

Transcript of “66th Annual General Meeting”

of ELANTAS Beck India Limited held on

10 May 2022 at 10.30 a.m. through Video Conference/ Other Audio-Visual Means

Company Participants:

Mr. Suresh Talwar
Independent Director

Ms. Kishori Udeshi
Independent Director

Mr. Ravindra Kulkarni
Independent Director

Mr. R. L. Shenoy
Independent Director

Mr. Nandkumar Dhekne
Independent Director

Mr. Srikumar Ramakrishnan
Managing Director

Mr. Milind Talathi
Whole Time Director

Mr. Sanjay Kulkarni
CFO and VP - IT & Procurement

Mr. Abhijit Tikekar
Head Legal & Company Secretary

Other Key executives, Representative of Statutory Auditors and Secretarial Auditor cum Scrutinizer and Shareholders

Welcome Address - Mr. Srikumar Ramakrishnan:

Good morning Ladies and Gentlemen, my name is Srikumar Ramakrishnan, and I am the Managing Director for ELANTAS Beck India Ltd. It is 10.30 a.m. now. We are commencing our AGM.

Let me announce that since this Meeting is on a virtual platform there are no proxies who are allowed to participate in this Meeting.

There are 41 Shareholders present for the Meeting. As the requisite quorum is present, I call the 66th Annual General Meeting to order.

Mr. Martin Babilas, Chairman of the Company is unable to attend this Meeting, hence I request Mr. Suresh Talwar, who is a Chairman of Nomination & Remuneration Committee to chair this Meeting”.

Mr. Martin Babilas and Dr. Guido Forstbach are not able to join due to prior commitments and time zone difference. For the benefit of our Members, I request the Members of the Board who have participated, as I call out, to kindly introduce themselves and the location from where they are participating.

Mr. Suresh Talwar

I am Suresh Talwar, an Independent Director and I am participating from Company’s Pune office.

Mr. Ravindra Kulkarni

I am Ravindra Kulkarni, an Independent Director and Chairman of Audit Committee. I am participating from my residence in Santacruz, Mumbai.

Ms. Kishori Udeshi

Namaste, I am Mrs. Kishori Udeshi, an Independent Director speaking form my residence in Mumbai.

Mr. Ranjal L. Shenoy

I am R L Shenoy, an Independent Director and Chairman of the Stakeholders’ Relationship Committee. I am participating from Mumbai.

Mr. Nandkumar Dhekne

Good morning, I am Nandkumar Dhekne, an Independent Director. I am participating from Pune Corporate Office.

Mr. Milind Talathi

Good morning, everyone, I am Milind Talathi, Whole time Director of the Company and I am participating from office in Pimpri. Thank you.

Mr. Srikumar Ramakrishnan: Apart from the Directors, Mr. Abhijit Tikekar Company Secretary and Mr. Sanjay Kulkarni, CFO are participating in the Meeting virtually.

Also present are Mr. Amit Borkar, from PWC who are our Statutory Auditors, Mr. Prajot Tungare, Partner of the firm M/s Prajot Tungare & Associates, Secretarial Auditors & scrutinizers for this Meeting and for the voting process, from their respective offices.

I now request Mr. Abhijit Tikekar, Company Secretary to inform you the General guidance and protocol to be followed during this Meeting. Over to you Abhijit.

Abhijit Tikekar: Thank You Mr. Srikumar.

Good morning ladies and Gentlemen, for the benefit of the Members, let me inform you that The Register of Directors & KMPs and their shareholding, the Register of Contracts and arrangements in which the Directors are interested are open for inspection online.

Now, I would like to take you through certain points regarding the participation in this Meeting which have been already communicated to you via notes to the AGM Notice. I request the Members to kindly adhere to the same for smooth conduct of the Meeting.

The facility of joining the AGM through Video Conferencing/ Other Audio-Visual Means is being made available for the Members on a first cum first served basis. All Members who have joined this Meeting are by default, placed on a mute mode by the host to avoid any disturbance arising from background noise. Once the question answer session starts, the names of the Members who have registered as Speakers will be announced one by one. The concerned speaker will thereafter be unmuted by the host to start speaking. If the speaker is not able to join through video for any reason, the speaker can speak through the audio mode. While speaking, the Speaker is requested to use Headphones so that he is clearly audible. Also, he is requested to minimize any ambient noise and ensure that Wi-Fi is not connected to any other device so as to achieve maximum bandwidth. In case there is any connectivity problem at the Speaker's end, we would request next speaker to join. Once all the speakers finish their speech, opportunity will be provided once again to those speakers who could not speak earlier due to connectivity issue. We would like to request the speakers to kindly limit their speech to 3 minutes please. The speakers who have sent the questions in advance, in the interest of time, may not kindly repeat the same. During the AGM if any member faces any technical issue, he may contact the helpline number 1800222990 which has been also mentioned in the Notice of the AGM.

Pursuant to the applicable provisions of the Companies Act 2013, read with Rules framed thereunder and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company had provided the facility of remote e-voting as per the timeline mentioned in the Notice. The remote e-voting has already concluded on 9 May 2022 at 5.00 P.M. IST. Members attending the AGM and who have not voted using remote e-voting platform, shall be able to cast their vote during the AGM. The window for e-voting has been activated and Members can cast their votes simultaneously while participating in the proceedings of the Meeting.

Thank you very much.

Now may I request Chairman to take forward from this point please.

Mr. Talwar:

Thank you, Mr. Abhijit.

Once again Good Morning dear Shareholders. I welcome you all to the 66th AGM. This Meeting on virtual platform is necessitated on account of the social distancing norms which make it difficult to assemble all the shareholders at a common venue.

The AGM notice along with the annual report for the financial year ended 31 December 2021 was sent to the Members who had opted to receive an electronic copy, on their registered email addresses and for others, on postal address.

Since the notice of the AGM was circulated to all the Members, I take the notice as read.

