



“Kajaria Ceramics Limited – 34th Annual General Meeting
Conference Call”

September 28, 2020



MANAGEMENT:

**MR. ASHOK KAJARIA – CHAIRMAN & MANAGING
DIRECTOR**

MR. CHETAN KAJARIA – JOINT MANAGING DIRECTOR

MR. RISHI KAJARIA – JOINT MANAGING DIRECTOR

**MR. RAJ KUMAR BHARGAVA – INDEPENDENT
DIRECTOR & CHAIRMAN OF THE AUDIT COMMITTEE**

**MR. DEBI PRASAD BAGCHI – INDEPENDENT DIRECTOR &
CHAIRMAN OF THE NOMINATION & REMUNERATION
COMMITTEE**

MR. H. RATHNAKAR HEGDE – INDEPENDENT DIRECTOR

**MRS. SUSHMITA SINGHA – INDEPENDENT DIRECTOR &
CHAIRPERSON OF THE STAKEHOLDERS RELATIONSHIP
COMMITTEE & CORPORATE SOCIAL RESPONSIBILITY
COMMITTEE**

MR. DEV DATT RISHI – NON-EXECUTIVE DIRECTOR

MR. R.C. RAWAT, COO (A&T) & COMPANY SECRETARY

MR. SANJEEV AGARWAL- CHIEF FINANCIAL OFFICER

**MR. NEERAJ SHARMA – WALKER CHANDIOK & CO LLP
(STATUTORY AUDITORS)**

**DR. S. CHANDRASEKARAN – CHANDRASEKARAN
ASSOCIATES (SECRETARIAL AUDITORS)**

Moderator: Dear shareholders. Good afternoon and a warm welcome to you all to the 34th Annual General Meeting of Kajaria Ceramics Limited through video conferencing or other audio visual facility. As a reminder for the smooth conduct of the meeting, the members will be in mute mode and audio and video will be opened only for the pre-registered speaker speak at the AGM as per the pre-registration. I now hand over the proceeding to Mr. R.C. Rawat, COO (A&T) and Company Secretary of Kajaria Ceramics Limited. Over to you sir.

Mr. R.C. Rawat: Dear member, Chairman, Board of Directors and other stakeholders and dignitaries present at the meeting. I, R.C. Rawat Company Secretary of your Company welcome you all to the 34th AGM of the Company conveyed through video conferencing and other audio visual means, in accordance with the circulars issued by the Ministry of Corporate affairs and the Securities and Exchange Board of India. This is to confirm that requisite quorum as required under the law is present at the meeting through video conferencing. Participation of the members through video conferencing / other audio visual means is reckoned for purpose of quorum as per the circulars issued by the Ministry of Corporate Affairs and the Securities and Exchange Board of India and Section 103 of the Companies Act 2013. Therefore, I declared the meeting as validly conveyed.

The venue of this AGM will be deemed at registered office of the Company. The transcript of this AGM will be uploaded on the website of the Company. The Company has sent the Annual Reports and Notice of 34th AGM to all the members on their registered email address available with the Company, RTA and Depositories and to all other persons who are entitled for the same. The same is also available on the website of the Company, National Securities Depositories Limited, BSE Limited and National Stock Exchange of India Limited. Members may note that facility for joining this meeting through video conference and other audio visual means is made available for the members on a first come first serve basis. The Company has received a request from a few members to register them as a speaker at the meeting. Accordingly, members who have pre-registered themselves as a speaker will be allowed to speak on the announcement. I will like to draw the attention of the members to the fact that requisite registers and all other documents as referred in the notice are available for the inspection electronically during the AGM. Members seeking to inspect such documents can also send their request to investors@kajariaceramics.com. Now, I would request Mr. Ashok Kajaria, Chairman of the Company to take the proceedings further.

Mr. Ashok Kajaria: Thank you, Mr. Rawat. Dear members, I welcome you all to the 34th Annual General Meeting of Kajaria Ceramics Limited. It is a pleasure to connect with you all, although this time we are meeting virtually. On behalf of your Company's Board of Directors, I would like to thank you for taking the time out to join us today. I would like to firstly introduce the Board members present at the meeting.

