



“Kajaria Ceramics Limited – 35th Annual General Meeting
Conference Call”

September 28, 2021



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 AUDIT COMMITTEE**
**MR. DEBI PRASAD BAGCHI – INDEPENDENT DIRECTOR &
CHAIRMAN OF NOMINATION & REMUNERATION
COMMITTEE**
MR. H. RATHNAKAR HEGDE – INDEPENDENT DIRECTOR
**MRS. SUSHMITA SINGHA – INDEPENDENT DIRECTOR &
CHAIRPERSON OF 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 members, good afternoon and warm welcome to all of you to the 35th Annual General Meeting of Kajaria Ceramics Limited through video conferencing. As a reminder, for the smooth conduct of the meeting, the members will be in the mute mode and audio and video will be opened only for the pre-registered speakers to speak at the AGM as per the pre-registration. I now hand over the proceedings to Mr. R.C. Rawat, COO (A&T) and Company Secretary of Kajaria Ceramics Limited. Thank you and over to you sir.

Mr. R.C. Rawat: Dear Members, Chairman, Board of Directors and other stakeholders and the dignitaries present at the meeting. I, R.C. Rawat, COO (A&T) Company Secretary of your Company, welcome all of you at the 35th AGM of the Company, conveyed through video conferencing in accordance with the circulars issued by the MCA and the SEBI. This is to confirm that the requisite quorum as required under applicable law is present at the AGM through video conferencing. Participation of the members through video conferencing is reckoned for the purpose of quorum as per circulars issued by the MCA and the SEBI read with Section 103 of the Companies Act 2013. Therefore, I declare the AGM as validly convened.

The venue of this AGM will be deemed at the Registered Office of the Company. The transcript of the AGM will be uploaded on the website of the Company. The Company has sent Annual Report for the financial year 2020-21 and notice of 35th 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, NSDL, and the stock exchanges, i.e., BSE and NSE. Members may note that the facility for joining this AGM through video conferencing is made available for the members on a first come first serve basis. The Company has received request from few members to register them as speakers at the meeting. Accordingly, members who have pre-registered themselves as a speaker will be allowed to speak on the announcement of their names. I would also 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. Very good afternoon to everybody. Dear Members, my fellow Board Members and other stakeholders and dignitaries present in this meeting. I welcome you all at the 35th Annual General Meeting of Kajaria Ceramics Limited. It is a pleasure to connect with all of you although again 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 firstly to introduce the board members present in the meeting. Mr. Chetan Kajaria, Joint Managing Director of the Company. Mr. Rishi Kajaria, Joint Managing Director of the Company. Mr. Raj Kumar Bhargava, Independent Director and the Chairman of the Audit Committee. Mr. Debi Prasad Bagchi, Independent Director and the Chairman of the Nomination and Remuneration Committee, Mr. H. Rathnakar Hegde, Independent Director, Mrs. Sushmita

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

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

Dear friends, I welcome you all to the 35th Annual General Meeting of your Company being held through video conferencing. I along with Board of Directors thank you once again for taking the time out for joining us today.

As we communicate today, new aspirations and estimations are being redrafted as the economy surges from the abeyance of the April second wave. I take this opportunity to express my deepest gratitude for the entire healthcare fraternity across the country for their unwavering focus and extraordinary stamina in serving humanity during these trying times. It was extremely reassuring to see society, the more walks of life rise out of their own fears to lend the much needed support to address the colossal challenge. In this battle, we lost human lives, but humanity solidified. Before I throw some light on current year I would like to reflect on the year gone by.

Last year the experience defining event that has left an indelible mark on India and the world. It exposed the fragilities in economy, trade, business, commerce and our lives which we are all too forgotten in our frantic desperation for growth. On the positive side it also gave us a chance to realign business or redefine.