There are no qualifications, adverse observations or comments or other remarks on the financial statements of the Company which have any material adverse effect on the functioning of the Company, from Statutory Auditors or Secretarial Auditors. The Directors' Report and the Management Discussion and Analysis Report therein, properly summarize the financial highlights and significant business developments for the year 2021, whereas the Corporate Governance Report highlights the Governance Standards followed by the Company.

The Board of Directors has recommended a 50% dividend on the paid-up share capital of the Company i.e., Rs.5.00/- per equity share of Rs. 10/- each which is in line with the dividend distribution policy of the Company.

The Company carried the momentum of the Q4' 2020 into the year 2021.

The continuation of COVID'19 pandemic meant that:

- Focus on the safety & well-being of the Company's employees, plant and offices continued to be a priority.
- Operational challenges to service customer requirements while complying with the restrictions imposed by the various authorities were severe.
- Supply chain was significantly impacted due to the global logistic challenges.
- Raw material costs increased significantly.

During 2021, your Company faced two unprecedented incidents:

- In March the Company's IT operating systems was subject to a cyber-attack.
- In October there was a fire at the packaging line at your Company's Pimpri unit.

The speedy responses by the employees of your Company, ensured that there was no loss of customer data or injuries due to these incidents and the impact on business was minimal.

Through this year, your Company's sourcing team using its global research ensured that the impact due to the global shortages and price increase of most raw material was minimized. The sales team working with our customers across market segments was able to realize price increase to mitigate the raw material cost impact.

The continued resilience demonstrated by your Company's employees and other stakeholders combined with the robust ERP System & IT platforms; the R&D capability and the continuing progress in developing process technology allowed the Company to navigate through this period.

The resolve of the Company's employees ensured that its people and workplaces were protected while demonstrating diligence in managing costs and cash in this operating environment.

Your Company was able to report a revenue of Rs. 520 Crores which is a 38.00% increase v/s the year 2020 with a margin of Rs. 141.66 Crores which is an increase of 8.26%. This is the highest ever sales that your Company has achieved.

Understanding customer's stated & unstated needs and devising solutions to address them, remain the bedrock of Your Company's business philosophy. The volatility in the environment resulted in changing market requirements, making reprioritization a necessity to meet the industry requirements.

In order to sustain its market position, the Company's team continues its effort to build on its technology leadership with efficient operations while partnering with end customers to gain traction in emerging segments of growth.

On Corporate Social Responsibility arena, Covid -19 pandemic and consequent lockdowns and also natural calamities, made the Company to re-align its CSR activities. Being the need of an hour, the Company contributed majority of its CSR spend to PMCARES and PMNRF funds.

Safety is at the forefront when it comes to our operations and processes. The Company is focused on identifying opportunities to improve its processes and capabilities around Quality, Environment, Health and Safety. These continue to be accorded the highest priority & are constantly reviewed for identification of opportunities to reduce wastes and conserve natural resources.

Before I close my brief statement, I would like to express my sincere thanks to my colleagues on the Board for their continuous and valuable contribution. I also thank the ALTANA management for its continued and unstinting support on all fronts. Here, I also wish to place on record our sincere appreciation of the contribution made by all employees of the Company.

Finally, I wish to thank you shareholders for the interest you have shown in the affairs of the Company for all these years.

Now I request Mr. Abhijit Tikekar to narrate each item of agenda for the benefit of the Shareholders.

Mr. Abhijit Tikekar: Thank you Chairman, let me briefly narrate the various items of the agenda of today's Meeting.

Item 1	Adoption of the Balance sheet as at 31 December 2021 and the Statement of Profit & Loss for the year ended on that date along with the Directors' Report and Auditors' Report.
Item 2	To declare a dividend on Equity Shares for the year 2021.
Item 3	To appoint a Director in place of Mr. Martin Babilas (DIN: 00428631) who retires by rotation and being eligible, offers himself for re-appointment.
Item 4	Ordinary Resolution to ratify the remuneration paid to Dhananjay V. Joshi & Associates, Cost Accountants, Pune (Firm Registration No.000030) appointed by the Board of Directors as Cost Auditors of the Company, to conduct the audit of the cost records of the Company for the Financial year ending on December 31, 2021.
Item 5	Special Resolution for continuation of appointment of Mr. Ranjal L. Shenoy (DIN :00074761) as Independent Director after attainment of the age of 75 years on 16 January 2023, till the completion of his current term i.e., 31 March 2024.
Item 6	Special Resolution for payment of Remuneration by way of Commission to Independent Directors of the Company.
Item 7	Special Resolution for re-appointment of Mr. Srikumar Ramakrishnan (DIN: 07685069) as Managing Director of the Company for a period of 5 years w.e.f. 1 August 2022 till 31 July 2027.

Since all the resolutions are put to vote through remote e- voting process, there will be no proposing and seconding of resolutions.

Now I request the shareholders who have given their names to speak at the AGM to express their views and ask queries on the working of the Company. As we have got 12 speakers, I would request each to speak for not more than 3 minutes please.

All the questions received before the AGM and the questions which will be asked by the Members will be responded after all the speakers have completed expressing their views or asking their queries.

I request the host to unmute first Speaker that's Ms. Celestine Elizabeth Mascarenhas.

Ms. Celestine Mascarenhas: Hello, can you hear me?

Host: Yes, we can hear you. Please ask your question.

Ms. Celestine Mascarenhas: Respected Chairman of this Meeting, Other Board of Directors, my fellow Shareholders attending this virtual meet, I am Attending from Mumbai. My name is Celestine Elizabeth Mascarenhas.

First of all, I thank Company Secretary Mr. Abhijit Tikekar and his team for registering me as Speaker and giving me this platform to speak also NSDL and CDSL where I am Now I come to the working. Our revenues are up in spite of very difficult days. PBT, PAT also up. Dividend Rs. 5/- per share it is quite good after providing the Capex. We have good reserves Sir! What about blessing us with the Bonus? When was the last bonus given? I appreciate very much for good CSR work done. And also, the importance given to ESG. Now my queries sir!