Mr. Chetan Kajaria, Joint Managing Director of the Company, Mr. Chetan Kajaria will greet by saying a Namaste. Mr. Rishi Kajaria – Joint Managing Director of the Company he will greet by folding his hands. Mr. Raj Kumar Bhargava – Independent Director and Chairman of the Audit Committee. Mr. Debi Prasad Bagchi, Independent Director and Chairman of the Nomination and Remuneration Committee, Mr. H. Rathnakar Hegde – Independent Director,

Mrs. Sushmita Singha – Independent Director and Chairperson of the Stakeholders Relationship Committee and the Corporate Social Responsibility Committee of the Company. Mr. Dev Datt Rishi – Non-Executive Director of the Company. We have also with us, Mr. Sanjeev Agarwal – our CFO, Mr. Neeraj Sharma - Walker Chandiook & Co LLP (Statutory Auditors) and Dr. S. Chandrasekaran - Chandrasekaran Associates (Secretarial Auditors).

The Company has made all efforts feasible under the current circumstances to enable the members to participate in the meeting through the video conferencing facility and vote electronically. With this, I read out my Chairman’s speech.

Dear friends. It’s a pleasure to welcome you to the 34th Annual General Meeting of your Company being held virtually given the extraordinary circumstances. I would very much like to meet and address you in person, but as you know, we are holding the meeting over a virtual platform due to the prevailing unprecedented circumstances. Your presence is indeed a true testimony to your involvement with, and support for the Company. It has indeed been one of the challenging years, and I would like to thank all the stakeholders for the committed support and unwavering confidence reposed in the Company. The untamed spread of the COVID-19 virus over the past few months, has caused unimaginable crisis across the globe. Never before in the recent history have we encountered a challenge of this dimension that has impacted almost every human on the planet. The pandemic has caused an unprecedented disruption to the economic activity in the world over propelling already slowing global economy into a recessionary shock, possibly the deepest recession since the Great Depression. Estimates for the Indian economy indicate a substantial contraction in 2020-21, with several sectors experiencing severe demand destruction. Such disruptive events, not only test resilience, and adaptive capacity, but it can also unleash forces of innovation and creativity to shape a more sustainable and inclusive future.

In this uncertain environment, our top priority is the health and safety of our people, so we implemented necessary procedures to ensure continuity of operations with a safety first emphasis. On the other hand, we continue to remain within our confined state physically, while on the other we remain closely connected with our dealer family to assess us across Indian landmass, and with our senior team leaders to ideate and evolve scenario that would help us in seamlessly reopening our facilities as per government directions, while ensuring the safety of our people. 2020-21 will be challenging for every business enterprise in India and we will also be impacted. External environment remains uncertain and challenging. While we have absorbed the reality that the Company’s financial performance for the year 2020-21 will be a shade lower than what it was in 19-20. Our determination to search ahead will be an overdrive. I am sure you have received your Company’s Annual Report for 19-20 and have read through our performance in prospects. Hence, rather than providing a numerical synopsis of the fiscal gone by, I would rather narrate my thoughts on our performance.

Given the gulf purchasing sentiment prevailing in the Indian marketplace, I believe we have done well to keep ourselves in the positive side of the growth, grant tax regime announced by the Central Government bolstered our profitability. The other highlight for the year was the commissioning of our new glazed tile vitrified tile facility in South India which allows us an

edge over others to cater to this market more efficient than efficiently. As of today, we are satisfied as they were important positives to feel good about. All the plants are now operating at +90% capacity utilization. Our entire dealer network is back in business, pricing display is maintained, collection has been quite strong, which showcases the strength of our dealer network. So what we are doing to arrest the decline in our numbers, essentially two things:

One: Our unwavering focus on smaller towns and cities for more than a decade has actually worked in our favor because these areas remain relatively less impacted by the pandemic. We are seeing actual demand come back to the market. These tailwinds should assist in minimizing the revenue shortfall.

