | | |
| 5. | Other than permanent (G) | | | | | |
| 6. | Total Differently abled Workers (F + G) | | | | | |

19. Participation/Inclusion/Representation of women:

| Particulars | Total (A) | No. and percentage of Females | |
|--------------------------|-----------|-------------------------------|-----------|
| | | No. (B) | % (B / A) |
| Board of Directors | 6 | 1 | 16.67 |
| Key Management Personnel | 3 | 1 | 33.33 |

20. Turnover rate for permanent employees and workers:

| Particulars | FY 2022-23 | | | FY 2021-22 | | | FY 2020-21 | | |
|---------------------|------------|------------|-----------|------------|------------|-----------|------------|------------|-----------|
| | Male (%) | Female (%) | Total (%) | Male (%) | Female (%) | Total (%) | Male (%) | Female (%) | Total (%) |
| Permanent employees | 3.57% | 17.02% | 4.20% | 4.07% | 9.30% | 4.30% | 4.95% | 6.06% | 4.99% |
| Permanent workers | 5.64% | 0% | 5.59% | 5.19% | 0% | 5.15% | 3.89% | 0% | 3.87% |

Business Responsibility and Sustainability Report (Contd.)

V. HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES (INCLUDING JOINT VENTURES)**21. Names of holding / subsidiary / associate companies / joint ventures:**

| Sl. No. | Name of the holding / subsidiary / associate companies / joint ventures | Is it a holding/ Subsidiary/ Associate/ Joint Venture | % Of shares held by listed entity | Does the entity participate in the Business Responsibility initiatives of the listed entity? (Yes/No) |
|---------|---|---|-----------------------------------|---|
| 1 | Colorants International AG | Holding | 36.56 | No |
| 2 | Ebito Chemiebeteteiligungen AG | Holding | 17.80 | No |

VI. CSR DETAILS

- 22.** I. Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes
 II. If yes, Turnover – ₹ 76,641.66 Lakhs
 III. Net worth – ₹ 43,242.26 Lakhs

VII. TRANSPARENCY AND DISCLOSURES COMPLIANCES**23. Complaints/Grievances on any of the principles (principles 1 to 9) under the National Guidelines on Responsible Business Conduct (NGBRC):**

| Stakeholder group from whom complaint is received | Grievance Redressal Mechanism in Place (Yes/No) (If yes, then provide web-link for grievance redress policy) | FY 2022-23 | | | FY 2021-22 | | |
|---|--|---|---|--|---|---|--|
| | | No. of complaints filed during the year | No. of complaints pending resolution at close of the year | Remarks | No. of complaints filed during the year | No. of complaints pending resolution at close of the year | Remarks |
| Communities | Company do have grievance redressal mechanism in place for each of the stakeholder group. The relevant policies are given in the below link: https://www.heubach.com/heubach-india/investor-relations-india-overview/policies/ Investor Relations Contact is given in the below link: https://www.heubach.com/heubach-india/investor-relations-india-overview/contact-and-investor-grievance/ | Nil | Nil | Nil | Nil | Nil | Nil |
| Investors | | Nil | Nil | Nil | Nil | Nil | Nil |
| Shareholders | | 18 | Nil | Complaints from shareholders w.r.t non-receipt of dividend, share certificates, etc. | 27 | Nil | Complaints from shareholders w.r.t non-receipt of dividend, share certificates, etc. |
| Employees and workers | | 1 | 0 | Nil | 1 | 0 | Nil |
| Customers | | 78 | Nil | Nil | 65 | 0 | Nil |
| Value Chain Partners | | Nil | Nil | Nil | Nil | Nil | Nil |
| Other (please specify) | Nil | Nil | Nil | Nil | Nil | Nil | |

24. Overview of the entity's material responsible business conduct issues:

| S. No. | Material issue identified | Is it risk or opportunity (R/O) | Rationale for identifying the risk / opportunity | In case of risk, approach to adapt or mitigate | Financial implications of the risk or opportunity (Indicate positive or negative implications) |
|--------------------|---|---------------------------------|--|---|--|
| Environment | | | | | |
| 1 | Carbon emission | Risk | Higher carbon footprint of the products has negative impact on sales and revenue generation as customers are preferring lesser carbon footprint products. | Reduce carbon footprint of the products by switching from thermal energy to renewable energy, replacement of fossil fuels with renewable fuels. Conduct Life cycle Assessment (LCA) to assess carbon footprint of various pigment products. | Negative |
| 2 | Circular economy (Waste & Water Management) | Opportunity | Implementation of sustainable waste management practices promoting reduce, reuse and recycle, reduces the dependency on natural resources and also minimizes waste disposal related costs. 100% of treatment and reuse of treated wastewater in various industrial applications helps in mitigating water related risks and reduces the utility bills. | Practice segregation of waste and enhance the recycling of waste by identifying the end use applications. Deployment of suitable wastewater treatment technologies for improving the treated wastewater parameters for further utilization in various industrial applications by reducing the dependency on freshwater resources. | Positive |
| 3 | Sustainable Innovation | Risk | Changes in regulations preferring eco-friendly products with lesser environmental footprint brings the challenge to the company for revenue generation and business expansion. | Develop new products with lesser environmental footprint through research and development. Invest in research & development activities for producing new products. | Negative |
| Social | | | | | |
| 4. | Occupational Health & Safety | Risk | Accidents and injuries to employees and workers at workplace negatively impacts the operations of the company and brand value. | Identification of occupational health & safety related risks and implementation of mitigation plan. Conduct regular training programs on health & safety to all employees and workers. Improvement in ergonomics and implement 5S at workplace to mitigate the health & safety related risks. | Negative |

| S. No. | Material issue identified | Is it risk or opportunity (R/O) | Rationale for identifying the risk / opportunity | In case of risk, approach to adapt or mitigate | Financial implications of the risk or opportunity (Indicate positive or negative implications) |
|-------------------|---------------------------|---------------------------------|--|---|--|
| 5. | Operations & Supply Chain | Risk | Inadequate utilization of production capacity leads to increase in operational expenditure and decrease the profit of the company. Absence of adequate supply chain management system could result in business disruptions affecting the continuous supply of products to the customers. | Assessment of supply chain related risks and implementation of mitigation plan for the identified supply chain related risks. Deploy sustainable supply chain management systems addressing the short term and long-term risks in the supply chain. | Negative |
| 6. | Talent management | Risk | Lack of adequate manpower with required skills and expertise affects the productivity of the company | Implement suitable hiring system to attract talented employees. Retaining talented employees with required skill set and expertise. | Negative |
| Governance | | | | | |
| 7. | Business Ethics | Risk | Non-compliance to policies and laws could affect the reputation of the company | Ensure strict adherence to and compliance to policies and laws. Conduct regular training programs on business ethics for all employees. | Negative |
| 8. | Succession Plan | Risk | Inadequate succession plan poses new threats to the business continuity during transition phases. | Implementation of a robust leadership succession plan. Implementation of mitigation plans for business continuity risks during transition and other phases. | Negative |

Business Responsibility and Sustainability Report (Contd.)

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies, and processes put in place towards adopting the NGRBC principles and core elements. These are briefly as under:

| | |
|-----------|---|
| P1 | Businesses should conduct and govern themselves with integrity and in a manner that is ethical, transparent, and accountable |
| P2 | Businesses should provide goods and services in a manner that is sustainable and safe |
| P3 | Businesses should respect and promote the well-being of all employees, including those in their value chains |
| P4 | Businesses should respect the interests of and be responsive to all its stakeholders |
| P5 | Businesses should respect and promote human rights |
| P6 | Businesses should respect and make efforts to protect and restore the environment |
| P7 | Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent |
| P8 | Businesses should promote inclusive growth and equitable development |
| P9 | Businesses should engage with and provide value to their consumers in a responsible manner |

POLICY AND MANAGEMENT PROCESSES

| | Points | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|-------|--|--|----|----|----|----|----|----|----|----|
| 1.(a) | Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No) | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 1.(b) | Has the policy been approved by the Board? (Yes/No) | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 1.(c) | Web Link of the Policies, if available | Code of conduct (https://admin.heubach.com/wp-content/uploads/2023/05/New-Heubach-Code-of-Conduct.pdf) Vigil mechanism and whistle blower policy (https://admin.heubach.com/wp-content/uploads/2023/05/HCIL_Vigil-Mechanism-Policy.pdf) Code of conduct for the members of Board of Directors & Senior Members of Management (https://admin.heubach.com/wp-content/uploads/2023/02/HCIL_Code-of-Conduct-for-BoD-and-Senior-Management_2022_KY.pdf) Code for Independent Directors (https://admin.heubach.com/wp-content/uploads/2023/05/HCIL_Code-for-Independent-Directors.pdf) Corporate social responsibility policy (https://admin.heubach.com/wp-content/uploads/2023/02/HCIL_CSR-Policy_2022.pdf) Environment, Health & Safety, Anti-Bribery and Anti-Corruption policy and other relevant policies of NGRBCs are available on Company's intranet. | | | | | | | | |

Business Responsibility and Sustainability Report (Contd.)

| | Points | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|----|--|---|---|---|--|----|---|----|--|----|
| 2. | Whether the entity has translated the policy into procedures. (Yes / No) | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 3 | Do the enlisted policies extend to your value chain partners? (Yes/No) | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 4 | Name of the national and international codes/certifications/labels/standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g., SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle. | - | ISO 9001:2015 (Quality Management Systems) ISO 14001:2015 (Environmental Management Systems) ISO 50001:2018 (Energy Management Systems) UN Global Compact & the Chemical Industry Responsible Care Initiative Global labelling Mgt GLM Tool | ISO 45001:2018 (Occupational Health & Safety Management System) | Membership of Bombay Chambers of Commerce Indian Chemical Council | - | OEKO-TEX and Eco Passport Certification SDG Initiative | - | As per CSR rules defined under the Companies Act, 2013 | - |
| 5 | Specific commitments, goals and targets set by the entity with defined timelines, if any. | The Company has adopted key material issues under Environment, Social & Governance (ESG) and aligned with the business strategy. The performance on ESG related commitments, goals and targets are assessed by the CSR and Risk Management committee and updated to the board on periodical basis. Company's goals and targets are provided below: Sustainable operational targets for the year 2030 considering the baseline year 2019 are: <ul style="list-style-type: none"> Reduce water intake by 3% Reduce wastewater generation by 10% Reduce specific hazardous waste generation by 10% Reduce specific energy consumption by 10% Reduce specific CO2 direct emission by 10% Reduce specific water discharge by 10% Implementation of sustainable water management practices at the sites located in Roha, Cuddalore and Nagda. Company's sustainability strategy is based on 4 pillars i.e. Economic Performance (Innovation, Production quality, Product Safety), Environment (CO2 emission, waste, sustainable products), Social (Health & safety, HR policy, Human Rights) and Corporate Governance (Code of Conduct, Compliance, Collaboration). | | | | | | | | |
| 6 | Performance of the entity against the specific commitments, goals, and targets along-with reasons in case the same are not met. | Yes, the performance on ESG goals and other relevant details are disclosed in this Annual Report. | | | | | | | | |

Business Responsibility and Sustainability Report (Contd.)

GOVERNANCE, LEADERSHIP, AND OVERSIGHT

| | | |
|----|---|--|
| 7 | Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets, and achievements (listed entity has flexibility regarding the placement of this disclosure) | ESG is core part of our Company's values. Our focus on ESG is very intense and bottom up. Our Safety metrics are tracked and managed frequently. We have made big strides on using renewable energy at our sites. We have also completed Product Carbon Footprint (PCF) for 13 of our products and working on more. We continue to drive ESH performance to be an industry leader. |
| 8 | Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies). | Mr. Bharath R Sesha DIN: 01983066 Designation: Managing Director |
| 9 | Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details. | Yes, Corporate Social Responsibility (CSR) and Risk Management Committee of the Company is responsible for decision making and implementation of sustainability related commitments, goals and targets. The CSR and Risk Management Committee updates the status on implementation of sustainability aspects to the board of directors periodically. The Company has an internal frameworks/Committees to monitor the effective implementation of sustainability related policies. |
| 10 | Details of Review of NGRBCs by the Company | |
| | Subject for Review | a. Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee |
| | | P1 P2 P3 P4 P5 P6 P7 P8 P9 |
| 1 | Performance against above policies and follow up action | Yes Yes Yes Yes Yes Yes Yes Yes Yes Yes |
| 2 | Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances | Yes Yes Yes Yes Yes Yes Yes Yes Yes Yes |
| | Subject for Review | b. Frequency (Annually/ Half yearly/ Quarterly/ Any other - please specify) |
| | | P1 P2 P3 P4 P5 P6 P7 P8 P9 |
| 1 | Performance against above policies and follow up action | The business responsibility policies are periodically reviewed by the department heads, plant heads and Board of Directors on an annual basis. During these assessments, the adequacy of the policies are reviewed and adequate changes to policies, procedures and internal controls are implemented accordingly. |
| 2 | Compliance with statutory requirements of relevance to the principles, and the rectification of any non-compliances | The Company is compliant with all statutory requirements and applicable laws. There were no instances of non-compliance in the reporting period. |

Business Responsibility and Sustainability Report (Contd.)

| | | | | | | | | | | |
|-----|---|---|----|----|----|----|----|----|----|----|
| 11 | Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency. | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
| | | The evaluation and assessment of policies are carried out periodically by an internal audit committee and group company auditors, risk management committee, CSR committee and the respective department heads to identify the improvement areas and updated to board of directors for necessary amendments. Independent assessment is carried out by an external agency on need basis. | | | | | | | | |
| 12. | If answer to question (1) above is "No" i.e., not all Principles are covered by a policy, reasons to be stated: | | | | | | | | | |
| | Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
| 1 | The entity does not consider the principles material to its business (Yes/No) | Not Applicable | | | | | | | | |
| 2 | The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No) | | | | | | | | | |
| 3 | The entity does not have the financial or/human and technical resources available for the task (Yes/No) | | | | | | | | | |
| 4 | It is planned to be done in the next financial year (Yes/No) | | | | | | | | | |
| 5 | Any other reason (please specify) | | | | | | | | | |

SECTION C: PRINCIPLE-WISE PERFORMANCE DISCLOSURE

Principle 1: Business should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

ESSENTIAL INDICATORS

1. Percentage coverage by training and awareness programmes on any of the principles during the financial year:

| S. No. | Segment | Total number of training & awareness programmes held | Topics / principles covered under the training | % Of persons in respective category covered by the awareness programmes |
|--------|--------------------------|--|--|---|
| 1 | Board of Directors | 5 | Code of Conduct, Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 in relation to RPTs and recent amendments, BRSR disclosure requirements, Talent management, Familiarization programme, Prohibition of Insider Trading Policy, SOP for Compliance Mechanism under SEBI Insider trading Regulations. *The Various regulations, circulars, guidelines, press releases etc. are also discussed by the Board of Directors | 100% |
| 2 | Key Managerial Personnel | 5 | Code of Conduct, Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 in relation to RPTs and recent amendments, BRSR disclosure requirements, Talent management, Familiarization programme, Prohibition of Insider Trading Policy, SOP for Compliance Mechanism under SEBI Insider trading Regulations. *The Various regulations, circulars, guidelines, press releases etc. are also discussed by the Board of Directors. | 100% |

Business Responsibility and Sustainability Report (Contd.)

| S. No. | Segment | Total number of training & awareness programmes held | Topics / principles covered under the training | % Of persons in respective category covered by the awareness programmes |
|--------|-----------------------------------|--|--|---|
| 3 | Employees other than BoD and KMPs | 13 | Code of Conduct, Golden Rules, Lock Out Tag Out (LOTO-TO), First Aid, Fire Fighting, Product & Process Quality, 5S (Sort, Set in Order, Shine, Standardize, Sustain), Operations management, Environment Management Systems, Communication Skills, General Safety, Leadership skills, Reporting skills | 100% |
| 4 | Workers | 11 | Code of Conduct, Golden Rules, Lock Out Tag Out (LOTO-TO), First Aid, Fire Fighting, Product & Process Quality, 5S in Health and Safety (Sort, Set in Order, Shine, Standardize, Sustain), Operations management, Technical Skills, General Safety | 100% |

2. Details of fines / penalties / punishment / award / compounding fees / settlement amount paid in proceedings (by the entity or by its directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions in FY 2022-23:

| Monetary | | | | | |
|-----------------|-----------------|---|----------------|-------------------|---|
| Particulars | NGRBC Principle | Name of the regulatory/ enforcement agencies/ Judicial institutions | Amount (In ₹) | Brief of the Case | Has an appeal been preferred? (Yes/ No) |
| Penalty/Fine | Nil | | Not Applicable | | |
| Settlement | | | | | |
| Compounding fee | | | | | |
| Non-Monetary | | | | | |
| Imprisonment | Nil | | Not Applicable | | |
| Punishment | | | | | |

3. Of the instances disclosed in Question 2 above, details of the Appeal / Revision preferred in cases where monetary or nonmonetary action has been appealed:

| Case Details | Name of the regulatory/ enforcement agencies/ judicial institutions |
|--------------|---|
| | Not Applicable |

4. Does the entity have an anti-corruption policy or antibribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

The Company has adopted the Anti- Bribery and Anti-Corruption policy (ABC policy) which covers all employees and third parties with whom the Company engaged in business activities. Under ABC policy, the Company is implementing the principles of the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, the UK Bribery Act 2010, the US Foreign Corrupt Practices Act (FCPA), the Prevention of Corruption Act 1988 (as applicable in India) and all equivalent local laws affecting the Company. ABC policy is available in company's intranet.

Business Responsibility and Sustainability Report (Contd.)

5. No of Directors/KMPs/Employees against whom disciplinary action was taken by any law enforcement agency for the charges of bribery / corruption:

| | Segment | FY 2022-23 | FY 2021-22 |
|---|--------------------------|------------|------------|
| 1 | Directors | Nil | Nil |
| 2 | Key Managerial Personnel | Nil | Nil |
| 3 | Employee | Nil | Nil |
| 4 | Workers | Nil | Nil |

6. Details of complaints with regard to conflict of interest:

| | Segment | FY 2022-23 | | FY 2021-22 | |
|---|--|------------|---------|------------|---------|
| | | Number | Remarks | Number | Remarks |
| 1 | Number of complaints received in relation to issues of Conflict of Interest of the Directors | Nil | NA | Nil | NA |
| 2 | Number of complaints received in relation to issues of Conflict of Interest of the KMPs | Nil | NA | Nil | NA |

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators / law enforcement agencies / judicial institutions, on cases of corruption and conflicts of interest.

Not Applicable

LEADERSHIP INDICATORS

1. Awareness programmes conducted for value chain partners on any of the principles during the financial year:

| Total number of awareness programmes held | Topics / principles covered under the training | % of value chain partners covered (by value of business done with such partners) under the awareness programmes |
|---|---|---|
| 7 | Code of Conduct, Golden Rules, Lock Out Tag Out (LOTO-TO), First Aid, Fire Fighting, Product & Process Quality, General Safety, | 100% |

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If yes, provide details of the same.

Yes, the Company is having an appropriate system and practices to avoid conflict of interest at board level. A separate code of conduct is available for the Board of Directors and Senior Management to ensure that they do not engage in any business, relationship or activity which might be detrimentally conflict with the interest of the company. In case, there is likely to be a conflict of interest, the concerned director must make full disclosure of all facts and circumstances. The board is collectively responsible for decision making on conflict of interest disclosed to the board on any business decisions, where any of the directors are involved.

Principle 2: Businesses should provide goods and services in a manner that is sustainable and safe

ESSENTIAL INDICATORS

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

| S. No. | Segment | FY 2022-23 | FY 2021-22 | Details of improvements in environmental and social impacts |
|--------|---------|-----------------|-----------------|---|
| 1 | R&D | Nil | Nil | Not Applicable |
| 2 | Capex | ₹ 1688.54 Lakhs | ₹ 2064.41 Lakhs | Disclosed in HCL's Annual Report for the year FY 2022-23 |

Business Responsibility and Sustainability Report (Contd.)

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)

Yes

b. If yes, what percentage of inputs were sourced sustainably?

100%

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste:

The Company is implementing sustainable waste management practices in all facilities through prioritizing reduce, reuse and recycle of waste wherever possible and dispose the residual waste fractions in safe manner. Plastic waste, other hazardous waste and other non-hazardous waste is being generated from the plant operations. Plastic waste is either recycled or co-processed, non-hazardous waste is composted, and hazardous waste is either incinerated or landfilled based on the type and composition of the waste.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

Yes, Extended Producer Responsibility (EPR) is applicable as per the Plastic Waste Management Rules, 2016 and subsequent amendments. The Company has already obtained Plastic Waste EPR Authorization from the Central Pollution Control Board (CPCB) and the waste collection plan is in line with the EPR targets given by the CPCB.

LEADERSHIP INDICATORS

1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

| NIC Code | Name of Product/ Services | % Of total Turnover contributed | Boundary for which the Life Cycle Perspective / Assessment was conducted | Whether conducted by independent external agency (Yes/No) | Results communicated in public domain (Yes/No) If yes, provide the web-link. |
|----------|---------------------------|---------------------------------|--|---|---|
| 20114 | 13 Azo pigments | | | | Refer the weblink for details https://www.heubach.com/sustainability-at-heubach-group/sustainable-solutions/ |

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

| Name of Product/Service | Description of the risk / concern Action Taken | Description of the risk / concern Action Taken |
|-------------------------|--|--|
| | Not Applicable | |

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Not Applicable. The Company do not use any kind of reuse or recycle materials for manufacturing of various pigment products.

Business Responsibility and Sustainability Report (Contd.)

