

**76th AGM Transcript
Kokuyo Camlin Limited**

DATE : **FRIDAY, 28TH JULY, 2023**

TIME : **11:00 A.M.**

VENUE : **Via Video Conferencing / Other Audio-Visual Means**

This transcript contains minor modifications from the original for accuracy or clarification, none of which change the substance of the original.

Chairman : Good morning everyone, ladies & gentlemen,

On behalf of the Board of Directors, I, Dilip Dandekar, Chairman and Non-Executive Director of Kokuyo Camlin Limited extend a cordial welcome to you at the 76th Annual General Meeting ("AGM") of your Company.

As per the requirements of Companies Act, 2013, sufficient quorum is present, I, thereby declare that the meeting has been properly convened and duly constituted. The necessary records are kept available for inspection by the members.

It is my pleasure to introduce you to all the Board Members and senior management of your Company.

- Mr. Masaharu Inoue, Senior Vice Chairman and Non-Executive Director
- Mr. Shiram Dandekar, Vice Chairman and Executive Director, and Chairman of Risk management Committee
- Mr. Shishir Desai, Independent Director, Chairman of Audit Committee, Remuneration & Nomination Committee and Stakeholders Relationship Committee
- Mr. V Sriram, Independent Director
- Ms. Nandini Chopra, Independent Director, and Chairperson of CSR Committee
- Mr. Satish Veerappa, Chief Executive Officer
- Mr. Chetan Badal, Chief Financial Officer and
- Mr. Vipul Bhoj, Assistant Company Secretary

In addition, we have Mr. Vijay Mathur and Mr. Burjis Pardiwala, Partners of BSR & Co. LLP, Statutory Auditors and Mr. Jayant Ranade from JHR &

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Associates, Secretarial Auditor and also the Scrutinizer for this meeting.

Dear Shareholders, it gives me immense pleasure to present the annual performance of Kokuyo Camlin Limited for FY 2022-23. I would like to thank all of you for the honour that has been bestowed upon the Company. We are committed to fulfilling your expectations to the best of our abilities.

FY 2022-23 was a challenging year, marked by various factors such as the global battle against inflation, Russia's conflict in Ukraine and the resurgence of COVID-19 in China. Despite these challenges, our accomplishments and advancements have been truly remarkable, as we demonstrated a strong performance.

It all started from the year 2020, when everything changed dramatically with the arrival of the Covid-19 pandemic. Lockdowns were enforced worldwide, resulting in the closure of various establishments, including schools and offices. The education and work sectors play a pivotal role as primary revenue drivers for us and the overall stationery industry at large. Consequently, the stationery industry had to embrace the emerging trends like innovation and digitalization.

In order to restore sales to pre-covid levels, we recognized the need for a shift in our mindset and target audience. We strategically boosted our fine art category, as people found more time for recreational activities at home. Additionally, we observed a surge in the usage of markers and specific office products within logistics and hospital laboratories, which experienced substantial growth during the pandemic. We continually sought innovative ways to reach our customers and enhance their user experience. By proactively adapting to these changes, we aimed to stay relevant and meet the evolving needs of our customers.

As we entered 2022, the challenges posed by the pandemic began to subside, and social activities gradually resumed. We noticed that the school

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stationery category bounced back and continued to remain strong, while non-school category experienced a correction but are now growing steadily. The stationery industry's resilience shines through, poised to seize opportunities by embracing digitalization, innovation, customer-centric products, and promoting sustainability for future growth and evolution.

As a leading player in the stationery industry, we at Kokuyo Camlin, adapt to changing dynamics, delivering exceptional products, fostering stakeholder value, and driving our Company forward with profitability and sustainability.

In terms of operational performance for the fiscal year 2022-23, the Company delivered a revenue of 774.94 Crores, a 52.41% growth over the previous year. Profit after tax was 24.45 Crores against a loss of 4.73 Crores in the previous year. There was a healthy growth in EPS of 2.44 as against minus 0.47 in the previous year. Considering this excellent performance, a dividend of Rs.0.50 per equity share (50%) has been recommended and will be paid subject to your approval at this AGM.