Do we have any effect less or more because of this Ukraine Russia war from the supply side and also from the order side. If we are affected then how are we de-risking it?

My Second question is, Unclaimed Dividend of Rs. 27 Lakhs plus has gone to IEPF account. Whether follow-up is done with the shareholders whose dividend is lying?

My third question is, have we done ESG rating, if so, what is our rating and what is our score? If not, by next year are we going to go for a rating?

Fourth, do we still have a logistic bottleneck and if so, what is the position now?

Fifth is, what is the roadmap for the next three years with all war and covid background? what is the future capex for three years? Any acquisitions for inorganic growth if you could let us know?

I am happy Market cap goes in leaps and bounds because majority of the shares are held by the Promoters 75% nearly so we small shareholders are minuscule. We just look out good growth story.

With this I support all the resolutions, I wish my Company all the Best and all the Directors and staff and even I say Good Morning to Mr. Shenoy whom I know from many many years. I am so happy to see you on this screen.

With this I thank you very much for patient hearing!

Mr. Abhijit Tikekar: Thank you Ms. Mascarenhas. Now may I request the host to unmute second speaker i.e. Ms. Shobhana Mehta!

Host: Ms. Shobhana Mehta has not joined so far..!

Mr. Abhijit Tikekar: Ok! May I now request the host to unmute third speaker that's Mr. Shashikat G. Marathe!

Mr. Shashikat Marathe: Hello! Wish you all the participants of this virtual meeting a prosperous period Herein after.

We note the positive growth on all matters in difficult environment. Please aim at surpassing the results achieved in the past except PAT which grew of 17-18. Keep this tempo up. PAT grew mainly due to less

financial cost and less tax and PBT is lower as compared to results in the past. Have sustainability over the last two financial years for the Dividend. Thank you very much. Think of interim dividend in 2022. You spent full amount on CSR this year. Kindly omit the tabular data and give tabular information. Suggest having a third-party audit on amount spent on CSR and benefits derived. Always remember at anything given at gratis i.e. free of cost loses its value. Does have some nominal contribution, efforts from the intended beneficiaries. Some points which should be attended to by the management. On content editing Company could reduce five to ten pages by avoiding repetition, compressing data and tabular statement. We are a drag on foreign exchange to reduce this gap, explore possibilities for import substitution, for our understanding give dividend percentage and take serious steps to ensure reduced transfer to IEPF. It is our ethical obligation to ensure that our shareholders do get the amount. Have a thinking on having a resolution enabling the shareholders to pass on their physical shares to the Company and the Company should consolidate them and then give either demat to the shareholders who have surrendered or give them the price. It is a moral obligation of Chairperson to impress on associates and _ promoters to review the receivables from time to time as the Indian economy has high interest rates other than what we have at our principal. Adopt just in time strategy and control receivables. We must try to reduce these have favourable terms on payments as payables are reducing. Closing cash, you have controlled. Maintain this tempo. Thank you very much. You must also try to compress the coverage on management discussion analysis and corporate governance. For CSR give tabular data and avoid repetition. Thank you for giving me an opportunity.

Mr. Abhijit Tikekar: Thank you very much Mr. Marathe. I request the host to unmute fourth speaker that's Ms. Lekha Shah

Ms. Lekha Shah: Hello! Can you hear me sir!

Host: Yes Madam, we can hear you! Please ask your question!

Ms. Lekha Shah: Respected Chairman Sir! Board of Directors and my fellow members Good Morning to all of you! Myself Lekha Shah from Mumbai. First of all, I am very much thankful to Company Secretary Mr. Abhijit Tikekar for extending the good investors services and also sending me the AGM Notice well intime in such a difficult situation which is full of knowledge facts and figures in place. And also, our Company Secretary Mr. Abhijit Tikekar has answered all my calls and happily cleared all my doubts. Thanks once again. Thank you, Chairman Sir, for explaining us about the Company. Congratulation for excellent work Sir! And also, I am happy the Company is proving very well in the field of CSR activities. Thank you for the Dividend Sir! Sir, I pray to God that he always showers its blessings upon you!

Sir! I would like to ask few questions. My first question is how many employees are there in different category.

My second question is, has there been any impact of covid second wave on the Company Operations

My third question is what the road map is for two years so I would like to say I strongly support all the resolutions for today's meeting. My best wishes always our Company and prosperity. Thank you, sir.

Mr. Abhijit Tikekar: Thank you very much Mrs. Shah. Now I request the host to unmute Fifth speaker that's Mr. Naredi

Host: Mr. Naredi is not available

Mr. Abhijit Tikekar: Okay! May I request the host to unmute sixth speaker that's Mr. Dilip Jain.

Mr. Dilip Jain: Sir, Altana Annual Report for 2021 mentioned about ELANTAS developing some still bin dyes which can predict health of the Motor and if motor needs replacement. It also mentions about industry demand for the product from the industry leaders even before the worldwide launch. Can we at

ELANTAS Beck India get the product simultaneously of the global launch if there is demand from the Indian Industry when global launch takes place.

Sir my second question is the higher compression of electronics on the printed circuits boards by the day is making effective heat management more and more difficult. Here for example Elantas Europe is explaining the role of electrically conductive silver-based adhesives called as bectron CG 56-66 that is the exact product it's the bectron family CG 56-66 products. Do these kinds of printed electronic products have a role to play in India also for making latest cell phones, modern day appliances, EV, Fire safety products etc.

So, my third question is the energy transfer between battery component and cooling devices in electric vehicles is most optimally accomplished by using thermal interface materials. We have the full product range for this sector by now. I think we are global leaders when it comes to thermal interface material research. Can we see huge growth by importing the thermal interface material products from our sister companies or can we make it here in India if we are allowed to. In this segment alone become bigger our current size in the years to come. With this my heartiest congratulations to Chairman sir and team ELANTAS Beck India for giving us such a great working numbers in 2021 despite seriously challenging times.

Thanks a lot sir.