In Financial Year '21, total revenue the Company was 2,781 crores at par with F20 revenue, whereas we get the net profit increased by 22% and 21% respectively. Also, the Company has revived its dividend policy that the Company will end up to maintain a dividend payout ratio around 40% to 50% of consolidated net profit after tax. Accordingly the Company has made a dividend of Rs. 10 per equity share for the Financial Year '21. Akin to the previous year, the current fiscal also started with the healthcare, being the more devastating second wave which stands to the efforts of restructuring in India, most relatively shortwave but lot of casualties were there. The state -wise lockdowns continue to challenge operations and the supply chain once again. But I must mention that the recovery after the initial mayhem has been particularly encouraging. That Indian economy holds immense promise, the Union Budget, which announced path breaking reforms are expected to posture competitiveness and spur economic activity over time. The subsequent policy measures in F-22 have bolstered business sentiment significantly and uplifted consumer confidence to the new high. India's first quarter GDP growth has surged by more than 20% in Q1 of F-22, which is the highest growth recorded by the nation in any quarter. The PMI index an indicator of prevalent business and economic conditions in

manufacturing and service sectors continue to move. These factors highlight that some of the objectives behind the policies are transforming into on-ground realities and capitalizing India's growth. Your Company also performed very well in the first quarter of the current financial year, with an all-around improvement and growth and profitability in spite of COVID restrictions and lockdowns continuing several states. Revenue increased by 102% to Rs. 562 crores as against Rs. 278 crores against corresponding quarter of the previous year. Net profit stood at Rs. 43 crores against a net loss of Rs. 27 crores over corresponding quarter of the previous year.

As India resurges reconfirm the nation to become the second fastest growing economy in the world in 2021. We at Kajaria preparing for the opportunity that has emerged from this resurgence. We are investing in brownfield projects across some of our manufacturing facilities at Gailpur (Rajasthan), Srikalahasti (Andhra Pradesh) and Morbi (Gujarat) which will take our total capacity from 70.80 million square meters, 82.80 million square meters will help in sustaining our growth as we go forward. I'm happy to report that once again, Kajaria Ceramics has been recognized as the top 8th manufacturer in the world by Ceramic World Review the magazine, which comes out in the month end of September. A great job by the team. I once again express my sincere appreciation to the entire Kajaria family, our Board Members, our employees, our raw material vendors, our dealers, and our finance partners for their unwavering passion and zeal in braving the new normal business every adversity. As I conclude I thank you our valued shareholders for your continued support which inspires us to drive the organisation to the new heights.

I take this opportunity to wish you and your families stay for the healthier future. Thank you very much, ladies and gentlemen, Jai Hind. Now I will request Mr. Rawat to proceed further.

Mr. R.C. Rawat:

Thank you, sir. The attention of the members is on to the fact that, there is no qualification, reservation, adverse remarks, comments, observation, or disclaimer given by the Statutory Auditors in their report. Further, also there is no qualification, reservation, adverse remark, comments, observation, or disclaimer given by the Secretarial Auditors in their report. Now I would request the Chairman of the Company to take the proceeding further.

Mr. Ashok Kajaria:

Thank you, As the notice is already circulated to all the members may I with your permission take the notice convening this AGM as read.

Now, I would like to take up the resolutions as set forth in the notice of 35th AGM dated August 3, 2021. These are two ordinary businesses, and five special business as follows.

Ordinary Business(es):

Item # 1 – Ordinary Resolution, relates to adoption of Audited Standalone and Consolidated Financial Statements of the Company for the financial year ended 31st March 2021 and reports of the Board of Directors and auditors thereon.

Item #2 – Ordinary Resolution, relates to appoint a director in place of Mr. Dev Datt Rishi who retires by rotation at this AGM and being eligible, offered himself for reappointment.

Special Business(es):

Item #3 – Special Resolution, relates to reappointment of myself as the Chairman and the Managing Director of the Company.

Item #4 – Special Resolution, relates to reappointment of Mr. Chetan Kajaria as the Joint Managing Director of the Company.