Two: We have adopted the path of frugality, where the entire team is working on optimizing costs at every level. The reduced gas prices have also helped in our efforts. These efforts should help in arresting the slip in profitability.

In closing, I wish to assure all our stakeholders that we see in Kajaria with the surge as a consumer confidence curve makes a turn around. On behalf of the Kajaria Board may also thank you, our value shareholders for your continued support and encouragement. Thank you, ladies and gentlemen. Jai Hind!

Mr. R.C. Rawat:

Thank you, sir. There is no qualification, reservation, adverse remarks, comments, observation, or disclaimer given by the Statutory Auditors in their report. Further, there is no qualification, reservation, adverse remark, comments, observation, or disclaimer given by the Secretarial Auditors in their report. May I with your permission, take the Statutory Auditors' report and Secretarial Auditors' report for the financial year 2019-20 as read. Now, I would request the Chairman of the Company to take the proceeding further.

Mr. Ashok Kajaria:

Friends, as the notice is already circulated to all the members, May I with your permission, take the notice convening the meeting as read. Now, I would like to take up the resolutions as set forth in the notice of 34th AGM dated August 7, 2020. There are three ordinary businesses. Before we proceed, I would like to inform the members that in compliance with the provisions of the Companies Act 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has provided the facility to cast the votes electronically during September 25, 2020 to September 27, 2020 on all resolutions set forth in the 34th AGM notice. Members who have not cast their votes electronically and who are participating in this meeting will have an opportunity to cast their votes during the meeting through the e-voting systems provided by NSDL. E-voting is active and will be closed along with the closure of the meeting. Members may please note that there will be no voting by show of hands. The Company has appointed Mr. Shashikant Tiwari, Partner of M/s Chandrasekaran Associates, Company Secretaries, Delhi as Scrutinizer for scrutinizing the voting process in a fair and transparent manner. The combined results of remote e-voting and e-voting at the AGM will be declared after the report of the Scrutinizer is received. The results declared along with the Scrutinizers report shall be placed on the Company's website and on the website of NSDL and communicated to the BSE Limited and National Stock Exchange of India Limited.

Mr. R.C. Rawat: Before we go live with question and answers, here are some points to be noted for your convenience. Kindly turn on your video when you are projected on the broadcast screen and proceed to ask the questions. Please mention your name, folio number and the location from where you are joining. Each shareholder will have three minutes for their questions. Their audio and video will be open on the announcement of their name. To avoid repetition, all the queries will be responded at the end. Once you have asked your question, you can mute and continue to watch the proceedings. I would like to welcome these members registered themselves as a speaker: Mr. Toni Bhatia, Mr. Ashok Kumar Jain, Mr. Lokesh Gupta, Mr. Vimal Jain and Mr. Manjeet Singh.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question and answer session. We take the first speaker shareholder, Mr. Lokesh Gupta. You may go ahead please.

Mr. Lokesh Gupta: Sir, I have been shareholder of this Company from a long time, whether the meeting was in our plant, whether in Gurugram, or on this new platform we feel proud when we connect with the AGM. The current situation is a quite tough, our dealers, distributors and shareholders are member of the family who all are suffering. We are scared but at the same time we trust our management and Chairman, which will get us back on track like earlier. We started a new business of plywood, how is that going I want to know about that. And in current financial year the demand was reduced so has that picked up again, and by when can we expect it to be as pre COVID level. And our secretarial department Mr. Rawat you have Kohinoor with you, whenever we take our query to him and in this COVID situation as well if we had questions he was very helpful and if he misses any call then he calls us back and he helped us to operate the new platform as well. Thanks to the whole secretarial department for helping us and guiding us. I have one small request, if we can continue this platform so that more of the shareholders can connect from Delhi, NCR and other states and lastly I would like to say we will always connect with you in all the AGMs. Thank you.

Mr. Ashok Kajaria: Thank you Lokesh.

Moderator: Thank you. We take the next question from Mr. Manjeet Singh. You may go ahead please.