Mr. Abhijit Tikekar: Thank you very much Mr. Jain. Now I request the host to unmute seventh speaker that's Mr. Ashok Jain

Mr. Ashok Jain: Am I audible Sir?

Mr. Srikumar Ramakrishnan: Yes, you are!

Mr. Ashok Jain: My name is Ashok Jain, shareholder from Pune. Sir, I happened to visit at your Talegaon Site for a stay nearby for some personal reasons. Sir It is so well selected and as compared to Pimpri it is so safe just wanted to know what holding us back to get approvals for so long. In Pimpri we had incident it was unfortunate one. And we were very lucky that there was no major casualty. Can you just explain us why government is holding so long? It is such a safe site. And Sir I had sent my questionnaire to you I just read it for the reference for fellow Shareholders.

Sir, Last year we produced around 27000 mt in 2021 Sir, please give the breakup of for H1 & H2 for 2021 for both the reported segments. Sir, recently we got some approval for CTO for capacity expansion in Ankleshwar. Last year Srikumar ji told us that we have a capacity of 30,000 mt what shall be a new capacity and when we are going to start this?

Sir, what is the percentage of sales coming from e mobility customers in 2021?

Sir, what is the progress we have made in Talegaon Project as of now and it is getting delayed beyond our time horizon. can you share with us the alternate plans we have for capacity expansion?

Sir, EV fire hazard has serious news for last many months. We as ELANTAS and group globally working for this for last many many years. There were many webinars held recently and also press releases via group companies in USA and Europe recently. Can you throw some light on kind of opportunity say may be next two three to five years

As per media Company like Henkel, Electroglobe, du pont thermal gap fillers thermal gap pads, thermally conductive adhesives and thermally conductive greases and gels and many more.

Sir as a layman I know that the government has confirmed that Government has confirmed to control these EV fires to some regulations in place by AIS 56 and some more to come but our parent company

have been working on this from many years now and as Dilip told we do have products for thermal management, bonding of lithium cells and modules and many more.

Sir as a country dependent on the imports crude and imports rising at same pace, we are facing or may face multiple current account deficit, whether we as Company or as a sector in which we fall in, can save our country from the Crude Shock our country gets every few years Can we and more Companies like us make the transition from ICE to EV less painful.

This was my last question. Thank you for the patient hearing. Thank you so much and all the best

Mr. Abhijit Tikekar: Thank you Jain Saab. Now I request the host to unmute eighth speaker that's Mr. Dipankar Purkayastha

Mr. Dipankar Purkayastha: My first question is this Loan to BYK India Pvt Ltd. which is a fellow subsidiary. Initially this had a 12 Moths moratorium which ended in March 19. Then it was extended for another three years March 2022. So just wanted to know whether it has been extended further. If this has been again extended, then this loan become like quasi equity. So why not formalize this by converting it to equity so the shareholders can share in the upside in dividend and capital appreciation instead of getting only interest on the loan, so that was my 1st question.

The 2nd question is Mr. Jain referred to this Talegaon Land, As I understand from the director report and the notes, the accounts this story is now over because you have not decided to go in there any further. And with Ankleshwar, perpetually under a cloud because of the non-availability of the pollution controls clearances. Every time they only give you temporary clearances, but we never seem to get the permanent extension. So, where will the company go for the capacity expansion? I don't think it is very safe to go into a major expansion in Ankleshwar as long as sword of Pollution Control hangs over our head. So, have you thought over this aspect because otherwise this is going to become a critical constraint in the years to come. Now, this year the director's report and the management discussion and analysis have referred to a rising input and raw material costs, which is true. It has hit all the industries. But if I look at a long-term trend of this Company Let's go back to financial year 2016 you had a revenue of 365 crores which has grown to 522 close this year. and increase the 157 crores, which works out to approximately 7%. And a bit during this period, I am excluding exceptional items, has actually decreased from 73 Crores to 66 Crores. I mean, with an increase, the 157 crores in turnover. We have still managed to decrease the EBIDT by 7 crores. Now, it's true that your EBIT margins in 2016 around 20% and this year it is around 13%, but can you tell me that this is only because of raw material costs and input costs having grown up? I have a feeling that our Huber acquisition although it has given us the projected increase in revenues has not turned out to be value accretive or EPS accretive in the sense that it was projected at the time of that, acquisition. So, could you throw some light on, the margin story this year and why over the last 5 years with an increase 157 crores turnover, our EBIT has still decreased.

And one of the previous shareholders had asked for the revenues, which are accounted for, by sales to, on account of electric vehicles I too would like to know that answer to that question. Thank you for the time. That's all that I have to say and good day.

Mr. Abhijit Tikekar: Thank you Mr. Purkayastha. Now may request the host to unmute the ninth speaker that is Mr. Himanshu Upadhyaya,

Mr. Himanshu Upadhyaya: Good morning, everyone! Thank you for the opportunity. I have mailed you my questions in advance. There are about 16 questions. So, in the interest of time, I will not repeat them just one request if, you can answer my questions one by one. that would be helpful.

Mr. Srikumar Ramkrishnan: Sure.

Mr. Himanshu Upadhyaya: thank you.

Mr. Abhijit Tikekar: Thank you so much Mr. Upadhyaya. Now, my request the host to unmute tenth speaker is Mr. Sudhir Golecha please?

Mr. Sudhir Golecha: Hello! my first question first of all congratulations to the team for a fantastic 2021, despite of challenging times. My first question there were 10 new products launched in 2021. How many of it goes to EV and EL segment?

My second question in the annual report, we were very vocal on the use of alternative raw material that is cost effective raw material. Can you throw some light on that?

There has been a breakthrough development by the global R & D team of the ELANTAS. The Color changing still bean dying as already mentioned by another shareholder, which will help us detect the conditions of motors without dismantling. What is the status of inquiry for the same from a big customers like CG power etc.

My fourth question! What is the current capacity and capacity utilization in Ankleshwar and Pimpri? Can you give the split?

With the grant of partial CTO, what will be a new capacity? Given that we are already ready with plant and machinery of 19 crores CWIP, how soon can we expect this additional capacity to materialize?