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

| | FY 2022-23 | | | FY 2021-22 | | |
|--------------------------------|--|----------|-----------------|------------|----------|-----------------|
| | Re-Used | Recycled | Safely Disposed | Re-Used | Recycled | Safely Disposed |
| Plastics (including packaging) | | | | | | |
| E-waste | Please refer response to question no. 8, essential indicators under Principle Number 6 | | | | | |
| Hazardous waste | | | | | | |
| Other Waste | | | | | | |

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category:

| Indicate product category | Reclaimed products and their packaging materials as % of total products sold in respective category |
|---------------------------|---|
| Plastic Waste | More than 90% |

Principle 3: Businesses should respect and promote the well-being of all employees, including those in their value chains

ESSENTIAL INDICATORS

1. a. Details of measures for the well-being of employees:

| Category | Total (A) | % Of employees covered by | | | | | | | | | |
|---------------------------------------|------------|---------------------------|-------------|--------------------|-------------|--------------------|-------------|--------------------|-----------|---------------------|-----------|
| | | Health Insurance | | Accident Insurance | | Maternity Benefits | | Paternity Benefits | | Day Care facilities | |
| | | Number (B) | % (B/A) | Number (C) | % (C/A) | Number (D) | % (D/A) | Number (E) | % (E/A) | Number (F) | % (F/A) |
| Permanent Employees | | | | | | | | | | | |
| Male | 193 | 193 | 100% | 193 | 100% | NA | NA | NA | NA | NA | NA |
| Female | 22 | 22 | 100% | 22 | 100% | 22 | 100% | NA | NA | NA | NA |
| Total | 215 | 215 | 100% | 215 | 100% | 22 | 100% | NA | NA | NA | NA |
| Other than Permanent Employees | | | | | | | | | | | |
| Male | 14 | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| Female | 4 | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| Total | 18 | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA |

b. Details of measures for the well-being of workers:

| Category | Total (A) | % Of workers covered by | | | | | | | | | |
|-------------------------------------|------------|-------------------------|-------------|--------------------|---------------|--------------------|--------------|--------------------|---------------|---------------------|-----------|
| | | Health Insurance | | Accident Insurance | | Maternity Benefits | | Paternity Benefits | | Day Care facilities | |
| | | Number (B) | % (B/A) | Number (C) | % (C/A) | Number (D) | % (D/A) | Number (E) | % (E/A) | Number (F) | % (F/A) |
| Permanent Workers | | | | | | | | | | | |
| Male | 276 | 276 | 100% | 276 | 100% | NA | NA | NA | NA | NA | NA |
| Female | 3 | 3 | 100% | 3 | 100% | 3 | 100% | NA | NA | NA | NA |
| Total | 279 | 279 | 100% | 279 | 100% | 3 | 1% | NA | NA | NA | NA |
| Other than permanent workers | | | | | | | | | | | |
| Male | 369 | 369 | 100% | 346 | 93.77% | NA | NA | 160 | 43.36% | NA | NA |
| Female | 36 | 36 | 100% | 36 | 100% | 14 | 38.89% | NA | NA | NA | NA |
| Total | 405 | 405 | 100% | 382 | 94.32% | 14 | 3.46% | 160 | 39.51% | NA | NA |

Business Responsibility and Sustainability Report (Contd.)

2. Details of retirement benefits for Current and Previous FY:

| | Benefits | FY 2022-23 | | | FY 2021-22 | | |
|---|-----------------------------|--|--|---|--|--|---|
| | | No. of employees covered as a % of total employees | No. of workers covered as a % of total workers | Deducted and deposited with the authority | No. of employees covered as a % of total employees | No. of workers covered as a % of total workers | Deducted and deposited with the authority |
| 1 | PF | 100% | 100% | Yes | 100% | 100% | Yes |
| 2 | Gratuity | 100% | 100% | Yes | 100% | 100% | Yes |
| 3 | ESI | NA | 62.72% | Yes | NA | 65.19% | Yes |
| 4 | Superannuation | 40.77% | NA | Yes | 48.76% | NA | Yes |
| 5 | After Retirement Medi-Claim | NA | NA | NA | NA | NA | NA |

3. Accessibility of workplaces - Are the premises / offices of the entity accessible to differently abled employees, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Yes, all offices and plants of the Company are accessible to differently abled employees.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

The code of conduct of the Company provides for an Equal Opportunity Policy to promote diversity and do not tolerate any form of discrimination based on gender, racial or ethnic origin, religion, belief, disability, age, sexual identity or other differences that make each of us a unique individual. We offer equal opportunities during the recruitment, employment, promotion and development of our employees. Furthermore, we believe in creating a truly inclusive organizational culture where differences are valued and leveraged. The Company's policy is available at <https://admin.heubach.com/wp-content/uploads/2023/05/New-Heubach-Code-of-Conduct.pdf>

5. Return to work and Retention rates of permanent employees that took parental leave:

| Gender | Permanent Employees | | Permanent Workers | |
|--------------|-------------------------|--------------------|-------------------------|--------------------|
| | Return to work Rate (%) | Retention Rate (%) | Return to work Rate (%) | Retention Rate (%) |
| Male | Nil | NA | NA | NA |
| Female | 100% | 100% | NA | NA |
| Total | 100% | 100% | NA | NA |

6. Is there a mechanism available to receive and redress grievances for the following categories of employees? If yes, give details of the mechanism in brief.

| | Yes/No (If yes, then give details of the mechanism in brief) |
|----------------------------------|--|
| 1 Permanent workers | <p>Yes, The Company's Whistle Blower Policy applicable to all directors, officers, employees and third parties of the Company to report concerns or misconduct on violation of the code through a vigil mechanism, a secured reporting mechanism administered by the Chairman of the Audit Committee.</p> <ul style="list-style-type: none"> Bringing the violation or concern to the attention of their local supervisor, or any member of local management, as appropriate Informing the Country Compliance Officer, Legal Counsel, or Human Resources (HR) Manager Making a direct report (in a sealed envelope) addressed to Audit Committee <p>The Company ensures confidentiality in the entire process of grievance redressal protecting the identity and grievance related information. The grievance will be routed and redressed through site head at plant locations and through human resources department or line manager in the corporate office. The Company's Whistle Blower policy is available at https://admin.heubach.com/wp-content/uploads/2023/05/HCIL_Vigil-Mechanism-Policy.pdf</p> |
| 2 Other than Permanent Workers | |
| 3 Permanent Employees | |
| 4 Other than Permanent Employees | |

Business Responsibility and Sustainability Report (Contd.)

7. Membership of employees in association(s) or Unions recognized by the listed entity:

| Category | FY 2022-23 | | | FY 2021-22 | | |
|----------------------------------|--|--|---------|--|--|---------|
| | Total employees / workers in respective category (A) | No. of employees / workers in respective category, who are part of association(s) or Union | % (B/A) | Total employees / Workers in respective category (C) | No. of employees / workers in respective category, who are part of association(s) or Union (D) | % (D/C) |
| Total Permanent Employees | 215 | Nil | NA | 176 | Nil | NA |
| Male | 193 | Nil | NA | 162 | Nil | NA |
| Female | 22 | Nil | NA | 14 | Nil | NA |
| Total Permanent Workers | 279 | 191 | 68% | 275 | 157 | 57.09% |
| Male | 276 | 191 | 69% | 273 | 157 | 57.51% |
| Female | 3 | Nil | NA | 2 | Nil | NA |

8. Details of training given to employees:

| Category | FY 2022-23 | | | | | FY 2021-22 | | | | |
|------------------|------------|-------------------------------|-------------|----------------------|-------------|------------|-------------------------------|-------------|----------------------|-----------|
| | Total (A) | On Health and safety measures | | On Skill upgradation | | Total (D) | On Health and safety measures | | On Skill upgradation | |
| | | No. (B) | % (B/A) | No. (C) | % (C/A) | | No. (E) | % (E/D) | No. (F) | % (F/D) |
| Employees | | | | | | | | | | |
| Male | 193 | 193 | 100% | 193 | 100% | 162 | 162 | 100% | 8 | 5% |
| Female | 22 | 22 | 100% | 22 | 100% | 14 | 14 | 100% | Nil | NA |
| Total | 215 | 215 | 100% | 215 | 100% | 176 | 176 | 100% | 8 | 5% |
| Workers | | | | | | | | | | |
| Male | 276 | 276 | 100% | 1 | 0.4% | 273 | 273 | 100% | 7 | 3% |
| Female | 3 | 3 | 100% | Nil | NA | 2 | 2 | 100% | Nil | NA |
| Total | 279 | 279 | 100% | 1 | 0.4% | 275 | 275 | 100% | 7 | 3% |

9. Details of performance and career development reviews of employees and workers:

| Category | FY 2022-23 | | | FY 2021-22 | | |
|------------------|------------|------------|-------------|------------|------------|-------------|
| | Total (A) | No. (B) | % (B/A) | Total (C) | No. (D) | % (D/C) |
| Employees | | | | | | |
| Male | 193 | 193 | 100% | 162 | 162 | 100% |
| Female | 22 | 22 | 100% | 14 | 14 | 100% |
| Total | 215 | 215 | 100% | 176 | 176 | 100% |
| Workers | | | | | | |
| Male | 276 | NA | NA | 273 | NA | NA |
| Female | 3 | NA | NA | 2 | NA | NA |
| Total | 279 | NA | NA | 275 | NA | NA |

10. Health and Safety Management System:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes / No). If yes, the coverage of such system?

Yes, The Company has implemented Occupational Health & Safety Management System covering 100% of all sites including both employees and contractors.

Safety is a value at the Company, hence it is non-negotiable. The Company is successful because its employees go back from work as healthy and safe as they entered the workplace, every single day. Next to being a value, the Company feel an obligation towards the dear ones of employees, contractor, guest & visitors, in providing a safe workplace. The facilities of the Company have been certified by ISO 45001 certification and periodic audits are conducted on occupational health and safety (OH&S) management system.

b. What are the processes used to identify work related hazards and assess risks on a routine and non-routine basis by the entity?

The Company is having a detailed process/mechanism mentioned under health hazards section in the Environmental, Health & Safety (EHS) guidelines to identify & evaluate work related hazards and assess risks on a routine and non-routine basis. An appropriate system is in place to strengthen the systems, processes and existing controls based on the identified risks for all activities within the premises of the organization.

As part of Company's ambition in building and sustaining a Safe workplace in all plants and offices, the company have started conducting an event **"Tag the Unsafe @ 48 hr"**, across all its Manufacturing Sites, Commercial offices, Warehouses and labs.

An effort of Red Tagging the Unsafe (Condition, Situation, Act & Behaviour) is going to alert employees and workers on a safety hazard contributing to Company's goal to make **"Together we make Heubach Injury Free"**.

c. Whether you have processes for employees to report the work-related hazards and to remove themselves from such risks. (Y/N)

Yes, the Company is having the procedure of reporting the unsafe conditions and hazards as well as near miss incidents. The employees are having authorization to take action to maintain working area free from hazards.

d. Do the employees of the entity have access to non-occupational medical and healthcare services? (Yes / No)

Yes, the Company is having full-fledged occupational health center with medical officer and supporting staff to take care of the overall physical and mental well-being of all employees and workers.

11. Details of Safety related incidents:

| | Safety Incident/Number | Category | FY 2022-23 | FY 2021-22 |
|---|---|-----------|------------|------------|
| 1 | Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked) | Employees | 0 | 0 |
| | | Workers | 0 | 0 |
| 2 | Total recordable work-related injuries | Employees | 0 | 0 |
| | | Workers | 0 | 0 |
| 3 | No. of fatalities | Employees | 0 | 0 |
| | | Workers | 0 | 0 |
| 4 | High consequence work-related injury or ill-health (excluding fatalities) | Employees | 0 | 0 |
| | | Workers | 0 | 0 |

12. Describe the measures taken by the entity to ensure a safe and healthy workplace:

- The Company has taken several measures for improving ergonomics and implemented 5S at workplace that offers great opportunities to enhance efficiency, productivity and overall success. 5S stands for 5 key principles:
 - Sort: The first step is to eliminate unnecessary items from our workspaces.

- Set in Order: This principle focuses on arranging items in a logical and efficient manner.
- Shine: A clean and well-maintained workspace not only enhances visual appeal but also promotes safety and quality.
- Standardize: Standardization is key to maintaining efficiency and consistency throughout the organization.
- Sustain: The final principle emphasizes the need for continuous improvement and long-term sustainability. It involves creating a culture of responsibility and accountability, where each team member actively participates in upholding the 5S principles and continually seeks opportunities for improvement.

The implementation of 5S has resulted in:

- To eliminate waste, reduce unnecessary movement, and optimize workflows. This leads to increased productivity, shorter lead times, and improved customer satisfaction.
 - To enhance safety: A clean and organized workspace reduces the risk of accidents, injuries, and potential hazards.
 - To improve Quality: 5S promotes a culture of excellence by setting clear standards and ensuring adherence to them.
- Implementation of mitigation measures based on the identified work-related hazards.
 - Awareness programs on practicing of best health & safety practices.
 - Regular training of employees, workers and contractors in plant premises on health & safety management systems.

13. Number of Complaints on the following made by employees:

| Category | FY 2022-23 | | | FY 2021-22 | | |
|--------------------|-----------------------|---------------------------------------|---------|-----------------------|---------------------------------------|---------|
| | Filed during the year | Pending resolution at the end of year | Remarks | Filed during the year | Pending resolution at the end of year | Remarks |
| Working Conditions | Nil | NA | NA | Nil | NA | NA |
| Health & Safety | Nil | NA | NA | Nil | NA | NA |

14. Assessments for the year:

| | % Of your plants and offices that were assessed (by entity or statutory authorities or third parties) |
|-----------------------------|---|
| Health and safety practices | 100 |
| Working Conditions | 100 |

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

Not Applicable

LEADERSHIP INDICATORS

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N)?

Yes, all employees and workers are covered under the health insurance and accident insurance. Further, the permanent employees are also covered under term life insurance. The insurance amount for all categories of employee and workers will be paid to the nominee in the event of death.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partner.

The Company ensures that statutory dues as applicable are deducted and deposited in accordance with the regulations. This activity is also reviewed as part of the internal and statutory audit. The Company expects its value chain partners to uphold business responsibility principles and values of transparency and accountability.

3. Provide the number of employees / workers having suffered high consequence work related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

| Gender | Total no. of affected employees/ workers | | No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment | |
|-----------|--|------------|---|------------|
| | FY 2022-23 | FY 2021-22 | FY 2022-23 | FY 2021-22 |
| Employees | Nil | Nil | NA | NA |
| Workers | Nil | Nil | NA | NA |

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)

In certain cases, there can be an extension of employment for retired employees. No other transition assistance programs are available.

5. Details on assessment of value chain partners:

| | % Of value chain partners (by value of business done with such partners) that were assessed |
|-----------------------------|---|
| Health and safety practices | 100 |
| Working Conditions | 100 |

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

Not Applicable

Principle 4: Businesses should respect the interests of and be responsive to all its stakeholders

ESSENTIAL INDICATORS

1. Describe the processes for identifying key stakeholder groups of the entity.

The stakeholders of the Company play an important role in achieving ESG related goals & targets and business resilience. The internal and external stakeholder identification has been carried out based on their importance, influence, impact on performance and services of the Company. The Company is having various communication channels with stakeholders such as periodical meetings, surveys, consultations etc., to capture the valuable insights and expectations of the stakeholders for aligning with the business strategy of the Company.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group:

| Stakeholder group | Whether identified as Vulnerable & Marginalized Group (Yes/No) | Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other | Frequency of engagement (Annually/ Half yearly/ Quarterly / others - please specify) | Purpose and scope of engagement including key topics and concerns raised during such engagement |
|-------------------|--|---|--|--|
| Employees | No | Emails, meetings, notice board, Website etc. | Monthly townhall meetings by MD, monthly cascade meetings by department leads | Purpose - Establish connect and sense of engagement within the employees. Key topics - Business performance, Key business updates, Challenges and achievements. Initiatives like - Employee engagement groups, HR Open House, Sales meets etc are also undertaken. |

| Stakeholder group | Whether identified as Vulnerable & Marginalized Group (Yes/No) | Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other | Frequency of engagement (Annually/ Half yearly/ Quarterly / others - please specify) | Purpose and scope of engagement including key topics and concerns raised during such engagement |
|---------------------------------|--|--|--|--|
| Suppliers and Vendors | No | E mail, meetings | Yearly | Company's policies, achievements, targets, sustainability improvements, business status & progress |
| Regulatory and statutory bodies | No | E mail, meetings | As per the requirement | Statutory Compliances |
| Shareholders | No | All important information relating to the Company, its performance, shareholding pattern, quarterly results, press releases and other information as per the SEBI Regulations are regularly posted on Company's website and also forwarded to the Stock Exchanges. The quarterly, half-yearly and annual Financial results of the Company are published in newspapers. Annual Report is circulated to the shareholders. Annual General Meeting is conducted once a year. | Periodic, Annually | Provide them the updates about the Company |
| Certifying and testing agencies | No | E mail, meeting | Annually | Statutory Compliances |
| Communities | Yes | Email, meetings, focused group discussions | Monthly | Implementation of CSR initiatives and projects |

LEADERSHIP INDICATORS

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

The consultation with the identified stakeholders of the Company is carried out by conducting periodical meetings through CSR and Risk Management committees on periodical basis. The board is updated on quarterly basis based on the inputs received from various stakeholders on economic, environmental and social topics for further decision making.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

Yes, the inputs from the identified stakeholders were captured through surveys for identification of ESG material issues and preparation of sustainability strategy of the Company on 4 pillars i.e. Economic Performance (Innovation, Production quality, Product Safety), Environment (CO2 emission, waste, sustainable products), Social (Health & safety, HR policy, Human Rights) and Corporate Governance (Code of Conduct, Compliance, Collaboration). The feedback received from internal and external stakeholders is considered in amending the company's policies and aligning with the business strategy.

Business Responsibility and Sustainability Report (Contd.)

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/marginalized stakeholder groups.

The Company is having dedicated Corporate Social Responsibility (CSR) committee to interact with vulnerable/marginalized stakeholder groups and identifies the need-based CSR initiatives and projects. Based on the concerns of the vulnerable/marginalized stakeholder groups, the Company implements CSR initiatives and projects through its CSR policy.

Principle 5: Businesses should respect and promote human rights**ESSENTIAL INDICATORS****1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:**

| Category | FY 2022-23 | | | FY 2021-22 | | |
|------------------------|------------|--|-------------|------------|--|-------------|
| | Total (A) | No. of employees / workers covered (B) | % (B/A) | Total (C) | No. of employees / workers covered (D) | % (D/C) |
| Employees | | | | | | |
| Permanent | 215 | 215 | 100% | 176 | 176 | 100% |
| Other than permanent | 18 | 18 | 100% | 25 | 25 | 100% |
| Total employees | 233 | 233 | 100% | 201 | 201 | 100% |
| Workers | | | | | | |
| Permanent | 279 | 279 | 100% | 275 | 275 | 100% |
| Other than permanent | 405 | 405 | 100% | 448 | 448 | 100% |
| Total workers | 684 | 684 | 100% | 723 | 723 | 100% |

2. Details of minimum wages paid to employees and workers:

| Category | FY 2022-23 | | | | | FY 2021-22 | | | | |
|-----------------------------|------------|-----------------------|---------|------------------------|---------|------------|-----------------------|---------|------------------------|---------|
| | Total (A) | Equal to minimum wage | | More than minimum wage | | Total (D) | Equal to minimum wage | | More than minimum wage | |
| | | No. (B) | % (B/A) | No. (C) | % (C/A) | | No. (E) | % (E/D) | No. (F) | % (F/D) |
| Employees | | | | | | | | | | |
| Permanent | 215 | 0 | 0% | 215 | 100% | 176 | 0 | 0% | 176 | 100% |
| Male | 193 | 0 | 0% | 193 | 100% | 162 | 0 | 0% | 162 | 100% |
| Female | 22 | 0 | 0% | 22 | 100% | 14 | 0 | 0% | 14 | 100% |
| Other than permanent | 18 | 0 | 0% | 18 | 100% | 25 | 0 | 0% | 25 | 100% |
| Male | 14 | 0 | 0% | 14 | 100% | 19 | 0 | 0% | 19 | 100% |
| Female | 4 | 0 | 0% | 4 | 100% | 6 | 0 | 0% | 6 | 100% |
| Workers | | | | | | | | | | |
| Permanent | 279 | 0 | 0% | 279 | 100% | 275 | 0 | 0% | 275 | 100% |
| Male | 276 | 0 | 0% | 276 | 100% | 273 | 0 | 0% | 273 | 100% |
| Female | 3 | 0 | 0% | 3 | 100% | 2 | 0 | 0% | 2 | 100% |
| Other than permanent | 405 | 0 | 0% | 405 | 100% | 448 | 0 | 0% | 448 | 100% |

Business Responsibility and Sustainability Report (Contd.)

| Category | FY 2022-23 | | | | | FY 2021-22 | | | | |
|----------|------------|-----------------------|---------|------------------------|---------|------------|-----------------------|---------|------------------------|---------|
| | Total (A) | Equal to minimum wage | | More than minimum wage | | Total (D) | Equal to minimum wage | | More than minimum wage | |
| | | No. (B) | % (B/A) | No. (C) | % (C/A) | | No. (E) | % (E/D) | No. (F) | % (F/D) |
| Male | 369 | 0 | 0% | 369 | 100% | 411 | 0 | 0% | 411 | 100% |
| Female | 36 | 0 | 0% | 36 | 100% | 37 | 0 | 0% | 37 | 100% |

3. Details of remuneration/salary/wages, in the following format:

(₹ in Lakhs)

| Category | Male | | Female | |
|--|--------|---|--------|---|
| | Number | Median remuneration/salary/wages of respective category | Number | Median remuneration/salary/wages of respective category |
| Board of Directors (BoD)* | 4 | 90.56 | 1 | 11.30 |
| Key Managerial Personnel (Other than BoD)# | 1 | 53.92 | 1 | 36.21 |
| Employees other than BoD and KMP | 213 | 19.96 | 20 | 16.92 |
| Workers | 279 | 6.63 | 3 | 3.54 |

*BoD includes Independent Directors.

#Mr. Jugal Sahu's remuneration (As CFO-August 9, 2022 to March 31, 2023) is included under KMP category only.

4. Do you have a focal point (Individual / Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes

5. Describe the internal mechanisms in place to redress grievances related to human rights issue:

Yes, the Company is having a Whistle Blower Policy applicable to all directors, officers, employees and third parties to report concerns on violation of human rights through a vigil mechanism, a secured reporting mechanism administered by the Chairman of the Audit Committee. The redressal of grievances related to human rights, if any, is overseen by the internal compliance committee. The Company has adopted internationally recognized standards, such as the Universal Declaration of Human Rights, the Guiding Principles on Business and Human Rights and the ILO (International Labour Organisation) Declaration on Fundamental Principles and Rights at Work to redress grievances related to human rights.

6. Number of Complaints on the following made by employees and workers:

| Category | FY 2022-23 | | FY 2021-22 | |
|-----------------------------------|-----------------------|---------------------------------------|-----------------------|---------------------------------------|
| | Filed during the year | Pending resolution at the end of year | Filed during the year | Pending resolution at the end of year |
| Sexual Harassment | Nil | NA | 1 | Nil |
| Discrimination at workplace | Nil | NA | Nil | NA |
| Child Labour | Nil | NA | Nil | NA |
| Forced Labour/ Involuntary Labour | Nil | NA | Nil | NA |
| Wages | Nil | NA | Nil | NA |
| Other human rights related issues | Nil | NA | Nil | NA |

Business Responsibility and Sustainability Report (Contd.)