Item #5 – Special Resolution, relates to reappointment of Mr. Rishi Kajaria as the Joint Managing Director of the Company.

Item #6 – Special Resolution, relates to consider appointment of Mr. Dev Datt Rishi as an Independent Director of the Company.

He has informed his unwillingness to be appointed as an Independent Director of the Company at this AGM of the Company, although he has agreed to continue to be the Non-Executive Director of the Company. The Board of Directors of the Company have considered accepted above and accordingly, Mr. Dev Datt Rishi will continue to be Non-Executive Director of the Company. If he is appointed by the shareholders at this AGM as an Independent Director of the Company, that shall have no effect due to his above said unwillingness and will be treated as null and void.

Item #7 – Special Resolution, relates to consider advancing loans under Section 185 of the Companies Act, 2013.

Before I 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 your votes electronically during September 24, 2021 to September 27, 2021 on all resolutions set forth in the 35th AGM notice. Members who have not cast their votes electronically and who are participating in this AGM will have an opportunity to cast their votes at the AGM through the e-voting systems provided by NSDL. 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. Before we go live with the questions and answers there are some points to be noted for your convenience.

Moderator:

Thank you very much. Kindly turn on your video when you are projected on the broadcast screen and proceed to ask a question. Please mention your name, folio number and the location from where you're joining. Each member registered as speaker shareholder will have three minutes for his or her question. Audio and video will be opened on the announcement of his or her name.

Mr. R.C. Rawat: To avoid any repetition all members 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 members registered themselves as speaker. Mr. Toni Bhatia, Mr. Pradeep Sood, Mr. Lokesh Gupta, Mr. Ajay Khurana, Mr. Manjeet Singh.

Moderator: Thank you. I would request Mr. Toni Bhatia to please go ahead and proceed with his question.

Mr. Toni Bhatia: Respected Chairman, Board of Directors and my shareholder friends. This year's result has been marvelous, I praise all of you and your employees for giving such a marvelous result you gave us. It is because of the hard work of all the employees and you and the full Board and hard work of Mr Rishi and Mr Chetan today our Company has given such marvelous result. I am going to read a few lines, growth in EBITDA 22% over FY20, growth in net profit 21% over FY20. Net cash from operations 127% over FY20, improvement in EBITDA margins 349 bps improvement in growth, ROCE 342 bps over FY 20, improvement in ROE 166 bps. Such a marvelous growth Chairman, you gave us a dividend of 1000% that comes to Rs. 10 per share interim dividend, such marvelous, I appreciate it Mr Chairman. I am happy to note that Kajaria is number one tile Company in India, the most respected tile in India. The largest tile manufacturing in the world and Chairman, this is all because of your hard work and your children and all board members and all employees and am feeling happy today, I can say head high that Kajaria ceramics is one of the best Company in India. I am a shareholder of that Company since 1979, but we praise you. Anyhow I'm going to take 2-3 minutes more Mr Chairman. I am happy to note, one more thing Mr. Chairman that our Bathware subsidiary reported healthy top line growth and a positive bottom line since its inception. Such a good thing Mr Chairman. And Kajaria awarded Super Brand 12 times in a row. I will not take much of your time, corporate world you have shown in such a good manner, report to our CFO, Company Secretary Rawat Ji and I thank the Secretarial Department, Mr. Rawat and his team that they have arranged this meeting with you for which I am thankful to them. With these words Mr Chairman once again I support. Thank you.

Mr. Ashok Kajaria: Thank you Toni ji.

Moderator: I know invite Mr Pradeep Sood to please an mute his audio video and please proceed with this question.

Mr. Sood we are unable to hear you. While we check the connection for Mr Pradeep Sood, we move to the next speaker shareholder Mr. Lokesh Gupta to please proceed with his question.