At Kokuyo Camlin, consumer-centricity drives our operations. With the digital landscape evolving and connectivity increasing, consumer expectations have transformed. Through digital platforms, we gain insights into their preferences, optimizing our product portfolio and enhancing user experience. By revamping our website, redesigning packaging, engaging on social media, and running effective campaigns, we ensure our products align with customers' preferences. We foster innovation, maintain quality, and optimize costs to remain relevant today and in the future.

Through initiatives focused on our people, our mantra is 'doing great by doing good for them'. We ensured to engage with our employees through team building and team spirit activities that helped them gain recognition. We believe in identifying and developing internal talent for future opportunities. We have always given priority to our employees and have supported them with opportunities matching

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their aspirations. Success stories of our employees at Kokuyo Camlin is a testimony of “Employee First”.

In addition to supporting our employees, we dedicatedly empowered young talented artists who often struggle to find opportunities in the industry through Camel Art Foundation, National Art Camp and National Art Exhibition.

We will uphold our corporate philosophy to consistently deliver profitable and sustainable growth. Our customers remain a top priority and we will meet their needs with innovative solutions and exceptional user experience.

I take this opportunity to thank all my colleagues on the Board for their continued support and guidance. I would like to express my sincere appreciation to Kokuyo Co. Ltd. for their continued co-operation and support. I take this opportunity to express our gratitude to various officials of State and Central Government departments, our bankers Mizuho Bank, MUFG Ltd, Sumitomo Mitsui Banking Corporation and HDFC Bank Ltd for their ongoing support and assistance. We remain indebted to all our stakeholders, employees, customers, consultants, contractors and vendors for their continued trust and faith in the Company.

Thank you very much.

This 76th AGM is being conducted in the manner laid down in the circulars issued by the Ministry of Corporate Affairs, applicable provisions of the Companies Act, 2013 and SEBI Listing Regulations prescribing the procedures and manner of conducting general meetings through VC/ OAVM. The proceedings of this meeting are being web-casted live for all the shareholders as per the details provided in the Notice to the AGM. The proceedings of this meeting are being recorded.

The Notice convening this 76th AGM and the Annual Report for the year ended 31st March, 2023 along with the Directors' Report and the Audited Financial Statements of the Company have been circulated to all of you. The Audit Report issued by the Statutory

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Auditors on the audited financial statements does not contain any qualification. I now request your kind permission to take these documents as read.

The requirements of sending a physical copy of the Notice of the 76th AGM and the Annual Report for the year ended 31st March, 2023 to the Members have been dispensed with pursuant to the relevant circulars issued by the Ministry of Corporate Affairs.

As you are aware, the Company has provided to all the shareholders, the facility of e-voting and the e-voting was open between Tuesday, 25th July, 2023 (9:00 am) to Thursday, 27th July, 2023 (5:00 pm). Mr. Jayant Ranade, Practicing Company Secretary of M/s. JHR & Associates has been appointed as Scrutinizer to carry out the entire exercise of e-voting.

The Company is providing the facility to electronically cast the votes during this AGM for those shareholders who could not exercise their votes during the e-voting period. As per the provisions of the Companies Act, 2013, there will be no show of hands for the proposed resolutions.

I will now read the resolutions set out in the Notice of the 76th AGM and then take questions from the shareholders who have registered themselves as speakers during the registration period kept open by the Company.

I move to the 1st resolution. Ordinary business,

ORDINARY RESOLUTION NO. 1:

To receive, consider and adopt the audited financial statements for the financial year ended 31st March, 2023 and the Reports of the Directors and Auditors thereon.

RESOLUTION NO. 2:

To declare dividend of Rs.0.50 per equity share of Rs.1/- each (50%) for the financial year ended 31st March, 2023.

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Resolution no. 03, since I am interested, I request Mr. Shishir Desai to chair and read the resolution.

Shishir Desai

: **RESOLUTION NO. 3:**

To appoint a Director in place of Mr. Dilip D. Dandekar (DIN: 00846901), who retires by rotation and being eligible offers himself for re-appointment.

I request Mr. Dilip Dandekar to take the chair and continue the further proceedings of the meeting.

Chairman

: Thank you very much.

RESOLUTION NO. 4:

To appoint Mr. Masaharu Inoue (DIN: 10154904) as a Non-Executive Director of the Company.