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases:

The Company ensures the confidentiality on the matters pertaining to complainant in discrimination and harassment cases and have zero retaliation mechanism. Access and processing of data related to complainant are restricted to members of team investigating the matter and to those persons who are assigned the remediation processes.

8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes, the clauses related to human rights are included in the business agreements and contracts. All suppliers and service providers should accept the conditions related to human rights prior to execution of business agreements and contracts.

9. Assessments for the year:

| Section | % Of your plants and offices that were assessed (by entity or statutory authorities or third parties) |
|-----------------------------------|---|
| Sexual Harassment | 100% |
| Discrimination at workplace | 100% |
| Child Labour | 100% |
| Forced Labour/ Involuntary Labour | 100% |
| Wages | 100% |

10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above:

Not Applicable

LEADERSHIP INDICATORS**1. Details of a business process being modified / introduced as a result of addressing human rights grievances/ complaints.**

Not Applicable. The existing policies, processes and mechanisms addresses all kinds of human rights related risks and there is no such requirement for business process modification.

2. Details of the scope and coverage of any Human rights due diligence conducted.

None

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes

4. Details on assessment of value chain partners:

| | % Of value chain partners (by value of business done with such partners) that were assessed |
|----------------------------------|---|
| Sexual Harassment | 100% |
| Discrimination at workplace | 100% |
| Child Labour | 100% |
| Forced Labour/Involuntary Labour | 100% |
| Wages | 100% |

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

Not Applicable

Business Responsibility and Sustainability Report (Contd.)

Principle 6: Businesses should respect and make efforts to protect and restore the environment**ESSENTIAL INDICATORS****1. Details of total energy consumption (in GJ) and energy intensity, in the following format:**

| Parameter | FY 2022-23 | FY 2021-22 |
|--|-----------------|-----------------|
| Total electricity consumption (A) (GJ) | 79,647 | 92,860 |
| Total fuel consumption (B) (GJ) | 2,88,901 | 3,01,486 |
| Energy consumption through other sources (C) (GJ) | 56,685 | 66,668 |
| Total energy consumption (A+B+C) (GJ) | 4,25,233 | 4,61,014 |
| Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees) (in GJ/INR in Lakhs) | 5.55 | 6.02 |

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

Not Applicable

3. Provide details of the following disclosures related to water, in the following format:

| Parameter | FY 2022-23 | FY 2021-22 |
|---|---------------|----------------|
| Water withdrawal by source (in kiloliters) | | |
| (i) Surface water | 0 | 0 |
| (ii) Groundwater | 229553 | 272952 |
| (iii) Third party water | 588867 | 803668 |
| (iv) Seawater / desalinated water | 0 | 0 |
| (v) Others | 0 | 0 |
| Total volume of water withdrawal (in kiloliters) (i + ii + iii + iv + v) | 818420 | 1076620 |
| Total volume of water consumption (in kiloliters) | 818420 | 1076620 |
| Water intensity per rupee of turnover (Water consumed in KL / turnover in ₹ Lakhs) | 10.68 | 14.05 |

Business Responsibility and Sustainability Report (Contd.)

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

The Company is having 3 facilities in Roha, Nagda and Cuddalore. Among these 3 facilities, Nagda facility has implemented Zero Liquid Discharge Mechanism and in the remaining plants more than 80% of the water is being recycled.

5. Provide details of air emissions (other than GHG emissions) by the entity, in the following format.

| Parameter | Please specify unit | FY 2022-23 | FY 2021-22 |
|-------------------------------------|---------------------|------------|------------|
| Nox | Tons/year | 1.59 | 5.02 |
| SOx | Tons/year | 4.16 | 33.01 |
| Particulate matter (PM) | NA | NA | NA |
| Persistent organic pollutants (POP) | NA | NA | NA |
| Volatile organic compounds (VOC) | NA | NA | NA |
| Hazardous air pollutants (HAP) | NA | NA | NA |

Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, Independent assessments were carried out by Hubert Envirocare Systems and Jubilant Pharma & Chemical Lab.

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

| Parameter | Please specify units | FY 2022-23 | FY 2021-22 |
|---|---|------------|------------|
| Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available) | Metric tonnes of CO ₂ equivalent | 1,550.24 | 2,045.56 |
| Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available) | Metric tonnes of CO ₂ equivalent | 11,578.75 | 15,156.06 |
| Total Scope 1 and Scope 2 emissions per Lakhs of turnover | | 0.17 | 0.22 |

Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency:

Not Applicable

7. Does the entity have any project related to reducing Green House Gas emission? If yes, then provide details:

The Company has taken various initiatives for reducing green house gas emission and the details are provided below:

- Steam consumption optimized by
 - Weekly monitoring of steam network and steps initiated to replace defective steam traps by leak tag system
 - Target rationalized to reduce the steam consumption per ton of production
 - Regular Steam/Air Audits
- Utilities consumptions optimized by reducing consumption of electrical units per ton of production.
- Electricity consumptions optimized by:
 - Reduction of frequency with VFD for higher HP motor to get desired result without compromising quality and quantity.
 - Replaced conventional lights by energy efficient LED lights across site- Plants & offices while replacing defective lights.
 - Old air conditioners (AC) being replaced by new energy efficient AC and usage at optimized temperatures and set on & off system based on timer.
 - "Compressed Air audit" Conducted on weekly basis

Business Responsibility and Sustainability Report (Contd.)

- Replacing old motors by energy efficient motors
- Replaced old-damaged roof sheets with adequate transparent sheets to achieve abundant natural light
- Timer logic for stirrer operations for noncritical equipment
- VFD Based Air compressor to save electricity during load variation
- Use of Gravity flow for effluent handling instead of pumping
- Rearranged lighting switches from centralized to localized to switch off lights where not required, disposal of bi-products; instead of treating at site to reduce the energy consumption

4. Improved productivity resulting in energy saving:

- Higher batch size wherever possible
- Reduction in drying time at tray dryers and RVDs by optimizing drying temperature.

5. Steps taken by the Company for utilizing alternate sources of energy:

- Use of higher calorific value LPG in place of Bio Diesel for hot air generator, which resulted in environment benefit and also cost savings
- Installation of solar water heater for bathrooms on Site. Use of LSHS oil as fuel instead of furnace oil

6. The installation process of Solar Power Project for the Roha site has been finalized, and the solar power facility is currently in operation since May 2023. This achievement will cater to 55% of the site's electricity requirements through solar energy, thereby enhancing its sustainability efforts and contributing to a decreased emission of CO₂. As a whole, 75% of the site's energy needs will now be met by renewable sources.7. The Cuddalore site is progressing with its Hybrid Power Project, integrating both wind and solar energy sources. Agreements for this project have been finalized and the implementation phase is currently underway, with the anticipated outcome of generating renewable energy by November 2023. This initiative will address 60% of the power requirements through the Hybrid setup, contributing to enhanced sustainability and a consequent reduction in CO₂ emissions.

8. Cuddalore facility has switched from diesel to LPG fuel for spin flash dryers to reduce the green house gas emissions.

8. Provide details related to waste management by the entity, in the following format:

| Parameter | FY 2022-23 | FY 2021-22 |
|---|-------------------------------|----------------|
| | Total Waste generated (in MT) | |
| Plastic waste (A) | 108.63 | 161.05 |
| E-waste (B) | 0 | 0 |
| Bio-medical waste (C) | 0 | 0 |
| Construction and demolition waste (D) | 0 | 0 |
| Battery waste (E) | 0 | 0 |
| Radioactive waste (F) | 0 | 0 |
| Other Hazardous waste. Please specify, if any. (G) | 3219.27 | 3637.92 |
| Other Non-hazardous waste generated (H)/. Please specify, if any. | 1343.74 | 1440.37 |
| Total (A+B + C + D + E + F + G + H) | 4671.64 | 5239.34 |

Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

Business Responsibility and Sustainability Report (Contd.)

For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes):

| Category of waste | FY 2022-23 | FY 2021-22 |
|---------------------------------|-------------------------------|--------------|
| | Total Waste generated (in MT) | |
| (i) Recycled | 25.63 | 26.84 |
| (ii) Re-used | 0 | 0 |
| (iii) Other recovery operations | 0 | 0 |
| Total | 25.63 | 26.84 |

For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes):

| Category of waste | FY 2022-23 | FY 2021-22 |
|---------------------------------|-------------------------------|------------|
| | Total Waste generated (in MT) | |
| (i) Incineration | 298.82 | 99.37 |
| (ii) Landfilling | 1390.2 | 2531.32 |
| (iii) Other recovery operations | 2,956.99 | 2,581.71 |

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your Company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes:

Waste generated at manufacturing sites is segregated into various types based on composition and potential industrial applications. Waste is reused and recycled wherever possible and residual fraction of waste is safely disposed through waste management agencies authorized by the pollution control board.

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, specify details in the following format:

| S. No. | Location of operations/offices | Type of operations | Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any. |
|--------|---|--------------------|--|
| 1 | Plot No. 113/114 MIDC Dhatav Industrial Estate, Dhatav village, Roha Taluka, Raigad | Production | Yes |

11. Details environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

| Name and brief details of project | EIA Notification No. | Date | Whether conducted by independent external agency (Yes / No) | Results communicated in public domain (Yes / No) | Relevant Web link |
|--|----------------------|------------------|---|--|---|
| 1 (d) schedule B-2 Category project (New Co-generation Plant in the existing unit of the company in MIDC Dhatav. | SEIAA-EC-0000000510 | November 6, 2018 | Yes | Yes | https://ec.ecmpcb.in/login/download_ec_public/U0VJQUeTU1RBVEVNRU5ULTAwMDAwMDA3NjN8U0VJQUeTU1QVVRFUy0wMDAwMDAwNzlyfDE3NjQ= |

Business Responsibility and Sustainability Report (Contd.)

12. Is the entity compliant with the applicable environmental law / regulations / guidelines in India, such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment Protection Act, and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

| S. No. | Specify the law / regulation / guidelines which was not complied with | Provide details of the non-compliance | Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts | Corrective action taken if any |
|--------|---|---------------------------------------|---|--------------------------------|
|--------|---|---------------------------------------|---|--------------------------------|

Yes, the Company is compliant with all applicable laws, regulations and guidelines and there are no non-compliances in the reported period.

LEADERSHIP INDICATORS

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

| Parameter | Unit | FY 2022-23 | FY 2021-22 |
|--|------|------------|------------|
| From renewable sources | | | |
| Total electricity consumption (A) | NA | Nil | Nil |
| Total fuel consumption (B) | GJ | 253570 | 256712 |
| Energy consumption through other sources (C) | NA | NA | NA |
| Total energy consumed from renewable sources (A+B+C) | GJ | 253570 | 256712 |
| From non-renewable sources | | | |
| Total electricity consumption (D) | GJ | 79647 | 92860 |
| Total fuel consumption (E) | GJ | 35331 | 44774 |
| Energy consumption through other sources (F) | GJ | 56685 | 66668 |
| Total energy consumed from non-renewable sources (D+E+F) | GJ | 171663 | 204302 |

2. Provide the following details related to water discharged:

| Parameter | FY 2022-23 | FY 2021-22 |
|---|------------|------------|
| Water discharge by destination and level of treatment (in kiloliters) | | |
| (i) To Surface water | | |
| - No treatment | NA | NA |
| - With treatment – please specify level of treatment | NA | NA |
| (ii) To Groundwater | | |
| - No treatment | NA | NA |
| - With treatment – please specify level of treatment | NA | NA |
| (iii) To Seawater | | |
| - No treatment | NA | NA |
| - With treatment – please specify level of treatment | 207424 | 276290 |
| (iv) Sent to third parties | | |
| - No treatment | NA | NA |
| - With treatment – Tertiary treatment | 510016 | 510016 |
| (v) Others | | |
| - No treatment (Used for gardening purposes) | NA | NA |

Business Responsibility and Sustainability Report (Contd.)

| Parameter | FY 2022-23 | FY 2021-22 |
|--|---------------|---------------|
| - With treatment – please specify level of treatment | 4299 | 3812 |
| Total water discharged (in kiloliters) | 721739 | 790118 |

3. Water withdrawal, consumption, and discharge in areas of water stress (in kiloliters) Yes

For each facility / plant located in areas of water stress, provide the following information:

- Name of the area: Cuddalore
- Nature of operations: Manufacturing of pigments
- Water withdrawal, consumption, and discharge in the following format:

| Parameter | FY 2022-23 | FY 2021-22 |
|---|---------------|---------------|
| Water withdrawal by source (in kiloliters) | | |
| (i) To Surface water | NA | NA |
| (ii) Groundwater | 229553 | 277952 |
| (iii) Third party water | 52605 | 115806 |
| (iv) Seawater / desalinated water | NA | NA |
| (v) Others | NA | NA |
| Total volume of water withdrawal (in kiloliters) | 281258 | 393758 |
| Total volume of water consumption (in kiloliters) | 281258 | 393758 |
| Water intensity per rupee of turnover (Water consumed / turnover) | 3.67 | 5.13 |
| Water intensity (optional) – the relevant metric may be selected by the entity | NA | NA |
| Water discharge by destination and level of treatment (in kiloliters) | | |
| (i) To Surface water | NA | NA |
| - No treatment | NA | NA |
| - With treatment – please specify level of treatment | NA | NA |
| (ii) To Groundwater | NA | NA |
| - No treatment | NA | NA |
| - With treatment – please specify level of treatment | NA | NA |
| (iii) To Seawater | NA | NA |
| - No treatment | NA | NA |
| - With treatment – please specify level of treatment | 207424 | 276290 |
| (iv) Sent to third parties | NA | NA |
| - No treatment | NA | NA |
| - With treatment – please specify level of treatment | NA | NA |
| (v) Others | NA | NA |
| - No treatment | NA | NA |
| - With treatment – please specify level of treatment | NA | NA |
| Total water discharged (in kiloliters) | 207424 | 276290 |

Business Responsibility and Sustainability Report (Contd.)

4. Please provide details of total Scope 3 emissions & its intensity, in the following format:

| Parameter | Unit | FY 2022-23 | FY 2021-22 |
|--|---------------------------------|---------------|------------|
| Total Scope 3 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available) | Metric tonnes of CO2 equivalent | Not Monitored | |
| Total Scope 3 emissions per rupee of turnover | | | |
| Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity | | | |

5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Not Applicable

6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

- Sustainable PCF and bio-based selected Azo &HPP product development for coating and plastic application
- Circular economy colour solution to Plastics industry :
 - Detectable black
 - PCR shade matching
 - Re-cycle range
 - Ok for compostable
- Biodegradable colour solution to H&PC
- Mass coloration of Lyocell fibre thereby reducing water consumption
- At Roha and Cuddalore we are using 85% Briquettes (green Fuel) used for manufacturing of steam since more than 18 years
- Using LPG instead of HSD for Spin Flash Dryers at Cuddalore facility from the past one year
- Company has invested in renewable energy projects to source more than 65% of the energy from the renewable sources in Roha and Cuddalore facilities through which 12 tons of carbon emission is reduced per year.

7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

The company is having a risk and emergency management system where a comprehensive assessment of risks related to the operations and products is carried out as a pre-requisite to business processes. Emergency management plan is in place to mitigate business continuity and disaster management related risks. The detailed process and mechanism is available on Company's intranet.

8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard?

Not Applicable

9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts:

70% of the value chain partners were assessed on environmental impacts by referring Ecovadis ratings of value chain partners.

Business Responsibility and Sustainability Report (Contd.)

Principle 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

ESSENTIAL INDICATORS

1. a. **Number of affiliations with trade and industry chambers / associations: 2**

b. **List the top 10 trade and industry chambers / associations (determined based on the total members of such a body) the entity is a member of / affiliated to.**

| S. No. | Name of the trade and industry chambers/ associations | Reach of trade and industry chambers/ associations (State/National) |
|--------|---|---|
| 1 | The Bombay Chambers of Commerce | State |
| 2 | Indian Chemical Council | National |

2. **Provide details of corrective action taken or underway on any issues related to anticompetitive conduct by the entity, based on adverse orders from regulatory authorities.**

Not Applicable

LEADERSHIP INDICATORS

1. **Details of public policy positions advocated by the entity:**

| S. No. | Public policy advocated | Method resorted for such advocacy | Whether information available in public domain? (Yes/No) | Frequency of Review by Board (Annually/ Half yearly/ Quarterly / Others - please specify) | Web Link, if available |
|--------|-------------------------|-----------------------------------|--|---|------------------------|
| Nil | | | | | |

Principle 8: Businesses should promote inclusive growth and equitable development

ESSENTIAL INDICATORS

1. **Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current FY 2022-23:**

| Name and brief details of project | SIA Notification No. | Date of notification | Whether conducted by independent external agency (Yes / No) | Results communicated in public domain (Yes / No) | Relevant Web link |
|-----------------------------------|----------------------|----------------------|---|--|-------------------|
| Not Applicable | | | | | |

2. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity in the following format:**

| S.no | Name of project for which R&R is ongoing | State | District | No. of project affected families (PAFs) | % Of PAFs covered by R&R | Amounts paid to PAFs in the FY (in ₹) |
|----------------|--|-------|----------|---|--------------------------|---------------------------------------|
| Not Applicable | | | | | | |

3. **Describe the mechanisms to receive and redress grievances of the community:**

The CSR committee periodically interacts with the communities to receive and redress grievances. The communities can also communicate their grievances to site level CSR team or to the corporate office via email. The site level team also regularly communicates with key stakeholders from the surroundings communities. The CSR team also implement necessary initiatives and projects through its CSR policy redressing the grievances of the communities.

Business Responsibility and Sustainability Report (Contd.)

4. **Percentage of input material (inputs to total inputs by value) sourced from suppliers:**

| Category of waste | FY 2022-23 | FY 2021-22 |
|---|------------|------------|
| Directly sourced from MSMEs/ small producers | 14% | 14% |
| Sourced directly from within the district and neighboring districts | 10% | 9% |

LEADERSHIP INDICATORS

1. **Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):**

| Details of negative social impact identified | Corrective action taken |
|--|-------------------------|
| Not Applicable | |

2. **Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:**

| S. no | State | Aspirational District | Amount Spent (in ₹) |
|----------------|-------|-----------------------|---------------------|
| Not Applicable | | | |

3. a. **Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)**

No

b. **From which marginalized /vulnerable groups do you procure?**

Not Applicable

c. **What percentage of total procurement (by value) does it constitute?**

Not Applicable

4. **Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:**

| S. No. | Intellectual Property based on traditional knowledge | Owned/ Acquired (Yes/ No) | Benefit shared (Yes / No) | Basis of calculating benefit share |
|----------------|--|---------------------------|---------------------------|------------------------------------|
| Not Applicable | | | | |

5. **Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved:**

| Name of authority | Brief of the Case | Corrective action taken |
|-------------------|-------------------|-------------------------|
| Not Applicable | | |

Business Responsibility and Sustainability Report (Contd.)

6. Details of beneficiaries of CSR Projects:

| S. No. | CSR Project | No. of persons benefitted from CSR Projects | % Of beneficiaries from vulnerable and marginalized groups |
|--------|---|---|--|
| 1. | Infrastructure development in schools in Roha & Raigad | Approximately 15,000 persons benefitted from CSR programs in the reporting period | 100% |
| 2. | Women empowerment through distribution of sewing machines, domestic flour mills and sanitary pad vending machines in Roha, Raigad & Cuddalore | | |
| 3. | Evening learning centres in Cuddalore | | |
| 4. | Infrastrure development in hospitals in Cuddalore | | |
| 5. | Infrastructure development in schools in Cuddalore and Nagda | | |
| 6. | Conducted awareness programs for patients in cancer hospital | | |
| 7. | Conducted plantation drives in Roha | | |

Refer Annexure B of the Directors' Report for more details of CSR projects.

Principle 9: Businesses should engage with and provide value to their consumers in a responsible manner**ESSENTIAL INDICATORS****1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback:**

The customer complaints are handled through QNS system in SAP Database. The Company is having an online customer complaints register and evaluation system is connected in System Application and Product Database. All registered complaints are shared with applicable area owner & quality managers who would analyze it and share the solutions with concerns. All these complaints are in reference with the quality safety, transportation issue, packing issue, environment issue, dispatch issues.

2. Turnover of products and / services as a percentage of turnover from all products/ service that carry information about:

| State | As a percentage to total turnover |
|---|-----------------------------------|
| Environmental and social parameters relevant to the product | Not Applicable |
| Safe and responsible usage | |
| Recycling and/or safe disposal | |

3. Number of consumer complaints in respect of the following:

| Category | FY 2022-23 | | | FY 2021-22 | | |
|---------------------------------|-----------------------|---------------------------------------|---------|-----------------------|---------------------------------------|---------|
| | Filed during the year | Pending resolution at the end of year | Remarks | Filed during the year | Pending resolution at the end of year | Remarks |
| Data privacy | Nil | Nil | NA | Nil | Nil | NA |
| Cyber-security | Nil | Nil | NA | Nil | Nil | NA |
| Delivery of /essential services | 78 | Nil | NA | 65 | Nil | NA |
| Restrictive trade practices | Nil | Nil | NA | Nil | Nil | NA |
| Unfair trade practices | Nil | Nil | NA | Nil | Nil | NA |
| Others | Nil | Nil | NA | Nil | Nil | NA |

Business Responsibility and Sustainability Report (Contd.)

4. Details of instances of product recalls on accounts of safety issues:

| | Number | Reason for recall |
|-------------------|--------|-------------------|
| Voluntary recalls | Nil | NA |
| Forced recalls | Nil | NA |

5. Does the entity have a framework / policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy:

No. Currently, the Company do not have framework/policy on cyber security and risks related to data privacy. The Company is planning to implement in future if required.

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services:

Not Applicable

LEADERSHIP INDICATORS**1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available):**

Information on all products of Company is available on the website of the Company. Information can be accessed through the weblink <https://www.heubach.com/products/>.