Mr. Lokesh Gupta: I, Lokesh Gupta are from Delhi, greet all the board members. I am a very old shareholder of Kajaria, maybe around 10-15 years and are I attend the AGM regularly both physically and in this mode. When a bad patch of COVID was on, we thought recovery will be there, after first wave the second wave came and it went away after giving some pain. Slowly we are proceeding towards recovery. When the actual speech was going on of Chairman regarding supply chain, has it recovered completely. Another thing is, our government is also doing a lot of things to push infrastructure and housing, in this current financial year or in the next financial year is there any guidance from you. One more thing is of our subsidiary Kajaria Ply, how it is performing,

what type of recovery is happening there and in coming times of one or two years what we can do. Sir, AGM may be in this mode or in any other mode, we are with you and will stay connected always. We cannot say anything about Mr Rawat's secretarial department, even when we phone him during COVID times and we tell him our problems, they solve it immediately and I thank him for that. Sir, it is hoped that the third wave of COVID will not come and under your leadership, like the Company has been reaching heights previously and will reach newer heights which will reflect in our share price and will be getting healthy dividend. Thank you very much.

Mr. Ashok Kajaria:

Can I reply just for a minute. Lokesh Ji two points, one supply chain is back to normal, I am happy to report that the business is back to normal in the months of July and August. All the dealers have opened up they are doing good business the recovery has been very positive that's number one. Number two as for as Ply is concerned as we all know that it is a two-year baby it started doing already better and if all is well by March 2023 this digital will try to become positive so that's what we're looking at. As far as the third wave is considered I think we should all thank Mr Modi, that he has been able to give this vaccine in the country, today the country has done almost 85 crores of vaccines. If Mr. Modi had not done this today, then where have been just walking around like beggars. I think the credit goes to the Honorable Prime Minister and his team. They have done a wonderful job, third wave will surely come and it will just pass through, we won't know when the third wave came and left. So, I thought these are the points that I will share. Thank you.

Moderator:

Thank you. Now I invite Mr. Ajay Khurana to unmute his audio and video and please proceed with his question.

Mr. Ajay Khurana:

Chairman sir. At the outset I would like to thank you for giving me an opportunity to connect on this digital mode which is the need of the hour, whereas pan- India, not only India but also pan- world connect from where all the stakeholders, whether they are shareholders or the bankers, whether they are the directors they can join the meeting, they can give their grievances and suggestions. This is a good thing, Again, despite good results, good dividend but Dil Maange More. We request you to kindly consider bonus and splitting of shares at appropriate time, so that this may increase the liquidity in the market, so that our capital appreciation may also be done. Our secretarial department deserve appreciation, Rawat Ji, Vinit Ji, Sachin Ji, and all the connected persons I think they have done a better job than last year. They have on the digital mode, now they have put all the shareholders, put all the connected parties, stakeholders and the board with you. And the last but not the least, I pray God that since long this Company should be under your patronize, whenever we go to the market we are proud that we are the shareholders of this Kajaria Ceramics when we buy the Kajaria tiles. Thank you very much, God bless you all.

Mr. Ashok Kajaria:

Ajay Ji point noted, we will look into it but let me also add one line for all the members who are here. The credit goes to Chetan and Rishi, they are doing the day-to-day job, they are the day-to-day bosses.

Moderator: I now invite Mr. Manjeet Singh to unmute his audio and video and please proceed with his question.