Manjeet Singh: I welcome the whole team and wish everyone is safe from COVID. Due to first quarter lockdown our sales have declined so how are we going to recovery that, please tell on that. And, in the current time like China is being boycotted so in the same way are we getting any export orders from other countries as China is not on priority and Indian is getting preference so, I want to know the status of the export orders. And can we use solar energy at our plants for generating electricity for our plants, please update us on this. And for CSR activity we have a platform, the cartoons in which we pack the tiles on that you can advertise the social distancing and mask so that we spread awareness and social distancing is followed more. You can make a logo on the box and send it ahead, as your box goes in every corner of India. So, after use as well people will see the social distancing and use of mask awareness. And your corporate governance is good due to which we can connect with you on this platform. Thank you.

Mr. Ashok Kajaria: Thank you.

Moderator: Thank you. We take the next question from Mr. Toni Bhatia. You may go ahead please.

Mr. Toni Bhatia: This is our first virtual meeting sir and next year if everything is good then we will meet you physically. Sir firstly, you have given good results on the whole they are slightly lower let see they are 2808 crore 2,956 crore decline of 5%. This is due to step decline in sales volume process before tax that is 312.45 crore, PAT 255.33 crore, shareholders fund that increased from 1574.90 crore to 1714.27 crore sir good thing. Book value per share that is increased from 99.05 to 107.82 per share, EPS at 16.06 per share, dividend Rs.3 per share I appreciate that has come to 300 percent dividend, I am thank you for giving such a nice and good dividend. We held the cash balance as Rs.234.97 crore as on March 2020 for Kajaria is a net debt-free company. These strength of the balance sheet is look alike the liquidity of the liquidity in times to me. For such a good point Chairman I would appreciate for such good results. The whole board has did great work like Chetan, Rishi and all the employees for such good results, the sales is slightly lower but it's all due to the COVID. Further on the CSR activity, I would appreciate the board that they have focused on the CSR activities and this is to be appreciated. Corporate governance in this regard I will say you have shown in such a good manner for this credit goes to our CFO, our CS Company Secretary and Mr. Chairman. Manufacturing facilities are operating at (+5%) capacity in August 2020 almost our entire dealers are back in business such a good thing Mr. Chairman, I am happy that our business is back on track like last year. Our revenue in July 2020 was +80% it was on the same month of the previous year. The Company is going on right track and you are guiding it very well, for that I would appreciate you, Rishi, Chetan, the complete board and employees. One of my friend mentioned that you are not using wind power and solar power in your plant but in the balance sheet I read you are using solar power in the plant which is a very good thing. Just a small question, there are a lot of companies like auto mobile, IT companies who have fired lot of employees so what's the position in our Company, please update us on that. I thank the complete team for the good work and appreciate your hard work. I am a shareholder since 79, and our Company is one of the best Tile Company in India.

Mr. Ashok Kajaria: Thank you Toni.

Moderator: Thank you. We take the next question from Mr. Vimal Jain. You may go ahead please.

Mr. Vimal Jain: Good morning to the Board of Directors and my fellow shareholders attending the meeting, Kajaria sir I have full faith in the management under your leadership, however I have a couple of queries, as we know that the residential sector and dominates the major market of the demand for ceramic tiles in domestic market, then is our Company has any plan for collaboration with any domestic infra housing company or any state government for supply of how grant products to them. And the second point is that, I'm ready to invest more in our esteemed Company as the demand for ceramic tiles has been increased from projects related to the replacement of the tiles in residential and commercial sector. So is our Company considering any right issue in this financial year for expansion of our plans or to capture the replacement market activities under the mission to make India Atmanirbhar. Thank you very much to the secretarial department and

all the staff for conducting an excellent e-meeting, through video conferencing, to help me to contact you as well as for giving me the opportunity to put up my query and hope we will meet next time with a new heights of our share value. Thank you, sir.

Mr. Ashok Kajaria: Thank you Vimal.

Moderator: Thank you. There are no further shareholder speakers in the queue.