My fifth question, with the approvals getting delayed for a Talegaon project and Ankleshwar plant on one side, and increase in demand for an already huge market of insulation and EL segment in India. And China plus one policy, which is already prevailing, how are we planning to meet this ever-increasing market?

Despite of having complete technology and knowledge we are unable to serve this big market because of pending approval. What is the status of this long pending approval? Do we have any backup plan?

My Sixth question! why was the negligible purchase of stock in trade in 2021? In 2020 we made a profit of 5 Crore on 17.5 Crores worth of stock in trade which is as high as 25%

My last question, we are expecting high growth in EL segment this year. Will the growth help to contribute 20% of our revenue in 2022?

What are the new businesses and customers acquired in the EL segment as mentioned in the AR.

Thank you.

Mr. Abhijit Tikekar: Thank you so much Mr. Sudhir Golecha. Now May I request the host to unmute eleventh speaker that is Mr. Harshit Golecha please.

Host: Hello Mr. Harshit ?

Mr. Abhijit Tikekar: it seems Mr. Golecha is not available. May I request the Host to unmute twelfth speaker that is Mr. Shrey Loonkar.

Mr. Shrey Loonkar: Good morning gentlemen I guess most of the questions have been asked. I will just limit it to 3 questions. One is that, in the same space, or in the same sector that you exist somehow from the drawing board to the groundbreaking, we have seen inordinate delays.

If you can help us understand, you've been kind enough with all the disclosures you've been giving us through your quarterly results. But, if you can just explain a little bit more meticulously as to, what are the real reasons why we haven't been able to secure land or that Mega capacity expansion that we've been talking about and thinking about for many years. That is my number 1.

The next point is, if you can just give us some long-range idea on, your CAPEX program and, how you think the incremental product Bouquet will be differentiated from what we have seen over the last decade.

probably that will give us an idea of how you're going up the value curve. and increasing the complexity of the production.

The third question is, if you could just give us some idea of, how the localization efforts that we are taking and by when do you think we will start seeing reduced important reliance on our cost of goods consumed? and the last bit is, although, yes, I'm happy to hear that we've got some capacity expansion plan in place.

But given our past, you know, with the pollution board, there, it always, leaves us with a bit of more uncertainty that, what if the same episode happens in the future on the expanded capacity. How should we as a shareholder, you know, if you can comfort us on that count, that would be done.

Mr. Abhijit Tikekar: Thank you so much. Mr. Loonkar. Host, is there any speaker who has joined in who didn't get the opportunity to speak in the first attempt?

Host: Yes, Mr. Harshit is available and wants to speak in the meeting.

Mr. Abhijit Tikekar: Please.

Mr. Harshit Goleha: Very good morning to one and all.

So, I have already emailed my questions, but, I'll just repeat them once I ask the management to answer all the questions slowly, sir, I request you because we can only one time chance in a year to speak to you. So, we all know about prevailing EV fire tension, we have products in BMS, battery management system, like thermal interface Material (TIM) to solve the fire issue.

So, what has been the status of inquiry for such products from big EV players like TATA, Ola, Ather etc.

My next question last year in the AGM, you have mentioned that we will import niche products, some ELANTAS worldwide, once it is accepted in the India, we will start the production. Can you name a few of those products?

And in the annual report, we have told that we have introduced ten new products in the market. I'd like to understand the demand of those products and the name of those products.

What is our current inventory position as on 31st March 2022?

With high raw material cost our cost to sales has increase from 60% in 2020 to 67.5% in 2021, which is way above our 55 to 60% range with focus on high value products. alternative RM that's raw material and multiple price increases. Can we expect this to reach 55 to 60 % range in 2022?

And the Talegaon MOU which was signed it says that if we cannot take the land within the set time, it will get revoked and we will not be able to get it. Can you kindly give us some update about the new capacity of 73000 tons in 2020 May?

And I would like to understand how the demand has increased for the EV products and why don't we show our products on the website of ELANTAS India or the annual report of Battery management products and other products.

And last thing, sir, Thank you and all the best to the company and all the team members.
Good luck. Good day. Thank you.

Mr. Abhijit Tikekar: Thank you so much Mr. Harshit. Now may I request Srikumar to respond to the queries raised by the Shareholders please.

Mr. Srikumar Ramakrishnan: Thank you. Ladies and gentlemen for the questions.

Like quite a few of you mentioned, we did get some questions in advance and through the course of the speakers, some of them, so I'll try and attempt and answer. All of them Mr. Upadhyaya pointed out that he wants to point by point Answers.

So, the way I will categorize that is there has been some questions across speakers, right? Mr. Purkayastha, Mr. Jain, Mr. Golecha on the capacities and the status of the project at Talegaon and how we are, and how we are looking at managing the capacity and the demand?

So, the company's decision to hold the project at Talegaon was on account of, you talked of the extended delay that we were seeing when it came to the receipt of the EC and as we went through the EC process. We, we realize that the status of the project that comes up as a Greenfield chemical there into that belt is going to be difficult in terms of sustaining that. With some of the points of view that we heard during the course of the public hearing that was held for this project so that's how it was decided to take a halt on that. And, of course, the issue around the permanent revocation for Ankleshwar and that being a periodic step all I would like to assure you and Mr. Loonkar also had a question around what is the assurance that we can have in terms of the sustainability of that, while we did get into that episode with a closure in March 2019, since then your company has been working diligently to meet the expectations of all the stakeholders, including the pollution control board. And to that extent. Quite a lot of investment, at that particular site has been made to improve the infrastructure and get it up to the levels, which are best in class for that area. So that's something that we have progressed on, which then resulted in while the permanent revocation hasn't happened yet, and that's on account of the fact that the process and the time taken to get the baseline done the determination of the path forward in terms of the remediation, and then putting the capex and the starting of that treatment system for the remediation was something that kept on going and is still going on as we speak today we have got into the process of remediation and with the periodic submissions and the submittals to the GPCB that's the reason why while there's no permanent revocation, the continuous revocation is sort of happening and this is something that we expect to happen over the coming period of time.