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services:

Every consignment has been provided with necessary product details, Material Safety Data sheets(MSDS) which elaborates details on safe usage of various products manufactured by the Company.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services:

Any disruptions in supply of products will be informed to customers on priority basis through sales team located across India.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No):

Not Applicable

5. Provide the following information relating to data breaches:**a. Number of instances of data breaches along-with impact:**

No data breaches were found in the reporting period.

b. Percentage of data breaches involving personally identifiable information of customers:

Not Applicable

For and on behalf of the Board of Directors

Ravi Kapoor

Chairman
DIN (01761752)

Bharath R. Sesha

Managing Director
DIN (01983066)

Navi Mumbai, July 25, 2023

Independent Auditor's Report

To the Members of Heubach Colorants India Limited
(formerly Clariant Chemicals (India) Limited)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Heubach Colorants India Limited (formerly Clariant Chemicals (India) Limited) ("the Company"), which comprise the Balance Sheet as at March 31, 2023, and the Statement of Profit and Loss (Including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and profit, other

comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended March 31, 2023. This matter is addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

| Sr. No | Key Audit Matter | How the Key Audit Matter was addressed in our audit |
|--------|--|--|
| 1. | <p>Assessment of contingencies and provision relating to ongoing Litigations for Direct tax, Indirect tax and other matters</p> <p>(Refer notes 8, 23 and 35 to the financial statements)</p> <p>The Company has various ongoing Direct tax, Indirect tax and other matters under litigation.</p> <p>The assessment of the likely outcome of the tax and other matters and related outflow of resources that are probable, involve significant management judgment and uncertainty of assumptions, since they are based on the application and interpretation of law.</p> <p>We have considered this to be a key audit matter because of the significant impact on the financial statements and uncertainty of the possible outcomes.</p> | <p>Our audit procedures in respect of this area included but are not limited to following:</p> <ol style="list-style-type: none"> 1. Obtained a detailed understanding of the managements process for determining provisions and contingent liabilities pertaining to tax claims and other litigation disputes. 2. Verified the design, implementation and operating effectiveness of controls in respect of assessment of direct tax, indirect tax, other matters and provisions related thereon, if any. 3. Obtained the details and understood the nature of tax positions and litigations pending against the Company by reading the minutes of various meetings and discussing the developments during the year for litigations with the Management, the Audit Committee and management expert for the future course of action by the Company. 4. Read the orders received by the Company from the tax authorities and opinions sought from the management's experts. 5. Involved auditor's tax experts to assist us in the assessment of the possible outcome of certain cases, evaluation of underlying assumptions in estimating the tax provisions and related expenses thereon. 6. Evaluated the evidence supporting the management's judgment about possible outcomes and the reasonableness of the estimates made by them. |

Independent Auditor's Report (Contd.)

| Sr. No | Key Audit Matter | How the Key Audit Matter was addressed in our audit |
|--------|------------------|---|
| | | 7. Assessed and validated the appropriateness and adequacy of disclosures in the financial statements in compliance with Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets and Ind AS 12 Income Tax. |

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's

ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Financial Statements.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books including daily back-up of books of accounts and other books and papers maintained in electronic mode. However, the servers for the back-up of books of accounts and other books and papers of the company maintained in

Independent Auditor's Report (Contd.)

- electronic mode are physically located outside India.
- (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 35 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. 1. The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 2. The Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities (Funding Parties), with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 3. Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, and according to the information and explanations provided to us by the Management in this regard nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (1) and (2) above, contain any material mis-statement.
 - v. The Company has neither declared nor paid any dividend during the year.
 - vi. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the company only w.e.f. April 1, 2023, reporting under this clause is not applicable.
3. In our opinion, according to information, explanations given to us, the remuneration paid by the Company to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder.

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration No. 105047W
Vishal Vilas Divadkar
Partner
Place: Mumbai
Date: May 16, 2023
Membership No. 118247
UDIN: 23118247BGYDKV6637

Annexure A To the Independent Auditor's Report on Even Date on the Financial Statements of Heubach Colorants India Limited (Formerly Clariant Chemicals (India) Limited)

Auditor's Responsibilities for the Audit of the Financial Statements

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may

cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Auditor's Responsibilities for the Audit of the Financial Statements

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended March 31, 2023 and are therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration No. 105047W

Vishal Vilas Divadkar
Partner

Place: Mumbai
Date: May 16, 2023

Membership No. 118247
UDIN: 23118247BGYDKV6637

Annexure B to Independent Auditors' Report of even date on the financial statements of Heubach Colorants India Limited for the year ended March 31, 2023

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

- i.
- (a) A. The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment and relevant details of right of use assets.
- B. The Company has maintained proper records showing full particulars of intangible assets.
- (b) All the Property, Plant and Equipment and Right of use Assets have not been physically verified by the management during the year but there is a regular program of verification, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) as disclosed in the financial statements are held in the name of the Company.
- (d) According to the information and explanations given to us, the Company has not revalued its property, plant and Equipment (including Right of Use assets) or intangible assets or both during the year. Accordingly, the requirements under paragraph 3(i)(d) of the Order are not applicable to the Company.
- (e) According to the information and explanations given to us, no proceeding has been initiated or pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988, as amended and rules made thereunder. Accordingly, the provisions stated in paragraph 3(i) (e) of the Order are not applicable to the Company.
- ii.
- (a) The inventory (excluding stocks with third parties) has been physically verified by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency, coverage and procedure of such verification is reasonable. The discrepancies noticed on physical verification of inventory as compared to book records were not 10% or more in aggregate for each class of inventory.
- (b) The Company has not been sanctioned any working capital limits during the year. Accordingly, the requirements under paragraph 3(ii)(b) of the Order is not applicable to the Company.
- iii. According to the information explanation provided to us, the Company has not provided any guarantee or security, or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties.
- iv. According to the information and explanations given to us and based on the audit procedures performed by us, we are of the opinion that the terms and conditions in relation to investments made are not prejudicial to the interest of the Company.
- v. According to the information and explanations given to us, the Company has neither, directly or indirectly, granted any loan, or provided guarantee or security to any of its directors or to any other person in whom the director is interested, in accordance with the provisions of Section 185 of the Act nor made investments through more than two layers of investment companies in accordance with the provisions of Section 186 of the Act. Accordingly, provisions stated in paragraph 3(iv) of the Order are not applicable to the Company.
- vi. We have broadly reviewed the books of account maintained by the Company pursuant Rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii.
- (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, undisputed statutory dues including Goods and Services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess, and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.

Annexure B to Independent Auditors' Report of even date on the financial statements of Heubach Colorants India Limited for the year ended March 31, 2023 (Contd.)

There are no undisputed amounts payable in respect of Goods and Services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, cess, and other statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.

- (b) According to the information and explanation given to us and examination of records of the Company, details of statutory dues referred to in sub-Clause (a) above which have not been deposited as on March 31, 2023 on account of any dispute, are as follows:

| Name of the statute | Nature of dues | Amount Demanded ₹ In Lakhs | Amount Paid ₹ In Lakhs | Period to which the amount relates | Forum where dispute is pending |
|--|---|----------------------------|------------------------|--|--|
| Central Sales Tax and Local Sales Tax Acts | Sales Tax and value added tax liability including interest and penalty, as applicable | 2.27 | Nil | From F.Y. 1996-97 to FY 1998-99 | High Court of Tamil Nadu |
| | | 331.79 | 122.27 | F.Y. 2004-05, F.Y. 2006-07, F.Y. 2008-09 and F.Y. 2009-10 | Sales Tax Appellate Tribunal |
| | | 133.24 | 5.06 | F.Y. 1998-99, F.Y. 2002-03, F.Y. 2003-04, F.Y. 2005-06, F.Y. 2007-08, F.Y. 2009-10, F.Y. 2015-16, F.Y. 2016-17, F.Y. 2017-18 | Appellate Authority - up to Commissioner's level |
| | | 92.18 | 46.62 | F.Y. 2012-13, F.Y. 2013-14, F.Y. 2014-15 | Assistant Commissioner |
| Income Tax Act, 1961 | Income Tax including interest and penalty, as applicable | 1,658.21 | Nil | F.Y. 2020-21, F.Y. 2021-22 | Appellate Authority - up to Commissioner's level |
| The Central Excise Act, 1944 | Excise duty including interest and penalty, as applicable | 73.74 | Nil | From F.Y. 2001-02 to F.Y. 2003-04 and F.Y. 2006-07 | CESTAT |
| | | 473.81 | 4.53 | From F.Y. 1994-95 to F.Y. 1997-98, F.Y. 2016-17 | Appellate Authority - up to Commissioner's level |
| | | 17.96 | Nil | F.Y. 2017-18 | Authority - up to Commissioner's level |
| Service Tax under Finance Act, 1994 | Service Tax including interest and penalty, as applicable | 1.64 | Nil | From F.Y. 2006-07 to F.Y. 2009-10 | Tribunals of various states |
| | | 3,104.07 | 12.10 | F.Y. 2016-17 | Authority - up to Commissioner's level |
| | | 0.75 | Nil | F.Y. 1996-97, F.Y. 2002-03, F.Y. 2003-04, F.Y. 2004-05 | Appellate Authority - up to Commissioner's level |

- viii. According to the information and explanations given to us, there are no transactions which are not accounted in the books of account which have been surrendered or disclosed as income during the year in Tax Assessment of the Company. Also, there are no previously unrecorded income which has been now recorded in the books of account. Hence, the provision stated in paragraph 3(viii) of the Order is not applicable to the Company.
- ix.
- (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings or in payment of interest thereon to any lender.
- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

Annexure B to Independent Auditors' Report of even date on the financial statements of Heubach Colorants India Limited for the year ended March 31, 2023 (Contd.)

- (c) In our opinion and according to the information explanation provided to us, no money was raised by way of term loans. Accordingly, the provision stated in paragraph 3(ix)(c) of the Order is not applicable to the Company.
- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) The Company does not have any subsidiary, associate, or joint venture. Hence reporting under the Clause (ix) (e) of the order is not applicable to the Company.
- (f) The Company does not have any subsidiary, associate, or joint venture. Hence, reporting under the Clause 3(ix)(f) of the order is not applicable to the Company.
- x.
- (a) In our opinion and according to the information explanation given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Hence, the provisions stated in paragraph 3 (x) (a) of the Order are not applicable to the Company.
- (b) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully, partly, or optionally convertible debentures during the year. Hence, the provisions stated in paragraph 3 (x)(b) of the Order are not applicable to the Company.
- xi.
- (a) Based on our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we report that no material fraud by the Company nor on the Company has been noticed or reported during the course of our audit.
- (b) We have not come across of any instance of material fraud by the Company or on the Company during the course of audit of the financial statement for the year ended March 31, 2023, accordingly the provisions stated in paragraph (xi)(b) of the Order is not applicable to the Company.
- (c) As represented to us by the Management, there are no whistle-blower complaints received by the Company during the year.
- xii.
- (a) The Company is not a Nidhi Company. Accordingly, the provisions stated in paragraph 3(xii) (a) to (c) of the Order are not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv.
- (a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered internal audit reports of the Company issued till date, for the period under audit.
- xv. According to the information and explanations given to us, in our opinion, during the year the Company has not entered into non-cash transactions with directors or persons connected with its directors and hence, provisions of Section 192 of the Act are not applicable to Company. Accordingly, the provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.
- xvi.
- (a) The Company is not required to be registered under Section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions stated in paragraph 3 (xvi)(a) of the Order are not applicable to the Company.
- (b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without any valid Certificate of Registration from Reserve Bank of India. Hence, the reporting under paragraph 3 (xvi)(b) of the Order are not applicable to the Company.
- (c) The Company is not a Core investment Company (CIC) as defined in the regulations made by Reserve Bank of India. Hence, the reporting under paragraph 3 (xvi)(c) of the Order are not applicable to the Company.
- (d) The Group does not have more than one CIC as a part of its group. Hence, the provisions stated in paragraph 3 (xvi)(d) of the Order are not applicable to the Company.
- xvii. Based on the overall review of financial statements, the Company has not incurred cash losses in the current financial year and in the immediately preceding financial year. Hence, the provisions stated in paragraph 3 (xvii) of the Order are not applicable to the Company.

Annexure B to Independent Auditors' Report of even date on the financial statements of Heubach Colorants India Limited for the year ended March 31, 2023 (Contd.)

- xviii. There has been no resignation of the statutory auditors during the year. Hence, the provisions stated in paragraph 3 (xviii) of the Order are not applicable to the Company.
- xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. According to the information and explanations given to us and based on our verification, the provisions of Section 135 of the Act are applicable to the Company. The Company has made the required contributions during the year and there are no unspent amounts which are required to be transferred either to a Fund or to a Special Account as per the provisions of Section 135 of the Act read with schedule VII. Accordingly, reporting under Clause 3(xx)(a) and Clause 3(xx)(b) of the Order is not applicable to the Company.
- xxi. According to the information and explanations given to us, the Company does not have any Subsidiary, Associate or Joint Venture. Accordingly, reporting under Clause 3(xxi) of the Order is not applicable.
- For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration No. 105047W
- Vishal Vilas Divadkar**
Partner
Membership No. 118247
UDIN: 23118247BGYDKV6637
- Place: Mumbai
Date: May 16, 2023

Annexure C to the Independent Auditor's Report of even date on the financial statements of Heubach Colorants India Limited (Formerly Clariant Chemicals (India) Limited)

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the Members of Heubach Colorants India Limited (Formerly Clariant Chemicals (India) Limited) on the Financial Statements for the year ended March 31, 2023]

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

Opinion

We have audited the internal financial controls with reference to financial statements of **Heubach Colorants India Limited (Formerly Clariant Chemicals (India) Limited)** ("the Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI) (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the

Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls With reference to Financial Statements

A Company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Annexure C to the Independent Auditor's Report of even date on the financial statements of Heubach Colorants India Limited (Formerly Clariant Chemicals (India) Limited) (Contd.)

Inherent Limitations of Internal Financial Controls With reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate

because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **M S K A & Associates**
Chartered Accountants
ICAI Firm Registration No. 105047W

Vishal Vilas Divadkar
Partner

Place: Mumbai
Date: May 16, 2023

Membership No. 118247
UDIN: 23118247BGYDKV6637

Balance Sheet

as at March 31, 2023

| (₹ in Lakhs) | | | |
|--|-------|------------------|------------------|
| Particulars | Notes | March 31, 2023 | March 31, 2022 |
| ASSETS | | | |
| Non-current assets | | | |
| (a) Property, plant and equipment | 3A | 13,721.01 | 14,056.71 |
| (b) Capital work-in-progress | 3B | 753.04 | 810.70 |
| (c) Goodwill | 3C | 894.11 | 894.11 |
| (d) Right of use asset | 4A | 8.14 | 26.32 |
| (e) Financial assets | | | |
| (i) Investments | 5 | 300.00 | - |
| (ii) Loans | 6 | 5.35 | 17.65 |
| (iii) Other financial assets | 7 | 991.14 | 880.67 |
| (f) Other non-current assets | 8 | 1,169.51 | 1,211.49 |
| (g) Non-current tax assets (net) | | 3,633.70 | 5,096.02 |
| Total non-current Assets | | 21,476.00 | 22,993.67 |
| Current assets | | | |
| (a) Inventories | 9 | 12,929.96 | 14,967.29 |
| (b) Financial assets | | | |
| (i) Investments | 10 | - | 930.13 |
| (ii) Trade receivables | 11 | 21,773.03 | 16,832.28 |
| (iii) Cash and cash equivalents | 12 | 3,394.13 | 692.59 |
| (iv) Bank balances other than (iii) above | 12 | 488.46 | 511.92 |
| (v) Loans | 13 | 14.20 | 12.23 |
| (vi) Other financial assets | 14 | 350.82 | 582.26 |
| (c) Other current assets | 15 | 5,746.82 | 6,080.74 |
| Total current assets | | 44,697.42 | 40,609.44 |
| Total Assets | | 66,173.42 | 63,603.11 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| (a) Equity share capital | 16 | 2,308.18 | 2,308.18 |
| (b) Other equity | 17 | 40,934.08 | 39,078.32 |
| | | 43,242.26 | 41,386.50 |
| Liabilities | | | |
| Non-current liabilities | | | |
| (a) Provisions | 18 | 731.38 | 513.68 |
| (b) Deferred tax liabilities (net) | 19 | 570.80 | 814.34 |
| Total non-current liabilities | | 1,302.18 | 1,328.02 |
| Current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Trade payables | 20 | | |
| (a) Total outstanding dues of micro and small enterprises | | 392.90 | 236.30 |
| (b) Total outstanding dues of creditors other than micro enterprises and small enterprises | | 17,340.70 | 16,746.92 |
| (ii) Lease liabilities | 4 | - | 20.53 |
| (iii) Other financial liabilities | 21 | 1,551.46 | 1,941.49 |
| (b) Other current liabilities | 22 | 287.63 | 201.79 |
| (c) Provisions | 23 | 1,067.31 | 752.58 |
| (d) Current tax liabilities (net) | | 988.98 | 988.98 |
| Total Current Liabilities | | 21,628.98 | 20,888.59 |
| Total Equity and Liabilities | | 66,173.42 | 63,603.11 |

Significant accounting policies

1

Critical estimates and judgements

2

The accompanying notes are an integral part of these financial statements

In terms of our report attached

For and on behalf of the Board of Directors
Heubach Colorants India Limited
 (formerly Clariant Chemicals (India) Limited)

For M S K A & Associates
 Chartered Accountants
 Firm Registration Number:
 105047W

Bharath Sesha Managing Director
 DIN: 01983066

Jugal Sahu Director & CFO
 DIN: 02629782

Sunirmal Talukdar Director
 DIN: 00920608

Dr. Indu Shahani Director
 DIN: 00112289

Vishal Vilas Divadkar
 Partner
 Membership No.: 118247

Kewal Handa Director
 DIN: 00056826

Amee Joshi Company Secretary
 Membership No.: A22502

Mumbai, May 16, 2023

Statement of Profit and Loss

for the year ended March 31, 2023

| (₹ in Lakhs) | | | |
|--|-------|---------------------------|---------------------------|
| Particulars | Notes | Year ended March 31, 2023 | Year ended March 31, 2022 |
| REVENUE | | | |
| Revenue from operations | 24 | 76,641.66 | 83,951.00 |
| Other income | 25 | 542.41 | 867.00 |
| Total revenue | | 77,184.07 | 84,818.00 |
| EXPENSES | | | |
| Cost of materials consumed | 26 | 38,727.60 | 47,960.32 |
| Purchase of stock-in-trade | | 7,255.47 | 7,202.01 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 27 | 1,900.11 | (1,665.00) |
| Employee benefits expense | 28 | 6,920.47 | 6,389.60 |
| Finance costs | 29 | 22.98 | 47.37 |
| Depreciation and amortization expense | 30 | 2,039.90 | 2,034.70 |
| Other expenses | 31 | 15,690.56 | 17,899.47 |
| Total Expenses | | 72,557.09 | 79,868.47 |
| Profit before tax and exceptional item | | 4,626.98 | 4,949.53 |
| Exceptional items | 32 | (630.32) | - |
| Profit before tax | | 3,996.66 | 4,949.53 |
| Income Tax Expense | | | |
| Current tax | | 1,405.83 | 1,163.47 |
| Deferred tax | | (222.74) | 115.51 |
| Tax expense of prior years | | 895.66 | (661.41) |
| Total Tax Expenses | | 2,078.75 | 617.57 |
| Net Profit for the year (after tax) | | 1,917.91 | 4,331.96 |
| Other comprehensive Income / (Loss) (net of tax) | | | |
| (Items that will not be reclassified to profit or loss) | | | |
| (a) Remeasurement of the defined benefit plans | | (82.64) | 143.07 |
| (b) Income tax relating to Items that will not be reclassified to profit or loss | | 20.80 | (36.06) |
| Other comprehensive income for the year | | (61.84) | 107.01 |
| Total comprehensive income for the year | | 1,856.07 | 4,438.97 |
| Earnings per share (of ₹ 10 each) | 36 | 8.31 | 18.77 |
| Basic and diluted (₹) | | 8.31 | 18.77 |

The accompanying notes are an integral part of these financial statements

In terms of our report attached

For and on behalf of the Board of Directors
Heubach Colorants India Limited
 (formerly Clariant Chemicals (India) Limited)

For M S K A & Associates
 Chartered Accountants
 Firm Registration Number:
 105047W

Bharath Sesha Managing Director
 DIN: 01983066

Jugal Sahu Director & CFO
 DIN: 02629782

Sunirmal Talukdar Director
 DIN: 00920608

Dr. Indu Shahani Director
 DIN: 00112289

Vishal Vilas Divadkar
 Partner
 Membership No.: 118247

Kewal Handa Director
 DIN: 00056826

Amee Joshi Company Secretary
 Membership No.: A22502

Mumbai, May 16, 2023

Statement of Cash Flows

for the year ended March 31, 2023

| Particulars | (₹ in Lakhs) | |
|--|------------------------------|------------------------------|
| | Year ended March 31, 2023 | Year ended March 31, 2022 |
| A. Cash flow from operating activities : | | |
| Profit before tax | 3,996.66 | 4,949.53 |
| Adjustments for: | | |
| Depreciation and amortization expense | 2,039.90 | 2,034.70 |
| Unrealized foreign exchange loss/(gain) (net) | 27.23 | 91.48 |
| Finance income | (64.12) | (25.24) |
| (Profit) / Loss on sale of property, plant and equipment | (41.33) | (602.26) |
| Fair value gain on investments | (0.50) | (21.48) |
| Provision for expenses on employee stock options | - | 94.38 |
| Forfeiture of unvested ESOP options | - | (146.50) |
| Provision for allowances for credit losses | 388.03 | 27.88 |
| Finance costs | 22.98 | 47.37 |
| Insurance claim received | - | (23.64) |
| Exceptional Item | 630.32 | - |
| Operating profit before working capital changes | 6,999.17 | 6,426.22 |
| Adjustments for (Increase)/ Decrease in working capital : | | |
| Trade receivables | (4,932.56) | 44.49 |
| Other current assets | 334.52 | (1,054.69) |
| Other non current assets | (368.62) | (267.80) |
| Other financial assets | 154.76 | 611.79 |
| Inventories | 2,037.33 | (1,495.42) |
| Trade payables | 736.23 | (882.08) |
| Non current provisions | 135.06 | - |
| Current provisions | 314.73 | (236.47) |
| Other current liabilities | 85.84 | (45.80) |
| Other financial liabilities | (395.73) | (451.51) |
| Cash generated from operations | 5,100.73 | 2,648.73 |
| Taxes paid (net of refunds) | (1,469.49) | (1,334.51) |
| Net cash generated from operating activities | 3,631.24 | 1,314.22 |
| B. Cash flow from investing activities : | | |
| Purchase of property, plant and equipment (Including Capital work-in-progress) | (1,630.71) | (2,014.43) |
| Sale proceeds of property, plant and equipment | 44.04 | 2,390.48 |
| Investment in equity shares | (300.00) | - |
| Purchase of current investments | - | (29,128.54) |
| Sale proceeds of current investments | 930.63 | 29,184.71 |
| Insurance claim received | - | 23.64 |
| Interest received | 64.12 | 25.24 |
| Net cash generated from / (used in) investing activities | (891.92) | 481.10 |