Inoue San is here. On behalf of shareholders and on behalf of Board of Directors, I am happy to welcome you on the Board of Kokuyo Camlin and with your vast experience, it will be a great help to our Indian operations. So, we look forward to all your support and guidance. Now for the next resolution, I request Shishir san to take chair.

Shishir Desai

: **SPECIAL RESOLUTION NO. 5:**

To approve the payment of Remuneration by way of perquisites to Mr. Dilip Dandekar (DIN:00846901), Chairman & Non-Executive Director.

I request Dilip san to take the chair and continue the further proceedings of the meeting.

Chairman

: Since we have read all the resolutions and the other voting process already explained to all the members, I request Assistant Company Secretary to share a few guidelines for question and answer session. Over to Vipul.

Vipul Bhoy

: Thank you, Chairman Sir, today we have 17 Speaker shareholders who have registered for the AGM. In order to conduct this question answer session smoothly, I will be reading out name of the shareholders. This session will be anchored by me. I

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will call out the pre-registered shareholders one by one. Members are requested to unmute their microphone before speaking and also enable webcam if they wish to appear on the video. Members are also requested to mention their names and introduce themselves before raising their question. Members are requested to restrict their questions to 3 minutes so that all the speakers may get an opportunity to share their views. It may be noted that the Company reserve the rights to limit the numbers of members asking questions depending upon availability of time for this AGM. I am now commencing the question answer session. I will take the name of the 1st shareholder. After the 1st shareholder completes his/her questions, I will read the name of 2nd shareholder, who will come on screen. I once again request all the shareholders to be very precise with the questions and observations and avoid duplication in questions and observations already mentioned. Answers to the questions raised by the shareholders will be provided once all the speaker shareholders have completed their questions. Let's start with the question answer session.

Our 1st speaker shareholder is Mr. Bimal Kumar Agrawal. Mr. Agrawal, you can unmute your microphone and speak.

Bimal Kumar Agrawal : Hello, can you hear me?

Vipul Bhoy : Yes.

Bimal Kumar Agrawal : Good morning to everyone. First of all, I thank the Company Secretary and team, management, and the staff of Kokuyo Camlin and the shareholders. As already my question was answered in the opening remark, I don't have any question to ask now, Because it was already answered. Only, I want to ask, what is the land bank we got? That's all from me. Thank you. Always keep video conference (VC) meeting. That's all from me. Thank you very much.

Vipul Bhoy : Thank you so much Sir. Our next speaker shareholder is Mr. Rishikesh Chopra. He is not present. Next, we have Mr. Yusuf Rangwala. Mr. Rangwala, you can unmute yourself and speak.

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- Yusuf Rangwala** : Good morning Sir, Dandekar Sir, can you hear me? Pranam Namaskar. Vipul Bhai, how are you? Can you hear me?
- Chairman** : Yes.
- Yusuf Rangwala** : Chairman Sir, last year was 75th year. Sir, I was thinking we will get a chance to visit the factory, we will get gift products. But we didn't get anything. Sir, you did not celebrate your 75th year. We request you to keep a small get together after Diwali. I request you to arrange a factory visit and provide us with the gift products. How is your health Sir? How is your brother? Are all family members fine? Give me a minute Sir, I want to start my video and see you. Namaste Sir.
- Chairman** : Thank you.
- Yusuf Rangwala** : [Unclear audio]. Thank you very much Sir.
- Chairman** : Thank you.
- Vipul Bhoy** : Thank you, Mr. Rangwala. Next speaker shareholder is Mr. Anil Parikh. Since he has not joined, we will move to the next shareholder, Ms. Vasudha Dakhawe. Ms. Dakhawe, you can unmute yourself.
- Vasudha Dakhawe** : Can you hear me Sir?
- Vipul Bhoy** : Yes.
- Vasudha Dakhawe** : Thank you so much Sir for giving me the opportunity to speak. Respected Chairman Sir, Board of Directors, and my fellow shareholders. Myself, Vasudha from Thane. I would like to congratulate our Company Secretary team for sending me the soft copy of the Report well in advance. [Unclear audio]. I would like to ask, what is our next 2-3 years capex plan? Secondly, I would like to ask what is our attrition rate? With this, I support all the resolutions. Thank you very much and wish the Company all the very best for coming financial years and my best wishes for all the coming festivals in the month of Shraavan and Bhadrapada. Thank you very much Sir.
- Vipul Bhoy** : Thank you, Ma'am. We will move to our next speaker shareholder, Mr. Satish Shah. He has not joined. We

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will move to our next speaker shareholder, Ms. Prakashini Shenoy.