And stepping back a bit more when we talk of Ankleshwar, right? Sometime in the year 2018, we had an environmental clearance and the consent to establish for the larger volumes at around Ankleshwar with subsequent to that got held back or was delayed on account of the fact that the courts had ruling when it came to any expansion or any new project coming in, in Ankleshwar, on account of the CETIA index rating for the critically polluted area, markings that Ankleshwar had.

Through this period, while we were going through the remediation at a point in time, the court revoked its order for allowing the clearance to Ankleshwar that's the reason basis, which based on the EC and the ETE, that we had, we approached the authorities to grant us a consent to operate. And that's the process that took us.

And as we reported some time towards the end of quarter 1, this year, we have been able to get an enhancement in the capacity there, that enhancement of capacity increases our volume by around 40 odd percentage. If we look at the growth that we are, we are looking at and progressing through should help us in the short to medium time.

There was a question that Mr. Golecha and others asked around. Yes, there is. There was CAPEX which was already put in place. And now that the consent to operate is available. How soon will we be able to realize that?

So, as we speak, I'm happy to report close to 8 to 10% of our capacity has already gone up.

Because of the consent that came in, and the permits that came, we have the equipment in place. It's a matter of installation and commissioning and we were waiting for the clearances to come before we did anything, on the ground there.

And once that has come, we have started moving on to that, and the physical installation, and commissioning of those equipments will happen over the next 2 quarters. And then, by that, we will be

able to realize that extra capacity. In terms of some specifics around, what is the capacity utilization and the capacity that we have I will say that we utilize close to 3/4th of our permitted capacities as at this point in time.

Looking forward and again, trying to address the long-term bit around what do we look at for capacities looking at how Talegaon is some mentioned around Pimpri and the challenges around Pimpri. We are in the process of exploring other opportunities, both at brownfield at the existing site as well as the Greenfield and the management of the Company is in the process of identifying alternate parcels of land where these projects can be commenced, of course, with a shorter delay than what we are. If things are already in place where the EC process becomes shorter, with the approvals of the land in that manner. That's something that, management is attempting to do, and it will go to the board with those estimates and those proposals to seek their approval, and as we start the Greenfield project. Mr. Loonkar had a question around the CAPEX that will be involved. The last project CAPEX that we are looked at was around 365 crores and that's something that we visualize it.

It's early to comment on our say, because it will depend on the land, the land parcel and the infrastructure, and the abilities around that. But looking at how the inflation for a lot of other products have gone through, which would be required for building and constructing that we would assume and estimate that to be around that, that number closer to, once we identify the management identifies it and the board approves it, we will be in a position to talk and reveal more details.

Shifting to a question that Mr. Jain had around the capacity and capacity utilization. Last year we reported into segments.

I will say that the H1 and H2 of last year were, roughly the same in terms of the volume. Normally we see a seasonality, to the business the first four months and the last four months been relatively high in the middle 4 months it's soft, if I call it so, not much. The last year, we saw that equal. And as, you know, the 2nd half of last year was the time when the global supply chain challenges, especially impacting chips and then why are that medium consumer electronics and appliances came into place and that's how we sort of attribute that volume not really picking up into the last trimester of the last year. And that's possibly how things sort of continue.

So, to your question yes, it's 50/50 so that these were some questions around that quite a lot of questions around growth. Mr. Upadhyaya had the question around the number of stocks keeping units. What would be the contribution of the top 10 and top 20 over the last 5 years. Are there significant changes, but we keep around 350 stock keeping units at this point 5 years ago possibly it was 300.

When we look at the top 10, the account close to 1/3rd of our sales, and the top 20 at this point account for around 45, possibly 3 or 4 years ago. This was more than 50. but that's also on account of some of the focused development and the new product that got introduced in the newer spaces around electronics and other areas.

There was a question around opportunity to grow around distribution reach and the distribution partners, a significant portion of our sales comes via our partners in distribution. Over the last 3 quarters, the company is very actively engaged with its distributors to identify and prioritize areas of growth and start working closer. In fact, we have had a couple of distributor meets and sessions and project teams in place, which will then ensure that the growth that comes in is prioritized and captured aligned to the focus of the organization.

Another question in terms of the largest customer in the top, 10 customers, what would be the revenue? And has there been any changes in the last 5 years?

I'm happy to say that the top 10 customers remain the same. so, we have been able to sustain and grow with them and add their business grows. So that's how it is. Maybe instead of the top 10, 10 number would have become number 11.

So, if you look at the top level, roughly the mix remain the same. No customer of your company has its revenue, which is more than 10% of the company's sales.

Again, questions around competitiveness and what would keep us competitive? Or why would we lose a customer? Mr. Upadhyaya and Mr. Merchant had a question around that.

In the current context, it is the ability to deliver the volume at the price expected by the customer, right? And please recognize this has been extremely volatile time both in terms of the sourcing the raw material along with the inflation and getting it on time and as well as a very volatile demand that comes and goes in spikes and then sort of vanishes and that has been the story of last year. So.

if we are able to meet the price and the volume expectation, we would continue to retain the customer and grow with that. And as I answered in the last question, the fact that the Top 10 customers, of the company have tended to remain the same and means that your company has been able to take appropriate actions to keep moving on that!

Questions around the value chain, around distributors ELANTAS to distributor a wire enamel manufacturer to the customer. How who influences that? Have you been able to take price increases via distribution channel?

the answer to that is the value is determined, finally, by the end user, and a lot of times, by how we are also able to position our products into those applications in terms of the value positioning. Right? So, some of it rests with us, but ultimately the value has to be perceived by the customer that's how I would say that.