Statement of Cash Flows
for the year ended March 31, 2023 (Contd.)

| Particulars | (₹ in Lakhs) | |
|--|------------------------------|------------------------------|
| | Year ended March 31, 2023 | Year ended March 31, 2022 |
| C. Cash flow from financing activities : | | |
| Finance costs paid | (16.33) | (29.51) |
| Dividend paid | - | (3,462.27) |
| Principal payment of lease liabilities | (20.53) | (32.79) |
| Interest payment of lease liabilities | (0.92) | (3.47) |
| Net Cash used in financing activities | (37.78) | (3,528.04) |
| NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C) | 2,701.54 | (1,732.72) |
| CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE YEAR | 692.59 | 2,425.31 |
| CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR (NET OF BANK OVERDRAFT) | 3,394.13 | 692.59 |

The above Statement of Cash Flows is prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.
The accompanying notes are an integral part of these financial statements

In terms of our report attached For and on behalf of the Board of Directors
Heubach Colorants India Limited
(formerly Clariant Chemicals (India) Limited)

For M S K A & Associates **Bharath Sesha** Managing Director **Jugal Sahu** Director & CFO
Chartered Accountants DIN: 01983066
Firm Registration Number: 105047W

Sunirmal Talukdar Director **Dr. Indu Shahani** Director
DIN: 00920608 DIN: 00112289

Vishal Vilas Divadkar **Kewal Handa** Director **Amees Joshi** Company Secretary
Partner Membership No.: 118247 DIN: 00056826 Membership No.: A22502

Mumbai, May 16, 2023

Statement of Changes In Equity

for the year ended March 31, 2023

Equity share capital and other equity

For the year ended 31-03-2023

(All amounts in ₹ Lakhs, unless otherwise stated)

| Particulars | Equity Share Capital | Reserves and Surplus | | | | | Total Other Equity |
|--|----------------------|----------------------|----------------------------|------------------|---------------------------------|-------------------|--------------------|
| | | Capital Reserve | Capital Redemption Reserve | General Reserve | Deemed Contribution from Parent | Retained Earnings | |
| Balance as at 01-04-2022 | 2,308.18 | 730.11 | 495.39 | 10,492.29 | - | 27,360.53 | 39,078.32 |
| Profit for the year | - | - | - | - | - | 1,917.91 | 1,917.91 |
| Other comprehensive income for the year | - | - | - | - | - | (61.84) | (61.84) |
| Total comprehensive income for the year | - | - | - | - | - | 1,856.07 | 1,856.07 |
| Balance as at 31-03-2023 | 2,308.18 | 730.11 | 495.39 | 10,492.29 | - | 29,216.29 | 40,934.08 |

For the year ended March 31, 2022

(All amounts in ₹ Lakhs, unless otherwise stated)

| Particulars | Equity Share Capital | Reserves and Surplus | | | | | Total Other Equity |
|---|----------------------|----------------------|----------------------------|------------------|---------------------------------|-------------------|--------------------|
| | | Capital Reserve | Capital Redemption Reserve | General Reserve | Deemed Contribution from Parent | Retained Earnings | |
| Balance as at April 01, 2021 | 2,308.18 | 730.11 | 495.39 | 10,492.29 | 378.06 | 26,317.63 | 38,413.48 |
| Profit for the year | - | - | - | - | - | 4,331.96 | 4,331.96 |
| Other comprehensive income for the year | - | - | - | - | - | 107.01 | 107.01 |
| Total comprehensive income for the year | - | - | - | - | - | 4,438.97 | 4,438.97 |
| Final dividend paid (₹ 15 per share) | - | - | - | - | - | (3,462.27) | (3,462.27) |
| Recognition of share based expenses during the year | - | - | - | - | 94.38 | - | 94.38 |
| Reclassified to Other Financial Liabilities for Cash settlement | - | - | - | - | (258.46) | - | (258.46) |
| Reversal of vested options forfeited | - | - | - | - | (66.20) | 66.20 | - |
| Reversal of unvested options forfeited | - | - | - | - | (147.78) | - | (147.78) |
| Balance as at March 31, 2022 | 2,308.18 | 730.11 | 495.39 | 10,492.29 | - | 27,360.53 | 39,078.32 |

Statement of Changes In Equity
for the year ended March 31, 2023 (Contd.)

Nature and purpose of reserves

- (a) **Capital Reserve:** During amalgamation, the excess of share capital of transferor companies over the cost of consideration paid is treated as capital reserve.
- (b) **Capital Redemption Reserve:** The Company has recognized Capital Redemption Reserve on buyback of equity shares from its retained earnings. The amount in Capital Redemption Reserve is equal to nominal amount of the equity shares bought back.
- (c) **General Reserve:** The Company has transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provisions of Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013.
- (d) **Deemed Contribution from Parent:** The fair value of the equity-settled share based payment transactions with employees is recognized in Statement of Profit and Loss with corresponding credit to Employee Stock Options Outstanding Account.
- (e) **Retained Earnings:** Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

In terms of our report attached For and on behalf of the Board of Directors

Heubach Colorants India Limited
(formerly Clariant Chemicals (India) Limited)

For M S K A & Associates
Chartered Accountants
Firm Registration Number:
105047W

Bharath Sesha Managing Director
DIN: 01983066

Jugal Sahu Director & CFO
DIN: 02629782

Sunirmal Talukdar Director
DIN: 00920608

Dr. Indu Shahani Director
DIN: 00112289

Vishal Vilas Divadkar
Partner
Membership No.: 118247

Kewal Handa Director
DIN: 00056826

Ameesh Joshi Company Secretary
Membership No.: A22502

Mumbai, May 16, 2023

Notes Forming Part of the Financial Statements For the year ended March 31, 2023

Company Information:

Heubach Colorants India Limited (Formerly Clariant Chemicals (India) Limited) (the 'Company') is a public limited Company domiciled in India and is listed on the BSE Limited ('BSE') and the National Stock Exchange of India Limited ('NSE'). Its registered office is situated at Reliable Tech Park, Gut no. 31, Village Elthan, off Thane-Belapur road, Airoli, Navi Mumbai – 400 708, Maharashtra, India. The Company is engaged inter alia, in manufacturing and selling Specialty Chemicals. The Company has its own manufacturing sites in the State of Maharashtra, Tamil Nadu and Madhya Pradesh.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation of financial statements:

Compliance with Ind AS

These financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the 'Act') [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the 'Act'.

Historical cost convention

These financial statements have been prepared on historical cost basis, except for the following:

- certain financial assets and liabilities that are measured at fair value;
- defined benefit plans – plan assets measured at fair value; and
- share-based payments.

The Company has prepared the financial statements on the basis that it will continue to operate as a going concern.

Recent pronouncements

A. Standards (including amendments) issued but not yet effective

The Ministry of Corporate Affairs ("MCA") has notified Companies (Indian Accounting Standard) Amendment Rules, 2023 dated March 31, 2023, to amend certain Ind ASs which are effective from April 01, 2023.

Below is a summary of such amendments:

- (i) Disclosure of Accounting Policies – Amendment to Ind AS 1 Presentation of financial statements

The MCA issued amendments to Ind AS 1, providing guidance to help entities meet the accounting policy disclosure requirements. The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose 'significant accounting policies' with 'material accounting policy information'. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure.

The amendments are effective for annual reporting periods beginning on or after April 01, 2023. The Company is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

- (ii) Definition of Accounting Estimates – Amendments to Ind AS 8 Accounting policies, changes in accounting estimates and errors

The amendment to Ind AS 8, which added the definition of accounting estimates, clarifies that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from the correction of prior period errors. These amendments clarify how entities make the distinction between changes in accounting estimate, changes in accounting policy and prior period errors. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

The amendments are effective for annual reporting periods beginning on or after April 01, 2023. The amendments are not expected to have a material impact on the Company's financial statements.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

- (iii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to Ind AS 12 Income taxes

The amendment to Ind AS 12, requires entities to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognize deferred tax assets (to the extent that it is probable that they can be utilized) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognized as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognized in retained earnings, or another component of equity, as appropriate. Ind AS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

The Company is currently assessing the impact of the amendments.

- iv) The other amendments to Ind AS notified by these rules are primarily in the nature of clarifications.

B. Standards that became effective during the year

- (i) Onerous Contracts- Cost of Fulfilling a Contract – Amendments to Ind AS 37

Ind AS 37 defines an onerous contract as a contract in which the unavoidable costs

(costs that the Company has committed to pursuant to the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments to Ind AS 37 clarify, that the costs relating directly to the contract consist of both:

- The incremental costs of fulfilling that contract- e.g., direct labour and material; and
- An allocation of other costs that relate directly to fulfilling contracts: e.g., Allocation of depreciation charge on property, plant and equipment used in fulfilling the contract.

The Company, prior to the application of the amendments, did not have any onerous contracts.

The amendments were effective for annual reporting periods beginning on or after April 01, 2022. The amendments do not have a material impact on the Company.

- (ii) References to the Conceptual Framework – Amendments to Ind AS 103

The amendments update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. The amendment also adds a new exception in Ind AS 103 for liabilities and contingent liabilities.

- (iii) Property, Plant and Equipment: Proceeds Before Intended Use- Amendment to Ind AS 16

The amendment to Ind AS 16 clarifies that any excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognized in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.

These amendments had no impact on the year-end financial statements of the Company as there were no sales of such items.

- (iv) Ind AS 109 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liability

The amendment clarifies which fees an entity includes when assessing whether the

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)**

terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

These amendments had no impact on the financial statements of the Company as there were no modifications of the Company's financial instruments during the year.

- (v) Taxation in fair value measurements – Amendments to Ind AS 41

The amendment removes the requirement in Ind AS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in Ind AS 41 with the requirements of Ind AS 113, Fair Value Measurement.

- (vi) Ind AS 101: First Time Adoption of Indian Accounting Standards- Subsidiary as a first time adopter

The amendment provides that a subsidiary that uses the exemption in paragraph D16(a) of Ind AS 101 may elect, in its financial statements, to measure cumulative translation differences for all foreign operations in its financial statements using the amounts reported by the parent, based on the parent's date of transition to Ind AS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This election is also available to an associate or joint venture that uses exemption in paragraph D16(a) of Ind AS 101.

These amendments had no impact on the financial statements of the Company as it is not a first-time adopter.

(b) Segment reporting

Information reported to the Chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods delivered or provided.

No operating segments have been aggregated in arriving at the reportable segments of the Company.

The Company's reportable segments under Ind AS 108 are as follows:

- i. Plastics and Coatings:** Includes pigments, pigment preparations.
- ii. Specialty Chemicals:** Includes dyestuff, synthetic resins, functional effects and coating, auxiliaries and chemicals.

Company's Business unit grouped into two Business Areas (BA) (reportable segments), in accordance with Ind AS 108, Operating Segments:

- Plastics and Coatings (BU Pigments)
- Specialty Chemicals (BU ICS)

The operating segments have been identified on the basis of the nature of products.

(c) Foreign currency translation

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency viz. Indian Rupee, are recognized at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognized in statement of profit or loss in the period in which they arise. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/(losses). Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(d) Recognition of revenue

Sales of goods and services are recognized in line with the requirements of Ind AS 115, Revenue from contracts with customers. Revenue is measured based on the consideration the Company expects to receive in exchange for the goods or services. Revenue from sales of goods is recognized in the income statement when control has been transferred to the buyer, which is usually upon delivery, at a fixed or determinable price, and when collectability is reasonably assured. Delivery is defined based on the terms of the sale contract. Revenue from services is recognized when the respective services have been rendered. Revenue is reported net of goods and service tax, returns, discounts and rebates. Rebates to customers are provided for in the same period that

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)**

the related sales are recorded based on the contract terms.

The Company does not expect to have any contracts where the period between transfer of the promised goods or services to customer and payment by the customer exceed one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

A receivable is recognized when the goods are delivered as this is the point of time that the consideration is unconditional because only the passage of time is required before the payment is due.

(e) Other Operating Revenue

Export benefits / incentives are accounted on accrual basis when relevant exports are made.

Commission income is recognized only when the relevant service has been rendered or the goods have been delivered.

(f) Other income

Interest income is recognized on a time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity when it is determined that such income will accrue to the Company.

Dividends are recognized when the right to receive the payment is established.

Rental income arising from operating leases is accounted on a straight - line basis over the lease terms.

(g) Income tax

Income tax expense represents the sum of current tax and deferred tax.

The current tax expense or credit for the year is the tax payable on the current period's taxable income based on the applicable enacted income tax rate in accordance with the Income Tax Act, 1961, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, items that are never taxable/deductible and unused tax losses/ tax credits.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying

amounts in the financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction (other than in a business combination) that affects neither accounting profit nor taxable profit. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized for all deductible temporary differences and unused tax losses only if it is probable that future taxable profits will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current and deferred tax is recognized in statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

(h) Leases
i. As a Lessee:

Leases are recognized as right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative standalone prices.

Assets and liabilities arising from a lease are initially measured on present value basis. Lease liabilities include the net present value of the following lease payments:

- Lease payments less any lease incentives receivable;
- Variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date; and
- Amounts expected to be payable by the Company under residual value guarantees, if any.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)**

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using Company's incremental borrowing rate (since the interest rate implicit in the lease cannot be readily determined). Incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over a similar term, and a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment and based on company's standalone credit worthiness.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received; and
- Any initial direct costs for new leases.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company applies Ind AS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the note 1(h) impairment of assets. Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense

in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other expenses' in profit or loss.

ii. As a lessor:

Lease income from operating leases where the Company is lessor is recognized in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as lease income. The Company did not need to make any adjustment to the accounting for assets held as lessor as a result of adopting the new leasing standard.

(i) Impairment of assets

Goodwill that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes are indicative in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment.

(j) Cash and cash equivalents

For the purpose of presentation in the Statement of cash flows, cash and cash equivalents includes cash on hand, cheques/drafts on hand and balances with banks of current and term deposit account, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value, and bank overdraft.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)**
(k) Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less allowances for credit losses.

(l) Inventories

Cost is determined on weighted average basis. Cost of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Raw materials, packing materials, work in progress, finished goods, stock-in-trade and stores and spares are stated at the lower of cost and net realizable value. Cost of raw materials and stock-in-trade include cost of purchases. Cost of work-in-progress and finished goods include direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure (allocated on the basis of normal operating capacity). Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition.

(m) Investments and other financial assets
Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through statement of profit or loss), and
- those measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in statement of profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income or through statement of profit or loss account.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.
- **Fair value through profit or loss (FVTPL):** Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)**

profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the statement of profit or loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

There are no debt instruments held by the Company.

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognized in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in other gain / (losses) in the statement of profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit loss associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 33 details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Derecognition of financial assets

A financial asset is derecognized only when the Company

- has transferred the rights to receive cash flows from the financial asset or,
- retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

(n) Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

(o) Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)**

derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value

Depreciation is provided on a pro-rata basis on the straight-line method ('SLM') over the estimated useful lives of the assets specified in Schedule II of the Companies Act, 2013, except in case of certain assets, wherein based on technical evaluation, a different useful life has been considered. The estimated useful lives of assets are as follows:

| Asset | Useful Life | Asset | Useful Life |
|---------------------------------|---------------|------------------------|--------------|
| Factory building | 30 Years | Computers | 4 Years |
| Office building | 60 Years | Furniture and fixture | 10 Years |
| Roads | 5 to 10 Years | Office equipment | 5 Years |
| Plant and equipment | 10 Years | Vehicles | 5 to 8 Years |
| Hardware mainframes and Servers | 6 Years | Leasehold improvements | 10 Years |

- All assets are fully depreciated in the last year of its useful life. The assets' useful lives are re-viewed, and adjusted if appropriate, at the end of each reporting period.
- An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.
- Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in statement of profit or loss.

(p) Goodwill

Goodwill on acquisitions of business is not amortized but it is tested for impairment annually or more frequently if events or changes in circumstances are indicative of impairment and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, which is Pigment.

(q) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid as at the end of balance sheet date. The amounts are unsecured and are generally paid within 60 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

(r) Provisions and Contingent Liabilities

Provisions are recognized when there is a present or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are not recognized for future operating losses.

Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the balance sheet date and are not discounted to its present value. These are reviewed at each year end date and adjusted to reflect the best current estimate.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

(s) Employee benefits
Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)**

wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Other long-term employee benefit obligations

These liabilities for earned leave is not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. It is therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognized in profit or loss.

The Company presents provision for leave salaries as current and non-current based on actuarial valuation considering estimates of avilment of leave, separation of employee, etc. An employee is entitled to be paid the entire accumulated leave balance immediately on separation from the Company, as per the policy of the Company.

Post-employment obligations

The Company operates the following post-employment schemes:

- a) defined benefit plans such as gratuity, ex-gratia gratuity, provident fund; and
- b) defined contribution plans such as superannuation fund, employee state insurance and other funds.

Defined Benefit Plans

The Company has Defined Benefit Plans for post-employment benefits in the form of Provident Fund (treated as a Defined Benefit Plan on account of guaranteed interest benefit) and Gratuity. Provident Fund and Gratuity fund are recognized by the Income-tax authorities and administered through trustees and/or LIC. Liability for Defined Benefit Plans is provided on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary.

The liability or asset recognized in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit or loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost.

Defined contribution plans

The Company's contribution to superannuation fund, employee state insurance and other funds are considered as defined contribution plans, as the Company does not carry any further obligations apart from the contributions made on a monthly basis and are charged as an expense based on the amount of contribution required to be made. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Share-based payments

Group share-based payments benefits were provided to few employees under senior management level settled by erstwhile ultimate holding Company, Clariant AG, Switzerland and accordingly classified as equity settled share-based payments.

Equity-settled share-based payments to employees are recognized as an employee benefit expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)**

and service conditions. It recognizes the impact of the revision to original estimates, if any, in statement of profit or loss, with a corresponding adjustment to equity. The fair value of shares granted is calculated based on, market value of shares, as at grant date.

Bonus plans

The Company recognizes a liability and an expense for bonuses. The Company recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(t) Contributed equity

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(u) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(v) Earnings per share
Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to equity holders of the Company; and
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

(w) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest Rupee in Lakhs as per the requirement of Schedule III of the 'Act', unless otherwise stated

NOTE 2: CRITICAL ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates or judgements are:

- Estimation of taxes - Note 35
- Estimated goodwill impairment - Note 3C.
- Estimation for the accounting of employee benefits - Note 39
- Allowance for credit losses on trade receivable - Note 1(j) and 11
- Measurement of useful lives for property, plant and equipment and goodwill- Note 1(o) and (p).
- Estimation of Provision for Inventory - Note 9
- Determination of Lease term - Note 1(g) and 4

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

3 PROPERTY, PLANT AND EQUIPMENT / GOODWILL

(All amounts in ₹ Lakhs, unless otherwise stated)

| Description | Gross block | | | Depreciation / Amortization | | | | Net block | |
|---|----------------------|-----------------|---------------|-----------------------------|----------------------|---------------|-----------------|----------------------|----------------------|
| | As at April 01, 2022 | Additions | Deductions | As at March 31, 2023 | As at April 01, 2022 | Deductions | For the year | As at March 31, 2023 | As at March 31, 2023 |
| 3A Property, plant and equipment | | | | | | | | | |
| Freehold Land | 235.90 | - | - | 235.90 | - | - | - | - | 235.90 |
| Buildings | 8,606.16 | 589.34 | - | 9,195.50 | 2,140.97 | - | 332.66 | 2,473.63 | 6,721.87 |
| Plant and equipment | 18,543.45 | 803.40 | 22.21 | 19,324.64 | 11,491.35 | 19.70 | 1,550.91 | 13,022.56 | 6,302.08 |
| Furniture and fixtures | 326.50 | - | 0.05 | 326.45 | 133.40 | 0.05 | 36.86 | 170.21 | 156.24 |
| Office equipment | 642.53 | 106.28 | 0.06 | 748.75 | 638.78 | 0.05 | 43.39 | 682.12 | 66.63 |
| Vehicles | 522.52 | 189.52 | 151.47 | 560.57 | 415.85 | 151.47 | 57.90 | 322.28 | 238.29 |
| Total | 28,877.06 | 1,688.54 | 173.79 | 30,391.81 | 14,820.35 | 171.27 | 2,021.72 | 16,670.80 | 13,721.01 |

(All amounts in ₹ Lakhs, unless otherwise stated)

| Description | Gross block | | | Depreciation / Amortization | | | | Net block | |
|---|----------------------|-----------------|---------------|-----------------------------|----------------------|---------------|-----------------|----------------------|----------------------|
| | As at April 01, 2021 | Additions | Deductions | As at March 31, 2022 | As at April 01, 2021 | Deductions | For the year | As at March 31, 2022 | As at March 31, 2022 |
| 3A Property, plant and equipment | | | | | | | | | |
| Freehold Land | 235.90 | - | - | 235.90 | - | - | - | - | 235.90 |
| Buildings | 8,366.35 | 239.81 | - | 8,606.16 | 1,838.84 | - | 302.13 | 2,140.97 | 6,465.19 |
| Plant and equipment | 16,901.56 | 1,716.41 | 74.52 | 18,543.45 | 10,008.04 | 68.89 | 1,552.20 | 11,491.35 | 7,052.10 |
| Furniture and fixtures | 298.93 | 27.60 | 0.03 | 326.50 | 78.93 | 0.03 | 54.50 | 133.40 | 193.10 |
| Office equipment | 621.93 | 30.32 | 9.72 | 642.53 | 621.93 | 9.57 | 26.42 | 638.78 | 3.75 |
| Vehicles | 553.06 | 50.28 | 80.82 | 522.52 | 428.19 | 80.85 | 68.51 | 415.85 | 106.67 |
| Total | 26,977.73 | 2,064.42 | 165.09 | 28,877.06 | 12,975.93 | 159.34 | 2,003.76 | 14,820.35 | 14,056.71 |

Notes:

Title deeds of immovable property:

The title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), as disclosed in note 3A to the financial statements, are held in the name of the Company.