- Prakashini Shenoy** : Hello, can you hear me? Vipul ji, can you hear me?
- Vipul Bhoy** : Yes Ma'am. Go ahead.
- Prakashini Shenoy** : I am Prakashini Ganesha Shenoy from Bombay. Respected Hon'ble Chairman, Shri Dilip Dandekarji, other dignitaries on the Board and my fellow Shareholders, Good morning to all of you.

I received the Annual Report well in time, which is informative, transparent and contains all the information as per Corporate Governance. I thank Mr. Vipul and his team for the same. I should not forget to thank him once again for giving me an opportunity to speak. Thank you Vipulji once again. The Chairman has given a beautiful picture regarding the Company and its working etc. It was nice to hear the Chairman in the speech after a long time. Sir, I have a few questions. My first question is, what results can be expected for the next quarter? my next question is what is the strength of the Company and what is the percentage of women working in the Company? With rising prices of raw materials, what impact it would have on our profitability? Who are our competitors? How are we planning to increase the revenue? My last question is, what new innovations and products developed in our R&D in the current year? Sir, last but not the least, I wholeheartedly request Chairman, Shri. Dandekar ji to please continue with VC so that people all over will have an opportunity to express their views. I wish the Company good luck for bright future and pray God that the profit of the Company shall reach the peak in due course. Sir, I strongly and wholeheartedly support all the resolutions put forth in today's meeting. Thank you, Chairman Sir.

- Chairman** : Thank you.
- Vipul Bhoy** : Thank you, Ma'am. We will move to our next speaker shareholder, Mr. K. Bharatraj.
- K. Bharatraj** : Hello, very good morning Chairman ji and entire Board of Directors. I am K. Bharatraj calling from

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Hyderabad. Sir wonderful performance, we are celebrating platinum jubilee, I am very proud. As a child, my life has started with the Camlin only Sir. This may be 5th or 6th generation that know the brand of Camlin. I am very proud. Today, also, you are meeting the same standard. The quality wise or the product wise, the Camlin is the best product, and it will attract the children. They are first attracted to the Camlin brand. This is how the brand has been created. Subhashji, congratulations to you. In this platinum jubilee, you had not given special dividend or Bonus. Sir, something you compliment to the Shareholders. Send me some gifts so that we can take our product, Sir. [Unclear audio]. Best wishes to you, God bless you and thank you very much.

Vipul Bhoy : Thank you so much. We will move to our next speaker, Mr. Lokesh Gupta.

Lokesh Gupta : Sir, can you hear me?

Vipul Bhoy : Yes Sir.

Lokesh Gupta : Chairman Sir, I am Lokesh Gupta. You briefed everything about the Company in your speech. I don't have anything to ask. Sir, we have a theme of 'customer first' due to which we could come such a long way and this successful journey shall continue under your able leadership. Our products are used by Kids as well as professionals. This is because of the quality that we are maintaining.

Sir, you are requested to guide us on the next financial year and also on the new products which are in the pipeline, if any.

I also thank the secretarial department who has provided me an opportunity to connect with you. Sir, I have joined this meeting from Delhi on this platform and I hope we shall continue using this platform so that investors from PAN India can connect with you.
Thank you.

Vipul Bhoy : Thank you so much Sir. We will move to our next speaker shareholder, Mr. Amit Doshi.

Amit Doshi : Hello, am I audible?

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Vipul Bhoy

: Yes Sir, please go ahead.