Yes, we have been able to take the price increase as you can see the growth in volume and the growth in revenue. There is a difference than that difference has been accounted for the price increases that the company's Team especially the front-end Sales team has been able to take. This has been done in manner and in phases across periods of time. Last year, please remember with the position that your company has in the marketplace and the volatility that was present last year. It was not easy for all the customers to also be able to completely absorb all the cost. So, the company also had to be judicious in terms of the areas and the sectors and the products that it was really trying to get the inflation covered or mitigated so that's been and some of the questions around the profitability also get addressed by that.

But that's the challenge that has been there in the last year. Another question that the pretty significant prices in raw material, how has it impacted our unit margin, or do we look at it from a margin percentage? Yes. From Altana's philosophy, it is the stated aim is to be in the EBIDTA percentage or the margin percentage is keeping it at a certain value.

The ability of the end user industries, and some of the applications that seem to be growing, the ability to absorb that. And especially when you talk of, in terms of a lot of translations that are happening with, with respect to the EV space, and at a broad level while there is momentum in the EV space.

The localization content of it is less than 10%. That's how we see it in the automotive space. Right?

So, the ability of your company to work with customers, that they try hard and add greater value and being with them as they get into these applications is also something which is important so that sort of makes us take a judicious call in terms of, looking at the margin percentages, or the unit margin, or all the volume growth that we can derive with them.

Questions around tailor products and customizations how do we see at those revenues? I would say that they would have nearly doubled over the last 5 years from around a 5 odd percentage to a 10 odd percentage. That's how we see the customization and the value add happened.

Mr. Purkayastha and Mr. Jain had a question around the e-mobility sales what percentage it contributes its roughly around 5% as we speak today. And as I said, the greater the localization and the greater the ability of customers to start manufacturing in India and with a kind of work and the product specifications that we have done. We believe that in a good position to capture a larger component if that value add happens.

So, and Mr. Loonkar and Mr. Upadhyaya had a question in terms of the demand environment, how insourcing and can we add more value here? Do we see an increase demand coming in from the CAPEX cycles that are coming into the industry?

In the short term, we have seen a reduction in the in the import of components from certain locations, especially Asia and the north Asia if I may call it so. This is something which is which lifted some volume pull through. The only point is this is at the lower end or the commodity and of the of the product cycle. And we believe that, and as we speak to our end users and customers, the belief is that in the medium to long term, there'll be better products or more value added products, which will be differentiated and start getting localised and Looking at our product range, and our ability to work with customers that should position us in a good spot to capture that value added growth as it comes through.

Mr. Upadhyaya had another question in terms of demand across industries contributed to revenue. The largest contributed to us is the motor segment. Roughly half of our products would go into a motor and that motor would then go into right from a Pump to a traction motor, including railways, to fans and appliances or consumer appliances. That's where we see that. Automotive accounts for around 25% the transmission and distribution accounts for close to 1/5th of the product and the balance is the Construction segment.

what we have seen, which, which is published data. Right? If you look at the last 5 years for automotive, the volumes have dropped, I would say, especially in the 2-Wheeler segment, which by sheer volumes is a larger automotive product that get manufactured in the company. It's - 5% CAGR. The only positive for us is with the change in specifications and the greater use of components and electronic sense, a feature around safety and indications, right? They have started to yield results in terms of more and more electronics getting used, which is an area that your company has been focused on and that focus has really helped us mitigate some of those volume drops by shifting the products to a better value realization and a longer-term development, a better position to be in.

I hope that addresses the question that Mr. Loonkar had asked about.

How are we looking at the value add and trying to take through these? These are some areas that we are looking at and working together. Again, to a question that was around, what would be the revenue contribution from products that we call as high value products, but they are more than 1/3rd of the company's revenue and that's something that's been steadily going through this period of time.

Mr. Golecha our effort to around 10 outcome products launched by the company, and where does it go? I'm happy to say that close to 7 of those products to go into the EV or EL space, which again talks of us trying to be capturing more of the value and being more of the values added product developer into that customer. And Mr. Golecha again going back, and I think Mr. Jain also had other question around those colour changing dies and how do they impact, and do we see an interest? Well.

Combined with, some of the printed electronics as the localization goes up and as we see Better manufacturing or more value-added manufacturing happening in India, I'm sure that's an opportunity that would be available to us. And those products would then start to make an impact and then start to take a shape.

But at this point in time, we haven't seen any serious interest in that and the product is something which is an innovative product that Altana also has just launched for itself. So, it is going to take its time and we would see a lag in my view.

Again, to a question which came up around Mr. Jain or Mr. Golecha had asked in terms of the products that we talked on, that we will import from abroad. So that's something to our trade sales or sales of important products, which are possibly the market isn't there for us to have feasible production in country, but the ability to service customers that's gone up and please remember in a lot of times,

some of these customers also import directly from their affiliates globally as in, because the products are getting used and other components are getting shipped.

Some of these products also get coming into India, so we have a track of that. And the whole idea is, once it becomes feasible for us to step up and manufacture that we will start looking at it.

And that's a few questions around that, yes the EV fires or 2-wheeler fires, the battery management systems that TIM, TIM we have started to progress there are obviously changing requirements as a customer's starts to look.

So, we have localized some products and started to do that the scales and the volumes are low. Having said that we are working with customers across to do that and there was a specific question around the products that go into the EV, the names of customers. A lot of those

are covered by non-disclosures and confidential the agreements in terms of development. So, I wouldn't name customers, but I would. I'm sure, the people that you talked about, that the companies in active discussions with all of them and

commercially, transacting into the EV space for the larger players if I may call it. So that's a thing around that.

Yes, Mr. Marathe and Mr. Purkayastha had a question around the margin, margin management and the drop in margin with Mr. Purkayastha also commenting on the Huber acquisition.

Possibly starting with the Huber acquisition, that acquisition was done on December 2019 as we started integrating that we got into the Covid period and by the end of 2020, through all those challenges, we were able to localize and manage and address the manufacturing in house and build that capacity on.

Clearly, the product that came, why are the Uber acquisition? Your company then decided to look at rationalizing it? looking at what do we keep, what do we retained, and how do we take that.

I would like to assure you that has in the management's view has paid for it so with respect to our market position and our ability to navigate during this time especially around the inflation.