Note 3B: Capital Work-in-Progress

(₹ in Lakhs)

| Particulars | March 31, 2023 | March 31, 2022 |
|---------------------------------------|----------------|----------------|
| Balances at the Beginning of the year | 810.70 | 860.67 |
| add: Additions during the year | 1,630.88 | 2,014.44 |
| less: Capitalisation during the year | 1,688.54 | 2,064.41 |
| Total | 753.04 | 810.70 |

Note 3C: Goodwill

Impairment testing mechanism to the cash-generating unit is as follows :

(₹ in Lakhs)

| Cash generating unit (CGU) | March 31, 2023 | March 31, 2022 |
|----------------------------|----------------|----------------|
| Pigment business | 894.11 | 894.11 |
| Total | 894.11 | 894.11 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

The recoverable amount of the CGU is determined based on a value in use calculation which uses cash flow projections covering a five-year period and a discount rate 11.00% per annum (31-03-2022 : 11.87% per annum). Cash flow projections during the five year period are based on the historical growth rate and margins. The cash flows beyond that five-year period have been extrapolated using a steady 5% per annum (31-03-2022 : 5% per annum) growth rate which is the projected long-term average growth rate.

The Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

4 LEASES

4A Right-of-use Assets

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|-------------|----------------------|----------------------|
| Building | - | 18.02 |
| Land | 8.14 | 8.30 |
| | 8.14 | 26.32 |

4B Current Lease liabilities

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|-------------------|----------------------|----------------------|
| Lease liabilities | - | 20.53 |
| | - | 20.53 |

5 NON-CURRENT FINANCIAL ASSETS - INVESTMENTS

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|----------------------|----------------------|
| Equity Instrument at fair value through profit and loss (Unquoted) | | |
| Investments in other Entities | 300.00 | - |
| First Energy 2 Private Limited (30,00,000 Equity Shares of ₹ 10 each, fully paid up) | | |
| | 300.00 | - |

6 NON-CURRENT FINANCIAL ASSETS : LOANS

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|-----------------------------------|----------------------|----------------------|
| <u>Unsecured, considered good</u> | | |
| Loans to employees | 5.35 | 17.65 |
| | 5.35 | 17.65 |

The Company has not granted any loans or advances in the nature of loans to promoters, directors and KMPs, either severally or jointly with any other person.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

7 NON-CURRENT FINANCIAL ASSETS : OTHERS

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| Security and other deposits (Unsecured, considered good) | 552.53 | 469.34 |
| Fixed Deposits with Bank (Maturity more than 12 Months) | 28.28 | - |
| Other receivables (refer to note 23 for provision for others) | 410.33 | 411.33 |
| | 991.14 | 880.67 |

8 OTHER NON-CURRENT ASSETS

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|-----------------------------|-------------------------|-------------------------|
| Capital advances | 10.02 | 88.15 |
| Indirect taxes recoverable | 1,011.82 | 1,030.27 |
| Gratuity Fund asset balance | - | 93.07 |
| Prepayments | 147.67 | - |
| | 1,169.51 | 1,211.49 |

9 CURRENT ASSETS : INVENTORIES

(Valued at the lower of cost and net realizable value)

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| Raw materials | 4,109.28 | 4,256.69 |
| Packing materials | 220.37 | 234.21 |
| Work-in-progress | 2,357.85 | 3,452.16 |
| Finished goods | 4,816.79 | 5,807.93 |
| Stock-in-trade | 845.09 | 659.75 |
| Stores and spares | 580.58 | 556.55 |
| | 12,929.96 | 14,967.29 |
| Included above , goods in transit | | |
| Raw materials | 361.20 | 237.23 |
| Stock-in-trade | 504.15 | 162.33 |
| | 865.35 | 399.56 |

10 CURRENT FINANCIAL ASSETS : INVESTMENTS

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| Unquoted Investments (All fully paid) | | |
| Investments in Mutual funds | | |
| SBI Overnight Fund - Gr | - | 930.13 |
| | - | 930.13 |
| Of the above, investments mandatorily measured at FVTPL | - | 930.13 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

11 CURRENT FINANCIAL ASSETS : TRADE RECEIVABLES

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| Secured, considered good | 822.84 | 380.08 |
| Unsecured, considered good | 20,950.19 | 16,452.20 |
| Significant increase in Credit Risk | 75.98 | 130.13 |
| Unsecured, considered doubtful | 21,849.01 | 16,962.41 |
| Less: Allowances for credit losses | 75.98 | 130.13 |
| | 21,773.03 | 16,832.28 |
| Further classified as: | | |
| Receivable from related parties (Refer note 40) | 11,547.65 | 7,469.96 |
| Receivable from others | 10,225.38 | 9,362.32 |
| | 21,773.03 | 16,832.28 |

Trade Receivables Ageing Schedule

(₹ in Lakhs)

| Particulars | Current | | | | | | | Total |
|--|---------------|------------------|---|-------------------|--------------------------------|--------------------------------|-------------------|------------------|
| | Unbilled Dues | Not Due | Outstanding for following periods from due date of Receipts | | | | | |
| | | | Less than 6 months | 6 months - 1 year | More than 1 years upto 2 years | More than 2 years upto 3 years | More than 3 years | |
| (i) Undisputed Trade receivables - considered good | - | 14,882.19 | 6,891.85 | 6.51 | - | - | 68.46 | 21,849.01 |
| (ii) Undisputed Trade Receivables - which have significant increase in credit risk | - | - | - | - | - | - | - | - |
| (iii) Undisputed Trade Receivables - credit impaired | - | - | - | - | - | - | - | - |
| (iv) Disputed Trade Receivables- considered good | - | - | - | - | - | - | - | - |
| (v) Disputed Trade Receivables - which have significant increase in credit risk | - | - | - | - | - | - | - | - |
| (vi) Disputed Trade Receivables - credit impaired | - | - | - | - | - | - | - | - |
| Less: Allowance for bad and doubtful debts (Disputed + Undisputed) | - | - | - | - | - | - | - | 75.98 |
| | - | 14,882.19 | 6,891.85 | 6.51 | - | - | 68.46 | 21,773.03 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Lakhs)

| 31-Mar-2022 | Current | | | | | | | |
|--|---------------|------------------|--|-------------------|--------------------------------|--------------------------------|-------------------|------------------|
| | Unbilled Dues | Not Due | Outstanding for following periods from due date of Receipt | | | | | Total |
| | | | Less than 6 months | 6 months - 1 year | More than 1 years upto 2 years | More than 2 years upto 3 years | More than 3 years | |
| (i) Undisputed Trade receivables – considered good | - | 15,595.85 | 1,279.60 | 16.35 | 0.37 | - | 70.24 | 16,962.41 |
| (ii) Undisputed Trade Receivables – which have significant increase in credit risk | - | - | - | - | - | - | - | - |
| (iii) Undisputed Trade Receivables – credit impaired | - | - | - | - | - | - | - | - |
| (iv) Disputed Trade Receivables– considered good | - | - | - | - | - | - | - | - |
| (v) Disputed Trade Receivables – which have significant increase in credit risk | - | - | - | - | - | - | - | - |
| (vi) Disputed Trade Receivables – credit impaired | - | - | - | - | - | - | - | - |
| Less: Allowance for bad and doubtful debts (Disputed + Undisputed) | - | - | - | - | - | - | - | 130.13 |
| | - | 15,595.85 | 1,279.60 | 16.35 | 0.37 | - | 70.24 | 16,832.28 |

12 CURRENT FINANCIAL ASSETS : CASH AND BANK BALANCES

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|----------------------|----------------------|
| Cash and cash equivalents : | | |
| Cash on hand | 0.44 | 1.06 |
| In current accounts | 1,443.69 | 545.43 |
| Term deposits with original maturity of less than three months | 1,950.00 | 146.10 |
| | 3,394.13 | 692.59 |
| Other bank balances : | | |
| Earmarked current account : Unclaimed dividend | 487.30 | 511.92 |
| Term deposits with original maturity of more than 3 months and 12 months or less | 1.16 | - |
| | 488.46 | 511.92 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

13 CURRENT FINANCIAL ASSETS : LOANS

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--------------------|----------------------|----------------------|
| Loans to employees | 14.20 | 12.23 |

The Company has not granted any loans or advances in the nature of loans to promoters, directors and KMPs, either severally or jointly with any other person.

14 CURRENT FINANCIAL ASSETS : OTHERS

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|------------------------------|----------------------|----------------------|
| Export incentives receivable | 339.71 | 565.09 |
| Non trade receivables | 11.11 | 17.17 |
| | 350.82 | 582.26 |

15 OTHER CURRENT ASSETS

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|-------------------------------------|----------------------|----------------------|
| Advances to suppliers | 405.03 | 967.29 |
| Balance with Government authorities | 5,032.14 | 4,748.78 |
| Prepayments | 252.29 | 317.28 |
| Other current assets | 57.36 | 47.39 |
| | 5,746.82 | 6,080.74 |

16 SHARE CAPITAL

(₹ in Lakhs)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|----------------------|----------------------|
| Authorised | | |
| 3,00,00,000 equity shares of ₹ 10 each | 3,000.00 | 3,000.00 |
| Issued, subscribed and paid up | | |
| 2,30,81,798 equity shares of ₹ 10 each fully paid up (31-03-2022 : 2,30,81,798) | 2,308.18 | 2,308.18 |

16 a Reconciliation of the number of equity shares outstanding as at the beginning and at the end of the year

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---|----------------------|---------------------|----------------------|---------------------|
| | Number | Amount (₹ in Lakhs) | Number | Amount (₹ in Lakhs) |
| Equity shares : | | | | |
| Outstanding as at the beginning of the year | 2,30,81,798 | 2,308.18 | 2,30,81,798 | 2,308.18 |
| Outstanding as at the end of the year | 2,30,81,798 | 2,308.18 | 2,30,81,798 | 2,308.18 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

16 b Shares held by subsidiaries of the ultimate holding Company "SK Neptune Husky Holdings S.à.r.l."

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|-------------------------------------|-------------------------|--------|-------------------------|--------|
| | Number | % | Number | % |
| Heubach EBITO Chemiebetteilungen AG | 41,09,426 | 17.80% | 41,09,426 | 17.80% |
| Heubach holding switzerland AG | 84,39,385 | 36.56% | 84,39,385 | 36.56% |

There are no shareholders holding more than 5% of the aggregate equity shares of the Company except above.

There are no change in promoters shareholding

16 c The Company has not allotted any equity shares for consideration other than cash and bonus shares during the period of five financial years immediately preceding the Balance Sheet date.

16 d Shares bought back (during 5 financial years immediately preceding March 31, 2023)

No Equity Shares bought back during 5 financial years immediately preceding March 31, 2023.

16 e Rights, preferences and restrictions attached to shares

The Company has one class of equity share having a par value of ₹ 10/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining asset of the Company after distribution of all preferential amounts, in proportion to their shareholding.

17 OTHER EQUITY

| Particulars | (₹ in Lakhs) | |
|----------------------------|-------------------------|-------------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Capital reserve | 730.11 | 730.11 |
| Capital redemption reserve | 495.39 | 495.39 |
| General reserve | 10,492.29 | 10,492.29 |
| Retained earnings | 29,216.29 | 27,360.53 |
| | 40,934.08 | 39,078.32 |

18 NON - CURRENT LIABILITIES : PROVISIONS

| Particulars | (₹ in Lakhs) | |
|--|-------------------------|-------------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Provision for employee benefits | | |
| Compensated absences | 614.81 | 513.68 |
| Gratuity (Refer note no. 39) | 116.57 | - |
| | 731.38 | 513.68 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

19 DEFERRED TAX LIABILITIES (NET)

| Particulars | (₹ in Lakhs) | |
|--|-------------------------|-------------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Deferred tax liabilities | | |
| Property, plant and equipment | 821.33 | 921.03 |
| Goodwill | 225.04 | 225.04 |
| A | 1,046.37 | 1,146.07 |
| Deferred tax for assets | | |
| Allowance credit losses and doubtful receivables | 122.40 | 32.75 |
| Provision for employee benefits | 214.84 | 149.39 |
| Other provisions | 136.66 | 147.36 |
| Others | 1.67 | 2.23 |
| B | 475.57 | 331.73 |
| A-B | 570.80 | 814.34 |

Movements in deferred tax liabilities (net) for the year ended 31-03-2023

| Particulars | (₹ in Lakhs) | | | |
|--|--------------------|----------------------|----------------------|--------------------|
| | Opening Balance | Recognised in P&L | Recognised in OCI | Closing Balance |
| Property, plant and equipment | 921.03 | (99.70) | - | 821.33 |
| Goodwill | 225.04 | - | - | 225.04 |
| Allowance credit losses and doubtful receivables | (32.75) | (89.65) | - | (122.40) |
| Provision for employee benefits | (149.39) | (44.65) | (20.80) | (214.84) |
| Other provisions | (147.36) | 10.70 | - | (136.66) |
| Intangible assets | (2.23) | 0.56 | - | (1.67) |
| Net Deferred Tax Liabilities / (Assets) | 814.34 | (222.74) | (20.80) | 570.80 |

Movements in deferred tax liabilities (net) for the year ended 31-03-2022

| Particulars | (₹ in Lakhs) | | | |
|--|--------------------|----------------------|----------------------|--------------------|
| | Opening Balance | Recognised in P&L | Recognised in OCI | Closing Balance |
| Property, plant and equipment | 894.40 | 26.63 | - | 921.03 |
| Goodwill | 225.04 | - | - | 225.04 |
| Allowance credit losses and doubtful receivables | (38.38) | 5.63 | - | (32.75) |
| Provision for employee benefits | (260.32) | 74.87 | 36.06 | (149.39) |
| Other provisions | (154.97) | 7.61 | - | (147.36) |
| Intangible assets | (2.97) | 0.74 | - | (2.23) |
| Net Deferred Tax Liabilities / (Assets) | 662.80 | 115.48 | 36.06 | 814.34 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)**20 CURRENT FINANCIAL LIABILITIES :TRADE PAYABLES**

| Particulars | (₹ in Lakhs) | |
|--|-------------------------|-------------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Trade Payables: | | |
| - Total outstanding dues of micro and small enterprises (Refer Note 37) | 392.90 | 236.30 |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises * | 17,340.70 | 16,746.92 |
| | 17,733.60 | 16,983.22 |

*Refer Note 40 for trade payables to related parties.

Trade Payables ageing schedule

| Particulars | (₹ in Lakhs) | | | | | | |
|-----------------------------|-----------------|------------------|------------------|--------------------------------|--------------------------------|-------------------|------------------|
| | Unbilled Dues | Payables Not Due | Current | | | | Total |
| | | | Less than 1 year | More than 1 years upto 2 years | More than 2 years upto 3 years | More than 3 years | |
| 31-Mar-2023 | | | | | | | |
| (i) MSME | - | 389.01 | 3.89 | - | - | - | 392.90 |
| (ii) Disputed dues – MSME | - | - | - | - | - | - | - |
| (iii) Others | 3,242.80 | 11,590.15 | 2,475.65 | 8.92 | 0.73 | 22.45 | 17,340.70 |
| (iv) Disputed dues - Others | - | - | - | - | - | - | - |
| | 3,242.80 | 11,979.16 | 2,479.54 | 8.92 | 0.73 | 22.45 | 17,733.60 |

| Particulars | (₹ in Lakhs) | | | | | | |
|-----------------------------|-----------------|------------------|------------------|--------------------------------|--------------------------------|-------------------|------------------|
| | Unbilled Dues | Payables Not Due | Current | | | | Total |
| | | | Less than 1 year | More than 1 years upto 2 years | More than 2 years upto 3 years | More than 3 years | |
| 31-Mar-2022 | | | | | | | |
| (i) MSME | 1.93 | 234.37 | - | - | - | - | 236.30 |
| (ii) Disputed dues – MSME | - | - | - | - | - | - | - |
| (iii) Others | 5,665.77 | 8,682.19 | 2,357.46 | 16.80 | 2.80 | 21.90 | 16,746.92 |
| (iv) Disputed dues - Others | - | - | - | - | - | - | - |
| | 5,667.70 | 8,916.56 | 2,357.46 | 16.80 | 2.80 | 21.90 | 16,983.22 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)**21 CURRENT FINANCIAL LIABILITIES : OTHERS**

| Particulars | (₹ in Lakhs) | |
|----------------------------------|-------------------------|-------------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Security and other deposits | 12.73 | 380.16 |
| Employee benefits payable | 636.22 | 957.07 |
| Payables for capital expenditure | 186.11 | 47.00 |
| Accrued liabilities | 229.10 | 45.34 |
| Unclaimed dividend * | 487.30 | 511.92 |
| | 1,551.46 | 1,941.49 |

*There is no amount due and outstanding to be credited to Investor Education and Protection Fund.

22 OTHER CURRENT LIABILITIES

| Particulars | (₹ in Lakhs) | |
|---|-------------------------|-------------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Advances from customers – Contract liabilities * | 36.94 | 71.15 |
| Statutory dues (including provident fund and withholding taxes) | 244.30 | 122.78 |
| Other liabilities | 6.39 | 7.86 |
| | 287.63 | 201.79 |

* There has been no significant change in the contract liabilities and major portion has been recognized as a revenue during current year from opening contract liabilities.

23 CURRENT LIABILITIES : PROVISIONS

| Particulars | (₹ in Lakhs) | |
|--|-------------------------|-------------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Provision for employee benefits | | |
| Compensated absences | 122.16 | 172.92 |
| Other Provisions | | |
| Provision for indirect tax and other matters | 945.15 | 579.66 |
| | 1,067.31 | 752.58 |

23a Movements in provision for indirect tax and other matters

| Particulars | (₹ in Lakhs) | |
|--------------------------------|-------------------------|-------------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Opening balance | 579.66 | 611.96 |
| Provision made during the year | 421.70 | 298.34 |
| Amount utilised / reversed | (56.21) | (330.64) |
| Closing balance | 945.15 | 579.66 |

The above provision is management's best estimate towards various indirect tax & other matters, pending settlement with government authorities.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

24 REVENUE FROM OPERATIONS (REFER NOTE 41)

(₹ in Lakhs)

| Particulars | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
|--|------------------------------|------------------------------|
| Revenue from contracts with customers | | |
| Sale of products | 74,085.56 | 81,313.06 |
| Sale of services | 1,655.04 | 1,711.45 |
| Other operating revenue | | |
| Export incentives | 445.89 | 507.78 |
| Commission income | 312.35 | 280.88 |
| Scrap sale | 142.82 | 137.83 |
| | 76,641.66 | 83,951.00 |

25 OTHER INCOME

(₹ in Lakhs)

| Particulars | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
|--|------------------------------|------------------------------|
| Interest income on financial assets at amortized cost | | |
| Fixed deposits | 59.49 | 1.27 |
| Others | 4.63 | 23.97 |
| Rental income | | |
| Sublease of office premises | 63.39 | 55.66 |
| Other gains and losses | | |
| Net Gain on disposal of property, plant and equipment | 41.33 | 602.26 |
| Foreign exchange gain (net) | 373.07 | 138.72 |
| Net gain on financial assets mandatorily measured at FVTPL | 0.50 | 21.48 |
| Insurance Claims | - | 23.64 |
| | 542.41 | 867.00 |

26 COST OF MATERIALS CONSUMED *

(₹ in Lakhs)

| Particulars | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
|----------------------------|------------------------------|------------------------------|
| Raw materials consumed | 37,363.45 | 46,335.91 |
| Packing materials consumed | 1,364.15 | 1,624.41 |
| | 38,727.60 | 47,960.32 |

* Cost of materials consumed is based on derived values.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

27 CHANGES IN INVENTORIES

(₹ in Lakhs)

| Particulars | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
|----------------------------------|------------------------------|------------------------------|
| Opening inventories | | |
| Finished goods | 5,807.93 | 4,458.06 |
| Stock-in-trade | 659.75 | 852.29 |
| Work - in - progress | 3,452.16 | 2,944.49 |
| | 9,919.84 | 8,254.84 |
| Less: Closing inventories | | |
| Finished goods | 4,816.79 | 5,807.93 |
| Stock-in-trade | 845.09 | 659.75 |
| Work - in - progress | 2,357.85 | 3,452.16 |
| | 8,019.73 | 9,919.84 |
| Changes in inventories | 1,900.11 | (1,665.00) |

28 EMPLOYEE BENEFITS EXPENSE

(₹ in Lakhs)

| Particulars | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
|---|------------------------------|------------------------------|
| Salaries, wages, bonus, etc. | 5,530.36 | 5,166.00 |
| Gratuity and Ex gratia (refer to note 39) | 131.10 | 160.30 |
| Contribution to provident fund | 449.30 | 250.04 |
| Contribution to superannuation fund | 87.70 | 85.37 |
| Staff welfare expenses | 722.01 | 727.89 |
| | 6,920.47 | 6,389.60 |

29 FINANCE COSTS

(₹ in Lakhs)

| Particulars | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
|--|------------------------------|------------------------------|
| Interest expenses - on financial liability at amortized cost | 22.36 | 43.90 |
| Interest cost on lease liabilities | 0.62 | 3.47 |
| | 22.98 | 47.37 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

30 DEPRECIATION AND AMORTIZATION EXPENSES

(₹ in Lakhs)

| Particulars | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
|---|------------------------------|------------------------------|
| Depreciation of property, plant and equipment | 2,021.72 | 2,003.79 |
| Depreciation on right-of-use assets | 18.18 | 30.91 |
| | 2,039.90 | 2,034.70 |

31 OTHER EXPENSES

(₹ in Lakhs)

| Particulars | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
|---|------------------------------|------------------------------|
| Stores and spare parts etc. consumed | 410.41 | 516.84 |
| Repairs and maintenance : | | |
| Plant and machinery | 1,206.36 | 1,353.14 |
| Buildings | 336.99 | 303.58 |
| Others | 293.51 | 219.00 |
| Power and fuel | 4,726.24 | 4,641.84 |
| Rent (including lease payments) | 279.31 | 270.37 |
| Rates and taxes (including water charges) | 333.58 | 740.58 |
| Insurance | 262.92 | 333.96 |
| Clearing, forwarding and transport | 2,015.48 | 3,436.03 |
| Travelling and conveyance | 281.53 | 134.69 |
| Commission | 140.97 | 89.44 |
| Royalty | 161.04 | 106.20 |
| Legal and consultancy | 453.13 | 364.52 |
| Information technology services | 327.94 | 638.88 |
| Remuneration to Cost Auditors | 2.60 | 2.60 |
| Commission to Directors | 24.00 | 33.00 |
| Directors' Sitting Fees | 42.30 | 37.80 |
| Payment to statutory auditors : | | |
| As auditors | 11.33 | 10.30 |
| For other services | 7.59 | 6.90 |
| Laboratory Expenses | 226.14 | 187.03 |
| Environmental and treatment cost | 416.38 | 578.33 |
| Jobwork and processing charges | 2,080.99 | 2,052.17 |
| Security Expenses | 124.02 | 147.72 |
| Subscription and membership fees | 35.29 | 9.55 |
| Printing & Stationery | 34.06 | 43.74 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Lakhs)

| Particulars | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
|---|------------------------------|------------------------------|
| Postage & Communication Charges | 68.31 | 141.26 |
| Advertisement and Promotional Expenses | 33.05 | 11.19 |
| Allowances for credit losses | 388.03 | 27.88 |
| Expenditure towards corporate social responsibility (CSR) activities (Refer Note 38) | 106.22 | 135.55 |
| Service charges | 655.24 | 695.65 |
| Miscellaneous expenses | 205.60 | 629.73 |
| | 15,690.56 | 17,899.47 |

32 RECONCILIATION OF INCOME TAX EXPENSES WITH ACCOUNTING PROFIT

(₹ in Lakhs)

| Particulars | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
|--|------------------------------|------------------------------|
| Profit before tax | 3,996.66 | 4,949.53 |
| Income tax using the Company's domestic tax rate @ 25.17% (PY 25.17%) | 1,005.96 | 1,245.80 |
| Effect of expenses that are deductible in determining taxable profit | (569.55) | (792.03) |
| Effect of expenses that are not deductible in determining taxable profit | 746.68 | 825.18 |
| Effect of tax adjustments of prior years (net) * | 895.66 | (661.41) |
| | 2,078.75 | 617.54 |
| Income tax expense recognised in profit or loss | 1,183.09 | 1,278.98 |
| Effect of tax adjustments of prior years (net) * | 895.66 | (661.41) |
| | 2,078.75 | 617.57 |

* Write back of tax expenses of ₹ 661.41 Lakhs relates to the provision no longer required in respect of the settlement of tax litigation of earlier years in 2022.