Amit Doshi

: Thank you. Sir, allow me some time, because I have a slightly more numbers of questions. We get an opportunity to meet only once. So, I might take slightly more time. Sir, If you can share, in terms of revenue growth of FY23, in term of volume and price growth and also, we want to know whether it is more to do with stationery segment or fine art segment, where we have done better? Because what we have noticed, we have been struggling to grow revenue for quite some time and this year, we happened to broken down quarterly limit of 170 to 180 cr. So, what is there? Is there any change or any structural shift owing to some import ban, some unorganized players moving out in the industry? What is the change that this year we have been able to break that barrier and we are able to come to this kind of performance, which is obviously very good. So, if you can give art and stationery segment breakup and volume, price growth and is there a structural shift so like FY23, should we consider as one of years where that COVID spurt which did not, you know, the earlier two years were bad, so is there a spurt in demand coming in FY23, if you can clarify that?

So, the second point related to our plant. We have three plants. What is capacity utilization at each plant and if operated at full capacity, what could be revenue potential. So, for patalganga especially, if you can give comparison for FY22 and FY23, so it allows us to understand as to where we are heading in terms of volume growth. Sir, 4th question related to traded goods. So, what percentage of goods are traded goods and whom do we source this from? is this sourced from our parent Japanese Company, Kokuyo? or is it some locally sourced products? So, if you can clarify on traded goods. And as far as Kokuyo group is concerned, how important we are for them? I am just trying to understand, that after Kokuyo being our parent Company, what kind of new products that we have got from there, any sort of R&D contribution from their side, new product etc. If you can share any thoughts on that side. Sir, can you also share some details about our distribution network? Have we been able to appoint some more

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distributors, go to some more regions where we were not present in FY21 & 22 and now we have been able to or we have some sort of change in strategy for FY24? So, if you can slightly elaborate on distribution strategy and Sir just wanted to understand in terms of our peers, there are these strong players like DOMS and others who are there in the market. So, how are we trying to compete with them in terms of strategy or thought process? Now, coming to financials, in terms of margin, gross margin, if you look at our FY18-20 Margins, our gross margin was in the range of 39 to 41%. now it is slightly reduced to 36-37%. So, with this reduction in commodity prices, which is probably coming up now, do we see, we are going back to older days where our gross margin would be in the range of 39-41% and when will that likely happen if that happens. In terms of our Ad spend, in FY16, we spent around 30 cr. of Ad spend, which was 5% and now it was reduced in FY20 to 2 to 2-5% and FY23, obviously because of higher sale, percentage reduced to 1.5. So, can you also explain in terms of what would be our Ad spend strategy or what kind of amount that we are going to allocate on Ad spend on an ongoing basis. In terms of our working capital Sir, there is significant improvement in the balance sheet. I would want to appreciate Mr. Veerappa, or the entire management team to improve our Balance Sheet, whether its working capital days, whether its debt which has been significantly reduced. So, what is the reason for the working capital days which were 110, 108, 100 plus days and now it has come down to 70 days and whether this number is sustainable or again it was like one of for last year. In terms of our capex plan, do we have any capex plans? Because our long-term debts are significantly reduced as I just mentioned. We will generate a good amount of cash. How do we plan to deploy? One thing I have to appreciate, though initial instruction was not to repeat point and observation, but announcement of dividend is absolutely appreciable step we really thank management and Board for taking the decision. In terms of our art segment, what kind of focus do we have in that segment? How we are growing on that side and what peers or what kind of competition that we face in art segment. Stationery segment, there are some listed players with whom we can compare

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with, but on the art segment, we are not sure. So, if you can throw some light on the art business as well. Because that is something we keep on noticing on website, social media platform that we are launching new campaign and some new products etc. So, some strategy around that. What would be our market share in the stationery segment as well as the art segment in terms of our market share. In stationery, we are there in pen, rubber, or typical school stationery. So, we are not present in the pen segment, which is equally sizably good market, growing market and probably margin also well in market. So, if you can just share your thoughts on that. I think, I am done with almost all. and if you can just share margin like stationery business margins, how are they and our fine art segment margin. So, we will get to understand in which direction the Company is moving, high margin business, high volume game. So, just wanted to understand that part. There were a lot of questions, if you want, in between you can do one on one. But yeah, that's all from my side. Thank you so much.

Vipul Bhoy : Thank you so much Mr. Doshi. We will move to our next speaker shareholder Equity Intelligence.

Anoop Nambiath : Hello, am I audible?

Vipul Bhoy : Yes Sir.