Our focus on margin management is there. Hopefully, as we have taken steps and like I described, some of those 5 actions and calls with keeping in view with also the customer's ability to straight line, give them all the inflation are cover up. So that's something that we have been working on and educating the customers updating them and really telling them and realizing the price. why is it a lag?

Is in place and if continues, so hopefully as we speak and as you would look at some of the results that will come through.

This question will be addressed by the results that you would see, that's how I would look at.

Mr. Golecha had a question around Stock in trade, why was it high and that goes back to the Huber question. While we had a toling agreement the year 2020 with Huber at the end of that period, we were supposed to take all that stock and that's how we did that. So that's the reason why you see that abnormal purchase of stock in trade as we exited 2020 and since that event occurred on in December 2020, and the business was well integrated, you do not see that too much in 2021. Mr. Golecha you had a request that I should answer all your questions. Because you get that opportunity once in a year, but there is a question that I would prefer not to answer. What is our current inventory position as on 31st March 2022? I would, refrain from answering that question because our quarter 1 results are not declared yet. And we would await. And hopefully you will see that. Mrs. Mascarenhas also talked of it. Right? How do we see the impact? The RM to cost sales?

the raw material as a component of our cost to sales. Is it going up and with the war and the environment that is prevailing? Yes, that is a challenge that we are seeing as we got into quarter 1 of this year and that continues to be on. So that we would be in a position to only mitigate that as much as we can, but like, all other industries, and all of the fellow industry, especially in the chemical sector, we will have to ride with that wave and then take that thing together along with the industry.

Mr. Marathe had a question in terms of thank you for that in terms of the cash flow and the inventory. Mr. Marathe I would like to assure you that as we exited December, the management of the company took a call to get judgmental call-in terms of investing in inventory, if I may call it, so to cater to a demand that we felt would be better serviced by having the stock in place. And in our view, that's augured well, for your company and overall through this period like the Chairman mentioned that we have been diligent in terms of our cash management and inventory management so our networking capital has continued to remain well, but, yes, in terms of inventory, we did take a call and invest in that with the hope that it will pay off in the short term. And the results would again sort of answer that question for you. Mr. Loonkar and Mr. Marathe also had comments in terms of localizing. And how do we look at localizing? What do we do around it?

Over the last 3 years, our local components have gone up and the sourcing team of your company is really working on and having a plan to move that and keep moving ahead with that and they would do a good job with the development of other chemical infrastructure that's going to happen. Going forward also, I would assume that we would be in a good position to leverage local supplies wherever available, but till that extent, we will remain an import driven economy or at least in some of these products we will have to live with that. We will keep looking at it, so these are a few questions. In terms of the ESG, Ms. Mascarenhas you touched a very important point in terms of the ESG, ALTANA at a global level had declared that it will be called a neutral by 2025 and that's something that.

Your company is also looking at via various means how we handle so there are certain projects that we are bringing on and talking to the authorities the only challenge is when we look at ESG that also needs permits and approvals even if the, if the solution is green right? And that's.

Something that the management of your company starting to talk to authorities about having approvals in place so that we can reduce our carbon footprint and start taking and moving products across those areas. Mr. Purkayastha you had a question around BYK loan? Yes. the loan is now repaid in April 2022. so that moratorium ended. And subsequent to that's it's no longer a loan. It's, re- paid. So that's, how it is in terms of the shareholders, the money going into the funds and the change in shares, all of you sort of mentioned that the company secretarial team at EBIL is doing a good job and be rest assured that, that team is really trying to follow up with, work with our shareholders.

calling them up, letting them know, to the best of our abilities. And I would say even beyond that.

To really reach out and try and ensure that we get in touch. We ensure that each one gets across to them wherever the shares need to be shifted from the physical to demat. We are trying our best to do that. And then try and address that. So, and that's an endeavour we'll continue to do. So, this is something that I just wanted to look at.

Mrs. Lekha Shah, had a Covid impact on operations and complete plan for future. Hopefully, I would say, thankfully Covid didn't impact the operations of the company in 2021. we were able to work and continue to operate through that period. Of course, the supply chain was disturbed because quite a lot of times our suppliers are not in a position to function effectively.

Sometimes, We're not in a position to really function effectively, and quite a lot of times due to the different states and their regulations.

our customers are not able to see what works with materials that they could really take and work together with. Right?

All our employees while some of them got infected with all of them could recover and get back to work. So that's again, the grace of God and the precautions and the team and others the management had taken to ensure that everybody goes and comes back.

Is there any particular question that you feel? I've left unanswered. Let me know.

Mr. Abhijit Tikekar: There was a question on bonus.

Mr. Srikumar Ramakrishnan: So, dividend and Bonus I would leave it to the board of directors to really come back. But that's the point that we sort of noted.

And hopefully the board will definitely consider that and come back to you at the appropriate time. And I think there was a few comments Mr. Marathe in terms of the font and the reducing and the CSR and the spend and the management discussion analysis noted, hopefully, as we go ahead and as you see the next annual report, we would have tried to optimize it to the best of our abilities do remember that there are certain prescribed formats and reporting that we need to do. So, in compliance to that we will try and reduce it. So, with that, I would end my answers to your question. So, thank you for your patience.

Mr. Suresh Talwar: I think you have done a very good job, right? You haven't missed out anything. Thank you.

Mr. Abhijit Tikekar: Now, May I request the Chairman to takeover from this point please.

Mr. Suresh Talwar: Now I authorize Mr. Abhijit Tikekar, Company Secretary to conduct the voting procedure and conclude the Meeting. The e-voting facility will remain enabled for the next 15 minutes i.e., up to 12.00 noon. so the Members who have not casted their vote already, can do so. The results would be announced on or before 12 May 2022 and same will be intimated to the Bombay Stock Exchange and uploaded on the NSDL Website. With your consent, I and other Board Members would like to now leave the Meeting.

I wish all the Members, a very healthy and safe future.

Thank you.