The Company has recorded tax expense ₹ 892 Lakhs and interest thereon ₹ 630 aggregating to ₹ 1,522 Lakhs in respect of AY 2012-13 against the final assessment order dated November 22, 2022 consequent to "Mutual Agreement Procedure (MAP)" resolution agreed between Indian and Singapore competent authorities in accordance with rule 44G(6) of the Income Tax Rules, 1962. This case is primarily related to transfer pricing adjustment arising from international transactions with Associated Enterprise "Clariant (Singapore) Pte Limited". The Company had deposited ₹ 1,832 Lakhs under protest with Income Tax Authorities in earlier years. The tax expenses and interest thereon have been disclosed under "Tax expense of prior years" and "Exceptional item" respectively for the year ended March 31, 2023.

33 FINANCIAL INSTRUMENTS AND RISK REVIEW

Capital management

The Company's objectives when managing capital are to :

- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders; and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

The capital structure of the Company consists of equity of the Company (comprising issued capital, reserves and retained earnings as detailed in notes 16 and 17). The Company is a zero debt Company with no long-term borrowings as at 31-03-2023. The Company is not subject to any externally imposed capital requirements.

Categories of financial instruments

| Particulars | (₹ in Lakhs) | |
|--|----------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| Financial assets | | |
| Measured at amortized cost | | |
| Cash and bank balances | 3,882.59 | 1,204.51 |
| Trade receivables | 21,773.03 | 16,832.28 |
| Loans | 19.55 | 29.88 |
| Other financial assets | 1,341.96 | 1,462.93 |
| Measured at fair value through profit and loss (FVTPL) | | |
| Mandatorily measured - Investments in mutual funds | - | 930.13 |
| Investment in Equity shares at fair value through profit or loss (Unquoted) | 300.00 | - |
| Financial liabilities | | |
| Measured at amortized cost | | |
| Trade payables | 17,733.60 | 16,983.22 |
| Other financial liabilities | 1,551.46 | 1,941.49 |

At the end of the reporting period, there are no significant concentrations of credit risk for financial assets measured at FVTPL. The carrying amount reflected above represents the Company's maximum exposure to credit risk for such financial assets.

Financial risk management framework

The Company is primarily exposed to financial risks, market risk (including foreign exchange risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and addresses the risk associated with the financial asset and liabilities.

Management identifies, evaluates and hedges financial risks under approved policies to manage overall foreign exchange risk, credit risk and investing surplus liquidity (counterparty risk).

Market risks

Foreign exchange risk

The Company has exports to and imports from other countries and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro and the US-dollar. Foreign exchange risk arise from recognized assets and liabilities, when they are denominated in a currency other than Indian Rupee.

The exchange rates have been volatile in the recent years and may continue to be volatile in the future. The Company mitigates the foreign exchange risk by setting appropriate exposure limits, periodic monitoring of the exposures etc.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting year are as follows:

| Particulars | (in Lakhs) | |
|-----------------------------------|----------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| Amount receivable | | |
| US\$ (Amount in foreign currency) | 132.55 | 77.35 |
| ₹ | 10,904.90 | 5,862.80 |
| EURO (Amount in foreign currency) | 5.35 | 2.43 |
| ₹ | 464.59 | 207.04 |
| Amount payable | | |
| US\$ (Amount in foreign currency) | 26.95 | 33.86 |
| ₹ | 2,196.75 | 2,557.84 |
| EURO (Amount in foreign currency) | 3.69 | 3.64 |
| ₹ | 324.30 | 306.48 |
| CHF (Amount in foreign currency) | 0.10 | 0.47 |
| ₹ | 7.84 | 38.20 |

Following is the analysis of foreign exchange risk sensitivity impacting the profit where the Indian Rupee strengthens and weakens by 1% against the relevant currency. A positive number below indicates an increase in profit and negative number below indicates a decrease in profit:

| Foreign currency | (₹ in Lakhs) | | | |
|------------------|---------------------------|--------------|---------------------------|--------------|
| | Year ended March 31, 2023 | | Year ended March 31, 2022 | |
| | 1% strengthening | 1% weakening | 1% strengthening | 1% weakening |
| US\$ | (87.08) | 87.08 | (33.05) | 33.05 |
| EURO | (1.40) | 1.40 | 0.99 | (0.99) |
| CHF | 0.08 | (0.08) | 0.38 | (0.38) |

Credit risk

Credit risk arises from entering into derivative financial instruments, from deposits with banks and financial institutions, as well as from credit exposures to customers, including outstanding receivables.

Customer credit risk exposure is triggered by customer default risk and country risk. As at balance sheet date, the Company does not have significant concentration of credit risk either due to size of customers or due to country risk.

Company has a credit risk policy in place to ensure that sales are made to customers only after an appropriate credit risk rating and credit line allocation process. Procedures are standardised within credit risk policy and supported by the IT system with respective credit management tools. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining collaterals viz Security Deposit or bank Guarantee as per Credit Policy, as a means of mitigating the risk of financial loss from defaults. The average credit period on sales of goods is 60 to 90 days.

The credit risk on Cash & cash equivalents and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by credit-rating agencies. Also, the credit risk on security deposits for rental premises and loans to employees have low credit risk because of no history of defaults and no concerns for the counterparties to meet their obligations in the future.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

Movement in the credit loss allowance

(₹ in Lakhs)

| Particulars | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
|--|------------------------------|------------------------------|
| Balance at the beginning of the year | 130.13 | 152.49 |
| Allowance for expected credit loss on trade receivable | (54.15) | (22.36) |
| Balance at the end of the year | 75.98 | 130.13 |

Liquidity risk

Liquidity risk management:

The Company is currently debt free having no long term financial liabilities. Management monitors the forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet its operational needs while maintaining sufficient headroom on its undrawn borrowing facilities. Considering the liquidity advantage, funds surplus to the operational needs are invested in the short term bank deposits. The cash & cash equivalents and bank deposits are highly liquid and are readily available for payment of liabilities.

The following table analysis the maturity profile of the Company's financial liabilities. The amounts disclosed are the contractual undiscounted cash flows. The contractual maturity is based on the earliest date on which the Company may be required to pay.

(₹ in Lakhs)

| Particulars | Less than 1 year | 1 to 5 years | 5 years and above |
|-----------------------------|---------------------|--------------|----------------------|
| As at 31-03-2023 | | | |
| Trade payables | 17,733.60 | - | - |
| Lease liabilities | - | - | - |
| Other financial liabilities | 1,551.46 | - | - |
| As at 31-03-2022 | | | |
| Trade payables | 16,983.22 | - | - |
| Lease liabilities | 20.53 | - | - |
| Other financial liabilities | 1,941.53 | - | - |

34 FAIR VALUE MEASUREMENT AND RELATED DISCLOSURES

Fair value of the Company's financial assets that are measured at fair value on a recurring basis:

Some of the Company's financial assets are measured at fair value at the end of each reporting period.

The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

(₹ in Lakhs)

| Financial assets | Fair Value as at | | Fair Value hierarchy | Valuation technique(s) and key input(s) |
|--|------------------|------------|-------------------------|--|
| | 31-03-2023 | 31-03-2022 | | |
| Financial assets at fair value through profit and loss | - | 930.13 | Level 2 | Net assets value of mutual funds |
| Financial assets at fair value through profit and loss | 300.00 | - | Level 3 | Using discounted cash flow method. |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

Fair value of financial assets that are not measured at fair value (but fair value disclosures are required):

The management considers that the carrying amounts of such financial assets and financial liabilities recognized in the balance sheet approximate their fair values.

35 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

(₹ in Lakhs)

| Particulars | March 31, 2023 | March 31, 2022 |
|---|----------------|----------------|
| (a) Contingent liabilities : | | |
| (i) in respect of income tax matters * | 1,658.21 | 4,381.13 |
| (ii) in respect of sales tax / VAT matters | 395.18 | 481.02 |
| (iii) in respect of excise / service tax matters | 3,655.57 | 542.60 |
| (iv) Other matters in dispute | 274.36 | 234.82 |
| The Company has various ongoing Income tax and Indirect tax matters under litigation. The assessment of likely outcome of tax matters and related outflow of resources involves significant judgement on positions undertaken by the Management which are based on the application and interpretation of law. | | |
| (b) Commitments : | | |
| (i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances) | 188.64 | 377.58 |

* The Company has received a demand notice of ₹ 92.41 Lakhs, ₹ 306.07 Lakhs and ₹ 923.70 Lakhs including interest of ₹ 3.55 Lakhs, ₹ 11.77 Lakhs and ₹ 34.90 Lakhs respectively against alleged short deduction of TDS on the dividend payments made to then parent companies during the quarter ended December 31, 2021, September 30, 2021 and year ended March 31, 2021 respectively.

The Company is confident that, on the basis of its technical evaluation and indemnification letter received from erstwhile promoter shareholders, there will be no liability that will devolve on the Company and accordingly no provision has been made in books of accounts in respect of this demand.

36 EARNINGS PER SHARE :

| Particulars | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| (a) Basic and diluted earnings per share (Amount in Rupees) | 8.31 | 18.77 |
| (b) Profit attributable to the equity shareholders of the Company (₹ in Lakhs) | 1,917.91 | 4,331.99 |
| Weighted average number of equity shares (Numbers) | 2,30,81,798 | 2,30,81,798 |

The Company does not have any dilutive potential ordinary shares and therefore diluted earning per share is the same as basic earning per share.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

37 DISCLOSURES AS REQUIRED UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 (MSMED ACT). THIS INFORMATION HAS BEEN DETERMINED TO THE EXTENT SUCH PARTIES HAVE BEEN IDENTIFIED ON THE BASIS OF INTIMATIONS RECEIVED FROM SUPPLIERS.

(₹ in Lakhs)

| Particulars | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| (a) Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end | 3.89 | 1.93 |
| (b) Principal amount not yet due to suppliers registered under the MSMED Act and remaining unpaid as at year end | 389.01 | 244.33 |
| (c) Interest thereon due to suppliers registered under the MSMED Act and remaining unpaid as at year end | 0.03 | 0.15 |
| (d) Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year | 1,375.09 | 3,580.62 |
| (e) Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year | - | - |
| (f) Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year | - | - |
| (g) Interest due and payable towards suppliers registered under MSMED Act, for payments already made | 6.00 | 14.72 |
| (h) Further interest remaining due and payable for earlier years | 85.86 | 71.14 |

38 CORPORATE SOCIAL RESPONSIBILITY

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are promoting educations, healthcare supports, women employments etc.

A CSR committee has been formed by the Company as per the Act. The funds are utilised through the year on these activities which are specified in Schedule VII of the Companies Act, 2013.

(₹ in Lakhs)

| A. Particulars | March 31, 2023 | March 31, 2022 |
|---|----------------|----------------|
| Gross Amount required to be spent as per Section 135 of the Act | 103.70 | 93.61 |
| Add: Amount Unspent from previous years | - | - |
| Total Gross amount required to be spent during the year | 103.70 | 93.61 |
| B Amount approved by the Board to be spent during the year | 105.27 | 95.55 |
| C Amount spent during the year on | | |
| (i) Construction/acquisition of an asset | - | - |
| (ii) On purposes other than (i) above | 106.22 | 95.55 |

D Details related to amount spent/ unspent

(₹ in Lakhs)

| Particulars | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| Spent on other activities | 106.22 | 64.81 |
| Contribution to Covid Relief Programme | - | 30.74 |
| Accrual towards unspent obligations in relation to: | | |
| Ongoing projects | - | - |
| Other than Ongoing projects | - | - |
| Total | 106.22 | 95.55 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

E Details of CSR expenditure in respect of other than ongoing projects

(₹ in Lakhs)

| Nature of Activity | Balance unspent as at April 01, 2022 | Amount deposited in Specified Fund of Schedule VII of the Act within 6 months | Amount required to be spent during the year | Amount spent during the year | Balance unspent as at March 31, 2023 |
|---|--------------------------------------|---|---|------------------------------|--------------------------------------|
| Balance pending submitted to Chief Ministers fund | - | NA | - | - | - |

(₹ in Lakhs)

| Nature of Activity | Balance unspent as at April 01, 2021 | Amount deposited in Specified Fund of Schedule VII of the Act within 6 months | Amount required to be spent during the year | Amount spent during the year | Balance unspent as at March 31, 2022 |
|---|--------------------------------------|---|---|------------------------------|--------------------------------------|
| Balance pending submitted to Chief Ministers fund | 39.29 | Yes | 39.29 | 40.00 | - |

F Details of excess CSR expenditure

(₹ in Lakhs)

| Nature of Activity | Balance excess as at April 01, 2022 | Amount required to be spent during the year | Amount spent during the year | Balance excess as at March 31, 2023 |
|--------------------|-------------------------------------|---|------------------------------|-------------------------------------|
| Other Activities | 1.94 | 103.70 | 106.22 | 4.46 |

G Disclosures on Shortfall

(₹ in Lakhs)

| Particulars | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| Amount Required to be spent by the Company during the year | 103.70 | 93.61 |
| Actual Amount Spent by the Company during the year | 106.22 | 93.61 |
| Actual Amount deposited in Specified Fund of Schedule VII (shortfall of last year) | - | - |
| Shortfall at the end of the year | - | - |
| Total of previous years shortfall | - | - |
| Reason for shortfall | Not Applicable | Not Applicable |

39 EMPLOYEE BENEFITS :

(1) Defined benefits plans - As per actuarial valuation

(a) Gratuity

(₹ in Lakhs)

| Particulars | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| (i) Expenses recognized in the statement of profit and loss for the year | | |
| 1 Current service cost | 146.91 | 146.83 |
| 2 Interest cost | (15.81) | 13.47 |
| 3 Expense recognized in statement of profit and loss | 131.10 | 160.30 |
| (ii) Expenses recognized in other comprehensive income | | |
| 1 Return on plan assets | 22.58 | (10.61) |
| 2 Loss / (Gain) from change in financial assumptions | (8.69) | (80.36) |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Lakhs)

| Particulars | March 31, 2023 | March 31, 2022 |
|---|----------------|----------------|
| 3 Loss/(Gain) from change in demographic assumptions | (18.88) | - |
| 4 Experience (Gain)/Loss | 87.63 | (52.27) |
| 5 (Income) / Expense recognized in Other comprehensive income | 82.64 | (143.24) |
| (iii) Actual return on plan assets for the year | | |
| 1 Expected return on plan assets | 185.98 | 151.99 |
| 2 Actuarial gain on plan assets | (22.58) | 10.61 |
| 3 Actual return on plan assets | 163.40 | 162.60 |
| (iv) Net asset/(liability) recognized in the balance sheet as at the year end | | |
| 1 Present value of the defined benefit obligation | 2,800.61 | 2,644.78 |
| 2 Fair value of plan assets | 2,684.03 | 2,737.85 |
| 3 Net (liability)/asset recognized in the balance sheet | (116.58) | 93.07 |
| (v) Change in defined benefit obligation during the year | | |
| 1 Present value of obligation at the beginning of the year | 2,644.78 | 2,641.43 |
| 2 Current service cost | 146.91 | 146.83 |
| 3 Past service cost | - | - |
| 3 Interest cost | 170.17 | 165.46 |
| 4 Benefits paid | (221.31) | (176.31) |
| 5 Actuarial (Gain)/Loss on obligation | 60.06 | (132.63) |
| 6 Present value of obligation as at the end of the year | 2,800.61 | 2,644.78 |
| (vi) Changes in fair value of plan asset during the year | | |
| 1 Fair value of plan assets as at the beginning of the year | 2,737.85 | 2,318.30 |
| 2 Expected return on plan assets | 185.98 | 151.99 |
| 3 Contributions made | 4.09 | 433.26 |
| 4 Benefits paid | (221.31) | (176.31) |
| 5 Actuarial gain on plan assets | (22.58) | 10.61 |
| 6 Fair value of plan assets as at the end of the year | 2,684.03 | 2,737.85 |
| (vii) Major categories of plan assets as a percentage of total plan assets | | |
| 1 Government debt instruments | 80% | 45% |
| 2 Other debt instruments | 0% | 35% |
| 3 Insurer managed funds | 11% | 12% |
| 4 Others | 9% | 8% |
| (viii) Actuarial assumptions | | |
| 1 Discount rate | 7.50% | 7.25% |
| 2 Expected rate of return on plan assets | 7.50% | 7.25% |
| 3 Salary escalation | 6.6%-9.0% | 6.0%-9.0% |

(ix) The Company expects to contribute ₹ 250.00 Lakhs (Previous year : ₹ 250.00 Lakhs) to the funded gratuity plans in the next year.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(b) Sensitivity analysis

(₹ in Lakhs)

| Particulars | March 31, 2023 | March 31, 2022 |
|-------------------------------------|----------------|----------------|
| Impact of increase in 25 bps on DBO | | |
| 1 Discount Rate Gratuity | (1.48%) | (1.61%) |
| 2 Salary Escalation Gratuity | 1.51% | 1.65% |
| Impact of decrease in 25 bps on DBO | | |
| 1 Discount Rate Gratuity | 1.52% | 1.67% |
| 2 Salary Escalation Gratuity | 1.47% | (1.60%) |

(c) The weighted average duration of the defined benefit obligation is 6.11 years for gratuity.

The expected maturity analysis for Gratuity is as follows:

(₹ in Lakhs)

| Particulars | March 31, 2023 | March 31, 2022 |
|---|----------------|----------------|
| Expected benefits for year 1 | 516.51 | 535.28 |
| Expected benefits for year 2 | 397.75 | 211.02 |
| Expected benefits for year 3 | 388.40 | 312.62 |
| Expected benefits for year 4 | 276.01 | 327.51 |
| Expected benefits for year 5 | 223.58 | 247.14 |
| Expected benefits for year 6 | 295.24 | 179.78 |
| Expected benefits for year 7 | 196.61 | 251.68 |
| Expected benefits for year 8 | 157.30 | 165.17 |
| Expected benefits for year 9 | 220.30 | 125.46 |
| Expected benefits for year 10 and above | 2,287.42 | 2,454.46 |

(d) Gratuity is administered through duly constituted and approved independent trusts and also through Group gratuity scheme with Life Insurance Corporation of India.

(e) Future salary increases considered in actuarial valuation take in to account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(f) Basis used to determine expected rate of return on plan assets:

The expected rate of return on plan assets is based on market expectation at the beginning of the year for returns over the entire life of the related obligation.

(2) Other long term benefits

(₹ in Lakhs)

| Particulars | March 31, 2023 | March 31, 2022 |
|----------------------|----------------|----------------|
| Compensated absences | 736.97 | 686.60 |

(3) Provident fund

(₹ in Lakhs)

| Particulars | March 31, 2023 | March 31, 2022 |
|---|----------------|----------------|
| Defined benefit obligation | 4,050.04 | 3,889.05 |
| Fund assets | 3,863.03 | 3,962.94 |
| Net (asset) / liability | 187.01 | (73.89) |
| Actuarial assumptions | | |
| 1 Discount rate | 7.50% | 7.25% |
| 2 Average historic yield on the portfolio | 7.62% | 8.18% |
| 3 Discount rate for the remaining term to maturity of the portfolio | 7.40% | 6.65% |
| 4 Expected investment return | 7.72% | 8.78% |
| 5 Guaranteed rate of return | 8.15% | 8.10% |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

40 RELATED PARTY DISCLOSURES AS REQUIRED BY IND AS-24 "RELATED PARTY DISCLOSURES" ARE GIVEN BELOW:

Relationship:

(a) Enterprises where control exists:

- (i) Ultimate Holding Company
 - SK Neptune Husky Holdings S.à.r.l. (Formerly Luxembourg investment company 426 s.a.r.l., Europe) (w.e.f. 03-01-2022)
- (ii) Principal Shareholders (subsidiaries of the Ultimate Holding Company):
 - Heubach Holding Switzerland AG (formerly Colorants International AG)
 - Heubach EBITO Chemiebeteteiligungen AG (formerly EBITO Chemiebeteteiligungen AG)

(b) Other related parties in the Heubach group with whom the Company has transactions:

Fellow subsidiary companies:

- Heubach Colorants Singapore Pte. Ltd. (formerly Colorants Solutions Singapore Pte. Ltd.)
- Heubach Colorants Germany GmbH (formerly Colorants Solutions Deutschland GmbH)
- Heubach Colour Private Limited (w.e.f. 03-01-2022)
- Heubach Colorants México, S.A. de C.V. (formerly Clariant Plastics & Coatings México, S.A. de C.V.)
- Heubach Colorants Brasil Ltda. (formerly Colorants Solutions Brasil Industria Quimica Ltda.)
- Heubach Colorants Japan K.K. (formerly Clariant Plastics & Coatings (Japan) K.K.)
- Heubach Colorants Pigment Preparations (Tianjin) Ltd. (formerly Clariant Bohai Pigment Preparations (Tianjin) Ltd.)
- Clariant IGL Speciality Chemical Private Limited* (upto April 23, 2022)
- Clariant (Singapore) Pte. Ltd. (upto April 23, 2022)
- Clariant International AG (upto April 23, 2022)
- Clariant Services (Poland) Sp. z.o.o. (upto April 23, 2022)
- Clariant India Limited* (upto April 23, 2022)

* Related party due to common directorship w.e.f. January 03, 2022.