Anoop Nambiath : Hi, this is Anoop Nambiath – speaking on behalf of Equity Intelligence. Respected Chairman Sir, Board Members and top management, thanks a lot for giving us this opportunity, first of all, congratulations for a great set of numbers last year, we probably have recorded the highest ever revenue with very good bottom line as well. Sir, first of all, it is a suggestion from our side. It will be great if you can start conducting half yearly concall with investors so that we have better interactive session with the CEO, CFO for detailed understanding of the business. Most of the questions have been already asked by my fellow shareholder Amit Doshi in a very detailed and comprehensive manner. However [Unclear audio], let me ask a few things. Sir, it would be great if you can elaborate on a competitive scenario in the business. We see a plethora of brands both local and imported in the segment. Under such highly

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competitive environment, what would be our strategy to differentiate? Secondly, on the capacity front, what is our current capacity utilization? Is there any planned capacity expansion in the pipeline? Also, with a strong Parentage like that of Kokuyo, what is the export potential for our company? Can we make in India for Kokuyo's international business, is that a possibility that the Board has evaluated? Finally, we see kokuyo notebook widely in the market, some limited range of notebook with Camlin cobranding as well. So, has the brand considered any potential merger with Kokuyo's unlisted notebook business in India? Is there enough synergies merging these two entities and leveraging the mutual strengths under a single organization? Is there any possibility? That is pretty much from me. I hope you will consider the request for concall proactively. Thank you, wish you all the best.

Vipul Bhoy : Thank you so much Sir. We will move to our next speaker shareholder, Mr. Rajendra seth, He is not there I guess.

Rajendra Seth : Hello, hello.

Vipul Bhoy : Okay. Yes Sir, we can hear you. Go ahead.

Rajendra Seth : Chairman Sir, management team and my fellow shareholders, I am Rajendra Seth. I think we are 3rd or 4th generation, who are using Camlin products. I Just want to tell you that it would be great if the distribution improves in rural areas. Chairman Sir has made a good presentation, Thank you Sir. I also want to thank our Company Secretary Vipul ji, who has sent us the notice on time with details. Camlin is a really good Company. What can we do to grow? Rest, Company is working fine. I support all the resolutions and also my best wishes to the Company. Before I end, I want to say one Shloka:

Yaa Devi Sarva-Bhutessu Kshaanti-Ruupenna
Samsthitaa |
Namastasyai Namastasyai Namastasyai Namostasyai
Namah ||

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I pray to God that our Company make progress day by day. Thank you for giving me an opportunity to speak.

Vipul Bhoy : Thank you so much Sir. We'll go to our next speaker shareholder, Mr. Parimal Mithani.

Parimal Mithani : Hello, can you hear me? Hello.

Vipul Bhoy : Yes Sir. We can hear you.

Parimal Mithani : Thank you for the opportunity. First of all, congratulations for good set of numbers, coming to the dividend paying list after a gap of 12 years. Sir, I just wanted to know, under the management discussion, page 43, you have mentioned the opportunity size in terms of paper and non-paper. Can you elaborate in terms of what is the size for Kokuyo camlin in India because it is the first time, you have given the number in management and discussion analysis. Second thing Sir, on page 46, under business volatility, you have mentioned, earlier you were concentrating on school kids, now you have diversifying into artists, hobbyists, and all that. If you can quantify that details for us, it will be much better in terms of what is its share now and verses 3 years back, into percentage of sales also is fine. So, I just wanted to know, since the time, the Kokuyo has taken over the Company, what are the products that we have introduced in the Indian market over the last 10 odd years, if you can elaborate on them or any technical know-how that they will be able to help us going forward. Sir, we made a Patalganga plant for rights issue in 2013 of 110 cr. We had a very promising thing in terms going ahead in terms of revenue and all that. But more or less we have been in the brand of 600 to 800 cr. over a period of time and opportunity that we have seen is not materialized over last 11 years and how do you see it going forward. What is Patalganga capacity currently running at? Sir, also in terms of synergies, in terms of moving all our operations to Patalganga, have the synergies been realized because we don't see in terms of numbers. If I go to see the employee base in 2013 and now is almost the same. There is hardly any reduction by the nature of the business that requires such amount of employees that we have to keep. Secondly, is the

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utilization of Patalganga, I think we were talking about Phase 2 at some point of time. Can it be done now? Are you looking to do any capex on it? What is the capacity utilization of the plant if you can elaborate on that? And if you can just throw, how do you see going us forward. We had two bad years, I understand that but in terms of the capex you have done close to 110 Cr. The reward to long-term shareholders has not been up to the mark. How do you see it going forward. Is there a change in terms of business post covid, if you can elaborate more and secondly, I would like to know what's the Parent Company Kokuyo thinks about this business. Thank you, Sir, for the opportunity.