Mr. R.C. Rawat: We conclude the question session from all the members, I would request the Chairman to answer the queries raised by the members.

Mr. Ashok Kajaria: Friends, let me reply to a few of the points raised by you. First of all, let me tell you that the current bosses are Chetan and Rishi, which I've also said in the past in our AGM, current people who are delivering all the results which you see, so we need to give them a big hand from our side. Point number one, as far as, as I said our first priority after pandemic when things started opening was to take care of our people. Because today that was the biggest challenge when we started looking at how to operate the plant that was the biggest challenge in our 10 plants today close to 4000 to 5000 people are working. So the first thing when we started, we started slowly from our Rajasthan plant at Gailpur, then Morbi couple of plants and then from 1st of July in a scattered manner, we opened all the plants. Today, I am happy to tell you that the plants are operating well. Plants are operating at +90% of the capacity and no untoward incident has happened. Similarly the dealer started opening sometime at the middle of May and by the third week of June, close to 98% dealers of Kajaria has already opened and that's how we could start all our plants in a graded manner in the month of July.

As far as the sales are concerned, Tier II, Tier III, Tier IV towns are doing very, very well Tier I is still down because the effect of pandemic is there, we talk much in those towns like Delhi, Bombay, Bangalore, Calcutta, the effect is still very much but it lot of things are being made up by Tier II, Tier III and Tier IV towns. What we did July, August, September 19-20, we will be doing more than 85% of what we did in July, August, September in this quarter and that is only because the Tier II, Tier III, Tier IV towns are doing very, very well. What we have lost in April and May it cannot be recovered because there is no way you can recover it. We are trying our best to do whatever possible and the rest of the 10 months starting from June. As far as exports are concerned you are right because of anti-dumping duty by various countries to China. China is in a downside, Indian exports have also gone up although Kajaria is trying to do right now because Kajaria's major plants are in a landlocked area like in UP and Rajasthan but we have also some plants in Morbi. So we are trying to increase our exports, we are seriously looking at it how our exports can go on.

Solar power we are using already in the rooftop we are having about 4.00 megawatt of solar power in Gailpur about 1.5 megawatt in Malootana and about 0.90 megawatt in Sikandrabad. we are already using that.

As far as CSR, somebody raised a point regarding CSR. We already advised all our dealers when we started opening this request came from Mr. Bhargava and I immediately implemented it asking them to give mask, give sanitizers to buyers and also keep social distancing all the 1900 dealers who are associated with Kajaria have been told about that.

As far as sacking of employees, we have not sacked the single employee since we started the journey after pandemic. So, I can assure you we had a salary cut including the management, including our senior people and the people at the plant from 15% to 40%. The management took a full salary cut for the period April - September as some of you might be aware, but no sacking of anybody.

Now most of the sales are retail sales because projects are still in difficulty. Somebody put a question about projects, projects are still in difficulty, builders are still difficulty. We are not focusing on that. We are focusing on retail sales today. Kajaria used to do about 70% retail and 30% institution sales, as of today as for the last four months is 90% retail through our dealer network and only 10% institutional sales because we are not giving any undue credit to the builders, neither dealers are giving any undue credit.

As far as ply is concerned. It's a small baby it started July 2018, first year we did 17 crores, last year we did about 30 crores, this we are targeting for about 45 to 50 crores it will take off gradually because it was a totally unorganized sector while we got into it, we took advantage of the GST factor because GST will help us and also because our brand. With these words I have answered lot of questions. Thank you very much.

Friends, I hope the members have casted their vote suitably, the members who have not yet cast their vote may cast vote now. The voting process will remain open for another 30 minutes from now. The results of the e-voting shall be announced after receiving the report from the Scrutinizer not later than 48 hours at the conclusion of the AGM and shall be submitted with the BSE Limited and National Stock Exchange of India Limited and also be available on the website of the Company & NSDL.

I would take this opportunity to thank all of you who have supported us during this virtual meeting and also during the pandemic and participated in the best possible manner. I hereby declare the meeting as closed. Thank you very much.