(c) Key management personnel:

Executive Directors

- Bharath Sesha (w.e.f. April 23, 2022)
- Jugal Sahu (w.e.f. February 03, 2023)
- Abhijit Naik (April 23, 2022 to February 03, 2023)

Non-Executive Directors

- Kewal Handa
- Sunirmal Talukdar
- Indu Shahani
- Ravi Kapoor (w.e.f. April 23, 2022)
- Alfred Muench (up to April 23, 2022)
- Thomas Wenger (up to April 23, 2022)
- Sanjay Ghadge (up to April 23, 2022)

The Board, at their meeting held on April 22, 2022, based on recommendation of the Nomination & Remuneration Committee and subject to approval of shareholders through Postal Ballot, appointed Mr. Bharath R. Sesha as the Managing Director; Mr. Ravi Kapoor as a Non-Executive Director, acting as the Chairman of the Company; and Mr. Abhijit Naik as the Whole Time Director of the Company, effective from April 23, 2022. Moreover, consequent to acquisition of the Company (refer note 49) by S K Capital and Heubach Group, Mr. Alfred Muench, Mr. Thomas

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

Wenger and Mr. Sanjay Ghadge, Non-Executive Directors of the Company, being Clariant's representatives, have resigned from Directorship of the Company effective from April 23, 2022.

The Board, at their meeting held on February 03, 2023, based on recommendation of the Nomination & Remuneration Committee, approved the appointment of Mr. Jugal Sahu, Chief Financial Officer of the Company as Executive Director and Chief Financial Officer for a period of 3 years from February 03, 2023 to February 02, 2026, which was approved by the shareholders by way of a Special Resolution through Postal Ballot on March 24, 2023. Moreover, Mr. Abhijit Naik has resigned from the post of Whole-time Director due to change in work profile within the organisation w.e.f. February 03, 2023.

Transactions entered into with related parties during the year and balances as at the year end:

| Particulars | (₹ in Lakhs) | |
|---|----------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| (i) Principal Shareholders: | | |
| Transactions during the year: | | |
| Heubach Holding Switzerland AG | | |
| Purchase of goods | 6,392.27 | 5,742.63 |
| Indenting commission received | 277.82 | 280.88 |
| Information technology service charges | 963.90 | - |
| Royalty expenses | 161.04 | 106.20 |
| Expenses recovered | - | 0.40 |
| Service Received | - | 334.14 |
| Dividend paid | - | 1,149.39 |
| EBITO Chemiebeteteiligungen AG | | |
| Dividend paid | - | 616.41 |
| Expenses recovered | 0.18 | 0.01 |
| (ii) Fellow subsidiaries: | | |
| Transactions during the year: | | |
| Sales of goods | | |
| Heubach Colorants Singapore Pte. Ltd. | 24,203.32 | 28,887.32 |
| Clariant IGL Speciality Chemical Private Ltd. (Upto April 23, 2022) | 263.56 | 2,050.59 |
| Clariant India Limited (upto April 23, 2022) | - | 1,981.93 |
| Heubach Color Pvt Ltd. | 516.63 | - |
| Purchase of goods | | |
| Heubach Colorants Singapore Pte. Ltd. | 530.21 | 519.28 |
| Clariant India Limited (upto April 23, 2022) | - | 8.81 |
| Clariant IGL Speciality Chemical Private Ltd. (Upto April 23, 2022) | 14.92 | 101.45 |
| Heubach Color Private Ltd. | 1,900.00 | 34.10 |
| Heubach Colorants México, S.A. de C.V. | 46.70 | - |
| Heubach Colorants Brasil Ltda. | 1.40 | - |
| PT. Colorants Solutions | - | - |
| Heubach Colorants Japan K.K. | 19.63 | - |
| Heubach Colorants Germany GmbH | 7.59 | - |
| Others | 67.24 | 18.01 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Lakhs)

| Particulars | March 31, 2023 | March 31, 2022 |
|---|----------------|----------------|
| Sale of property, plant and equipment | | |
| Clariant India Limited (upto April 23, 2022) | - | 2,355.70 |
| Rental income | | |
| Clariant India Limited (upto April 23, 2022) | - | 2.28 |
| Services rendered | | |
| Clariant India Limited (upto April 23, 2022) | - | 198.65 |
| Clariant IGL Speciality Chemical Pvt Ltd. (Upto April 23, 2022) | 61.44 | 535.87 |
| Rent Expenses | | |
| Clariant India Limited (upto April 23, 2022) | 14.16 | 158.05 |
| Share Based Payment | | |
| Clariant AG | - | - |
| Expenses recovered | | |
| Clariant India Limited (upto April 23, 2022) | 0.53 | 0.49 |
| Clariant International AG | - | 4.05 |
| Services received | | |
| Clariant India Limited (upto April 23, 2022) | 27.65 | 557.51 |
| Clariant International AG | - | 392.92 |
| Clariant Services (Poland) Sp. z.o.o. | - | 445.51 |
| (iii) Key management personnel: | | |
| Executive Directors | | |
| Short-term employee benefits | 319.69 | 390.10 |
| Post-employment benefits | 25.65 | 17.55 |
| Long-term employee benefits | - | - |
| Employee share-based payment | - | 196.27 |
| Total Remuneration | 345.34 | 603.92 |
| Non-Executive Directors | | |
| Sitting fees | 42.30 | 37.80 |
| Commission | 24.00 | 33.00 |
| Total Remuneration | 66.30 | 70.80 |
| (iv) Balances outstanding as at the year end: | | |
| Principal Shareholders: | | |
| Trade payables | 1,950.58 | 2,148.96 |
| Trade receivables | 466.09 | 213.95 |
| Fellow Subsidiaries: | | |
| Trade payables | 1,647.67 | 339.05 |
| Trade receivables | 11,081.56 | 7,256.01 |
| Key Management Personnel: | | |
| Payable balance | - | 124.80 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

41 SEGMENT INFORMATION :

- (a) Information reported to the Chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. No operating segments have been aggregated in arriving at the reportable segments of the Company.

The Company's reportable segments under Ind AS 108 are as follows:

(i) Plastics & Coatings :

Includes pigments, pigment preparations, additives and masterbatches.

(ii) Specialty Chemicals :

Includes dyestuff, synthetic resins, functional effects and coating, auxiliaries and chemicals.

- (b) The following is an analysis of the Company's revenue and results from operations by reportable segment and reconciliation of segment revenue and Segment profit with total revenue and profit before tax respectively:

(₹ in Lakhs)

| Particular | March 31, 2023 | | | March 31, 2022 | | |
|---|-----------------------|---------------------|-----------------|-----------------------|---------------------|-----------------|
| | Plastics and Coatings | Specialty Chemicals | Total | Plastics and Coatings | Specialty Chemicals | Total |
| Revenue | | | | | | |
| External sales | 73,141.66 | 3,500.00 | 76,641.66 | 78,487.00 | 5,464.00 | 83,951.00 |
| Results | | | | | | |
| Segment results | 4,084.24 | 500.22 | 4,584.46 | 4,680.90 | 260.00 | 4,940.90 |
| Unallocated corporate (expenses)/ income (net) | - | - | - | - | - | - |
| Operating profit | - | - | 4,584.46 | - | - | 4,940.90 |
| Interest Income | - | - | 65.50 | - | - | 56.00 |
| Finance costs | - | - | (22.98) | - | - | (47.37) |
| Profit before exceptional items and taxation | - | - | 4,626.98 | - | - | 4,949.53 |
| Exceptional items (Refer note 42) | - | - | (630.32) | - | - | - |
| Profit before tax | - | - | 3,996.66 | - | - | 4,949.53 |
| Tax expense | | | | | | |
| Current tax | - | - | 1,405.83 | - | - | 1,163.47 |
| Deferred tax | - | - | (222.74) | - | - | 115.51 |
| Tax adjustments of prior years (net) | - | - | 895.66 | - | - | (661.41) |
| | - | - | 2,078.75 | - | - | 617.57 |
| Profit for the year | - | - | 1,917.91 | - | - | 4,331.96 |

- (c) Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales.

- (d) The accounting policies of the reportable segments are the same as the Company's accounting policies described in note 1. Segment results represents the profit before tax earned by each reportable segment without allocation of central administration costs, other income, finance costs as well as exceptional items. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(e) Disclosure as per IND AS 115 for the year ended March 31, 2023

(₹ in Lakhs)

| Segments | March 31, 2023 | | | March 31, 2022 | | |
|---------------------------------------|-----------------------|---------------------|------------------|-----------------------|---------------------|------------------|
| | Plastics and Coatings | Specialty Chemicals | Total | Plastics and Coatings | Specialty Chemicals | Total |
| Primary geographical markets | | | | | | |
| India | 44,793.58 | 3,500.00 | 48,293.58 | 47,031.44 | 5,464.00 | 52,495.44 |
| Outside India | 27,447.02 | - | 27,447.02 | 30,529.37 | - | 30,529.37 |
| | 72,240.60 | 3,500.00 | 75,740.60 | 77,560.81 | 5,464.00 | 83,024.81 |
| Major products/ service lines | | | | | | |
| Pigments | 72,240.60 | - | 72,240.60 | 77,560.81 | - | 77,560.81 |
| Speciality Chemicals | - | 3,500.00 | 3,500.00 | - | 5,464.00 | 5,464.00 |
| | 72,240.60 | 3,500.00 | 75,740.60 | 77,560.81 | 5,464.00 | 83,024.81 |
| Timing of revenue recognition | | | | | | |
| Goods transferred at a point of time | 70,585.56 | 3,500.00 | 74,085.56 | 75,849.36 | 5,464.00 | 81,313.36 |
| Services transferred over time | 1,655.04 | - | 1,655.04 | 1,711.45 | - | 1,711.45 |
| | 72,240.60 | 3,500.00 | 75,740.60 | 77,560.81 | 5,464.00 | 83,024.81 |
| Segment Assets and liabilities | | | | | | |
| Segment assets | 56,561.00 | 1,273.00 | 57,834.00 | 55,708.11 | 146.00 | 55,854.11 |
| Unallocated corporate assets | | | 8,339.42 | | | 7,749.00 |
| Total assets | | | 66,173.42 | | | 63,603.11 |
| Segment liabilities | 20,656.00 | 228.00 | 20,884.00 | 19,802.61 | 99.00 | 19,901.61 |
| Unallocated corporate liabilities | | | 2,047.16 | | | 2,315.00 |
| Total liabilities | | | 22,931.16 | | | 22,216.61 |
| Segment Capital Employed | 35,905.00 | 1,045.00 | 36,950.00 | 35,905.50 | 47.00 | 35,952.50 |
| Unallocated Capital Employed | | | 6,292.26 | | | 5,434.00 |
| Capital Employed | 35,905.00 | 1,045.00 | 43,242.26 | 35,905.50 | 47.00 | 41,386.50 |

(f) For the purposes of monitoring segment performance and allocating resources between segments:

All assets are allocated to reportable segments other than investments, loans, certain financial assets and current and deferred tax assets. Goodwill is allocated to reportable segments; and

All liabilities are allocated to reportable segments other than borrowings, other financial liabilities, current and deferred tax liabilities.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(g) The secondary segments of the Company are geographical segments mainly:

- (i) India
- (ii) Outside India

Geographical segment information

(₹ in Lakhs)

| Particulars | March 31, 2023 | | | March 31, 2022 | | |
|--------------------------------|----------------|---------------|-----------|----------------|---------------|-----------|
| | India | Outside India | Total | India | Outside India | Total |
| External sales from operations | 48,293.58 | 27,447.02 | 75,740.60 | 52,495.44 | 30,529.37 | 83,024.81 |
| Non-current assets | 21,476.00 | - | 21,476.00 | 22,993.17 | - | 22,993.17 |

(h) Revenues of approximately ₹ 24,203.32 Lakhs (31.03.2022 : ₹ 28,887.32 Lakhs) is arising from sales to the Company's largest customers of Plastics and Coatings segment. No other single customers contributed 10% or more to the Company's revenue.

(₹ in Lakhs)

| Particulars | March 31, 2023 | | March 31, 2022 | |
|--|------------------|---------------|------------------|---------------|
| | Amount (₹ Lakhs) | % | Amount (₹ Lakhs) | % |
| Heubach Colorants Singapore Pte. Limited | 24,203.32 | 31.96% | 28,887.32 | 34.79% |
| | 24,203.32 | 31.96% | 28,887.32 | 34.79% |

42 The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the Company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stake holders which are under active consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

43 CAPITAL-WORK-IN PROGRESS (CWIP)

(a) For Capital-work-in progress ageing schedule

As on March 31, 2023

(₹ in Lakhs)

| CWIP | Amount in CWIP for a period of | | | | Total |
|----------------------|--------------------------------|--------------------------------|--------------------------------|-------------------|---------------|
| | Less than 1 year | More than 1 years upto 2 years | More than 2 years upto 3 years | More than 3 years | |
| Projects in progress | 338.12 | 178.06 | 152.92 | 83.94 | 753.04 |

As on March 31, 2022

(₹ in Lakhs)

| CWIP | Amount in CWIP for a period of | | | | Total |
|----------------------|--------------------------------|--------------------------------|--------------------------------|-------------------|---------------|
| | Less than 1 year | More than 1 years upto 2 years | More than 2 years upto 3 years | More than 3 years | |
| Projects in progress | 256.63 | 443.22 | 96.73 | 14.12 | 810.70 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(b) In case of the following projects (CWIP), where completion is overdue or has exceeded its cost compared to its original plan:

As on March 31, 2023

(₹ in Lakhs)

| CWIP | To be completed in | | | |
|---|--------------------|--------------------------------|--------------------------------|-------------------|
| | Less than 1 year | More than 1 years upto 2 years | More than 2 years upto 3 years | More than 3 years |
| Projects in progress | | | | |
| Project 1 (Completion over due) | 492.04 | 22.24 | - | - |
| Project 2 (Exceeded its cost compared to its original plan) | 26.35 | 22.24 | - | - |

As on March 31, 2022

(₹ in Lakhs)

| CWIP | To be completed in | | | |
|---|--------------------|--------------------------------|--------------------------------|-------------------|
| | Less than 1 year | More than 1 years upto 2 years | More than 2 years upto 3 years | More than 3 years |
| Projects in progress | | | | |
| Project 1 (Completion over due) | 810.70 | - | - | - |
| Project 2 (Exceeded its cost compared to its original plan) | 48.30 | - | - | - |

No projects have been temporarily suspended and exceeded their original budgets for the year ended March 31, 2023 and March 31, 2022

44 OTHER STATUTORY INFORMATION

- i)** The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- ii)** There are no assets hypothecated against the bank limits sanctioned. The bank limits are unsecured. Hence, the Company is not obliged to send quarterly returns or statement of current assets.
- iii)** The Company has not been declared a wilful defaulter as defined by RBI Circular.
- iv)** The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- v)** Since, the Company does not have any subsidiary, the provisions of Section 2(87) of the Companies Act, 2013, read with the Companies (Restriction on number of Layers) Rules, 2017, are not applicable;
- vi)** The Company has not entered into scheme of arrangement during the financial year 2022-23
- vii)** The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- viii)** (i) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- ix)** (ii) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

- x)** During the year, the Company has not surrendered or disclosed any income in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961). Accordingly, there are no transaction which are not recorded in the books of accounts.

- 45** The Company do not have transactions with Struck off Companies under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

46 RATIOS

| S No. | Ratio | Formula | Particulars | | March 31, 2023 | | Ratio as on March 31, 2023 | March 31, 2022 | | Ratio as on March 31, 2022 | Variation | Reason (if variation is more than 25%) |
|-------|----------------------------------|---|--|--|----------------|-------------|----------------------------|----------------|-------------|----------------------------|-----------|--|
| | | | Numerator | Denominator | Numerator | Denominator | | Numerator | Denominator | | | |
| (a) | Current Ratio | Current Assets / Current Liabilities | Current Assets= Inventories + Current Investment + Trade Receivable + Cash & Cash Equivalents + Other Current Assets+ Assets held for Sale | Current Liability= Short term borrowings + Trade Payables + Other financial Liability+ Current tax (Liabilities)+ Provisions + Other Current Liability | 44,549.76 | 21,628.98 | 2.06 | 40,610.04 | 20,888.69 | 1.94 | 6% | |
| (b) | Debt-Equity Ratio | Debt / Equity | Debt= long term borrowing and current maturities of long-term borrowings and redeemable preference shares treated as financial liability | Equity= Equity + Reserve and Surplus | - | 43,242.25 | - | - | 41,386.50 | - | 0% | |
| (c) | Debt Service Coverage Ratio | Net Operating Income / Debt Service | Net Operating Income= Net profit after taxes + Non-cash operating expenses + finance cost | Debt Service = Interest & Lease Payments + Principal Repayments | 3,980.47 | 22.00 | 180.93 | 6,414.06 | 36.26 | 176.89 | 2% | |
| (d) | Return on Equity Ratio | Profit after tax less pref. Dividend x 100 / Shareholder's Equity | Net Income= Net Profits after taxes | Shareholder's Equity | 1,977.59 | 42,314.38 | 0.05 | 4,331.99 | 41,054.07 | 0.11 | -57% | In FY 2022-23, Profit after tax is lower as compared to profit in comparative period due to Income Tax charge related to MAP resolution. |
| (e) | Inventory Turnover Ratio | Cost of Goods Sold / Average Inventory | Cost of Goods Sold | (Opening Inventory + Closing Inventory)/2 | 47,884.58 | 13,948.63 | 3.43 | 53,497.33 | 14,219.58 | 3.76 | (9%) | |
| (f) | Trade Receivables Turnover Ratio | Net Credit Sales / Average Trade Receivables | Net Credit Sales | (Opening Trade Receivables + Closing Trade Receivable)/2 | 75,740.60 | 19,302.66 | 3.92 | 83,024.51 | 16,905.33 | 4.91 | (20%) | |
| (g) | Trade Payables Turnover Ratio | Net Credit Purchases / Average Trade Payables | Net Credit Purchases | (Opening Trade Payables + Closing Trade Payables)/2 | 47,690.27 | 17,358.41 | 2.75 | 57,271.11 | 17,415.15 | 3.29 | (16%) | |
| (h) | Net Capital Turnover Ratio | Revenue / Average Working Capital | Revenue | Average Working Capital= Average of Current assets - Current liabilities | 76,641.66 | 21,321.07 | 3.59 | 83,951.00 | 19,701.78 | 4.26 | (16%) | |
| (i) | Net Profit Ratio | Net Profit / Net Sales | Net Profit | Net Sales | 1,977.59 | 75,740.60 | 0.03 | 4,331.99 | 83,024.51 | 0.05 | (51%) | In FY 2022-23, Profit after tax is lower as compared to profit in comparative period due to Income Tax charge related to MAP resolution. |
| (j) | Return on Capital Employed | EBIT / Capital Employed | EBIT= Earnings before interest and taxes | Capital Employed= Total Assets - Current Liability | 4,019.32 | 44,544.44 | 0.09 | 4,996.90 | 42,714.52 | 0.12 | (23%) | |
| (k) | Return on Investment | Net Profit / Net Investment | Net Profit | Net Investment= Net Equity | 1,977.59 | 43,242.25 | 0.04 | 4,331.99 | 41,386.50 | 0.10 | (58%) | In FY 2022-23, Profit after tax is lower as compared to profit in comparative period due to Income tax charge related to MAP resolution. |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

47 The Clariant Group, globally, announced on January 03, 2022 that it has completed the sale of its Pigments business to a consortium of Heubach Group ("Heubach") and SK Capital Partners ("SK Capital") (hereinafter referred to as "the acquirers").

Consequent to the said acquisition and pursuant to the share purchase deal between Clariant and acquirers, the management and control of the Company has been indirectly divested with the acquirers. Due to the said indirect acquisition, an Open Offer was floated by Luxembourg Investment Company 428 S.à r.l. ("Acquirer"), together with Luxembourg Investment Company 426 S.à r.l. ("PAC 1"), Clariant AG ("PAC 2"), Heubach Holding GmbH ("PAC 3"), Ravi Kapoor ("PAC 4"), Heubach Verwaltungs GmbH ("PAC 5") and Colorants International AG ("PAC 6" and, along with PAC 1, PAC 2, PAC 3, PAC 4 and PAC 5, the "PACs"), in their capacity as persons acting in concert with the Acquirer in compliance with Regulations 3(1), 4 and 5(1) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (the "SEBI SAST Regulations") ("Open Offer" or the "Offer").

Pursuant to the Open Offer, Colorants International AG, one of the promoters, has acquired 7,76,761 equity shares, representing 3.36% of the voting share capital of the Company on March 16, 2022. Upon closure of the Open Offer, the promoters are holding 1,25,48,811 Equity Shares, representing 54.37% of the total issued share capital of the Company.

48 The figures for the previous year have been regrouped/recasted wherever necessary, to conform to the current year's classification.

In terms of our report attached

For and on behalf of the Board of Directors

Heubach Colorants India Limited
(formerly Clariant Chemicals (India) Limited)

For M S K A & Associates
Chartered Accountants
Firm Registration Number:
105047W

Bharath Sesha Managing Director
DIN: 01983066

Jugal Sahu Director & CFO
DIN: 02629782

Sunirmal Talukdar Director
DIN: 00920608

Dr. Indu Shahani Director
DIN: 00112289

Vishal Vilas Divadkar
Partner
Membership No.: 118247

Kewal Handa Director
DIN: 00056826

Amee Joshi Company Secretary
Membership No.: A22502


Mumbai, May 16, 2023

Disclaimer:

This document contains statements about expected future events and financials of Heubach Colorants India Limited ('The Company'), which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions, and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as several factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management Discussion and Analysis section of this annual report.



Heubach Colorants India Limited
(Formerly known as Clariant Chemicals (India) Limited)

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