Mr. Manjeet Singh: Mr. Kajaria, Chairman, Director or my co-shareholder and your secretarial department and your employees who are working in any of the plants, good evening to all of you and I pray that everybody be healthy. We are overcoming from COVID and are on vaccination on large scale, like Chairman said that vaccination is being done in India and to get rescued from the third wave this was the only solution. Sir, our Company is there since three decades in tiles business and are the largest manufacturers of ceramic and vitrified tiles. I would like to congratulate you for this. And time to time the awards which the Company is getting even for that I congratulate them. Kajaria winner of Super Brand award 12 times in row, I congratulate you for this. Mr. Chairman is there any buyback offer so that the promoters of the Company can increase their holdings. If possible kindly think over this matter it will be a good thing. So, wherever our plant is there, water harvest system be implemented, what is the position of the plant in water harvest system, please tell us about this. Have we shifted to solar energy in some plants, in renewable energy. In place of electric have we shifted to solar energy, please tell us about this also. In winter times there will be some matter of pollution, so in our Company wherever the plant is there have we put any pollution para meter so that we will not have any problem and that nothing will come on the Company. Already our brand ambassador, company's advertisement is doing very well and the way the youth is increasing in India, in Tokyo Olympics our country's Sportsman have brought very good medal and they are preparing for 2024 Olympics, will our Company also sponsor a sportsman for preparation of 2024 Olympics, so that if he gets a medal, with Mr. Akshay Kumar, the medal winner may also play the role of brand ambassador with him. It will be very good and the secretarial department which has done so much of hard work and we are able to connect with you, we like very much and in the month of September, flood type has come where in many states you have opened your showroom. I was seeing now that in West Bengal also, you were the representative there, and you had the inaguration done by Mr Mukherjee. In UP also you have inagurated two showrooms, this shows that how the Company wishes to bring its product to the customer. I would like to thank the secretarial department again, where even a small shareholder is getting connected. Thank you.

Mr. Ashok Kajaria: Manjeet Ji, you had asked 3-4 questions and I would like to answer. One you said about water harvesting, we have water harvesting in all our plants. Now if you know now in India there is strictness in water and groundwater is the toughest thing right now. So, everywhere we have put, where the groundwater is being conserved that is number one, number two, we do not throw single ounce of water from any plant whatsoever anywhere, we are using 100% water. Third point on electricity. We have installed solar in all the three plants in Gailpur, Malootana and Sikanderabad, that cannot make full requirement because solar is a limited thing. We conserve less of electricity in our plants, the usage of gas is more, firing and tiles is by gas, which is a clean energy, solar clean energy. So, these are some of the areas just for information that we are gas dependent may and gas is one of the cleanest fluent today and the solar energy we are using on rooftops in all the three plants. So, that's what we have done. We will think about buyback, in place of that we have given you a hefty dividend, we have given 40% to 50% of our profits which is a very positive thing, because instead of keeping money at the bank at 4-4.5%, we

shared some money to the shareholders and I think people have liked it and people have appreciated because there is enough cash flow, what do we do with that in today's circumstances thank you.

Moderator: Thank you. I now invite Mr. Pradeep Sood to unmute his audio and video and proceed with his question.

Mr. Pradeep Sood: Thank you very much. I thank all the Board of Directors and I am thankful for providing me an opportunity to provide time to talk. Chairman Sir you have been working with so much of dedication and devotion since so many years, and you have given the share prices new heights, and giving very good dividends and you have given us very good returns and will continue to do so. Chairman Sir in coming times we are sure that the share prices will reach newer heights and able to get very good dividends and very good returns. We are sure of this and we are having full trust. Our secretarial department, our Company secretary in charge Mr. Rawat and his full team, I am thankful to them for helping to come till this platform. I wish Chairman said that next time you will meet again with very good results with good dividend and with good returns. Thank you. Again, I will thank the secretarial department Mr. Rawat, Mr. Sachin and his team, without whom we will not be able to connect with you. Thank you sir, thank you very much.

Mr. Ashok Kajaria: Thank you Pradeep Ji. I will now move onto the e-voting at the AGM. I hope that the members have cast their votes suitably. However, the members who have not yet cast their votes may cast their votes now. The e-voting process will remain open for another 30 minutes from now. The combined results of the remote e-voting and the e-voting of the AGM will be announced on the receipt of the report of the scrutinizer, not later than two working days of conclusion of the AGM and the same will be submitted to the stock exchanges, i.e., BSE and NSE and will also be available on the website of the Company and NSDL.

With this I like to take an opportunity to thank all of you have supported us during this virtual meeting, specially entire Board who is there and participated in the best possible manner. I hereby declare the AGM closed. Thank you very much.