Vipul Bhoy : Thank you, Sir, we will go to our next speaker shareholder Mr. Rohit Suresh.

Rohit Suresh : Hello, am I audible?

Vipul Bhoy : Yes Sir. We can hear you.

Rohit Suresh : Yeah. Thank you for the opportunity. Most of my questions were asked by my fellow speaker shareholders. A couple of more questions. One that in your remarks earlier, you mentioned that the majority of revenue, growth came from the school segment. I just want to know, do you still feel that there is considerable growth in that segment and how do you see that going forward in the next couple of years? And secondly, what is the current asset turnover and at what asset turnover can be sufficient for next couple of years? And finally which segment do you actually expect to grow fastest in the next couple of years. What strategic initiatives are we taking to increase our market share in the domestic market and the potential that we have in the export market as well. That's it from my side. Thank you.

Vipul Bhoy : Thank you Sir. Next speaker shareholder is Mr. Anil Mehta. Mr. Mehta, you can unmute yourself and speak.

Anil Mehta : [Unclear audio]

Vipul Bhoy : Sir, we are not able to hear you.

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- Anil Mehta** : Hello.
- Vipul Bhoy** : Yes Sir, go ahead. I think there are some technical glitches due to which we are not able to connect Mr. Mehta. Chairman Sir, with this, we have completed all the speaker shareholder. We can move with the further proceedings.
- Chairman** : Thank you very much to all the speaker shareholders. Mr. Satish Veerappa, CEO and Mr. Chetan Badal, CFO, I request both of them to answer on behalf of the Company.
- Satish Veerappa, CEO** : Thank you, Dilip San and good morning to all our Shareholders. Since there been a sequence of the questions which have been asked by the different Shareholders, just give us a minute to organize this so that we can respond to all of them in a fair manner. I just have a word with my colleague and then get back with all the responses.

So, as we take a note of all the questions, I think fundamentally, if we try to bucket all these questions and if we start grouping them together, It actually centered around what is the direction, the Company is likely to take in the near future which is essentially about what is the strategy and how are we planning to execute its strategy. I think we will take that as one set of questions which are falling in to that space and there are some specific questions about what is been our volume value performance, how was it panned out in the previous FY, we will try to give some perspective on that and there are some operationally centered questions around plant capacity utilization and what are our future capex needs and what kind of capex investment we are looking at. We will try and touch upon it, but I'll lay out some principles, basis of which will respond to some of these questions. And there were I think some questions on how the synergy between Kokuyo and Camlin and what's currently happening and what's the future opportunity in the synergy. We will try and talk about that, and I think questions around segment wise growth and where do we see different segments and how do we see different segments panning out and what is our specific strategy for each of these segments. We will try to respond but we will see how

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specific we can get into the context of today's meeting. I think there are some questions centered around how did we manage the volatility in input prices over the last one year and what's going to happen in near future in terms of input cost reduction and how's that going to impact margin. We will see that what it is that we can talk about in today's meeting.

Broadly, I think we try to focus our responses on these transactions. So, coming back and if there is something that I missed out, I will try to pick it up as we continue with this meeting. So, coming back to the questions, what is the strategic intent and what is the strategic direction, I think the strategic intent of the company is to grow the business in a sustainable and profitable manner. I think both the words are important and I want all our shareholders to take note of that and we believe that if the Company was to demonstrate this, quarter on quarter and year on year and that will create highest return and highest value for all our shareholders. We will be focused on this journey of creating sustainable and profitable growth. Now, specifically, if you look at the Kokuyo Camlin business, I think we are a business which is equally divided between art and stationery. At a very micro level, I think our contribution to revenue from both these category is almost equal size. And we have interest to grow each of the categories in near future. I think we have done a detailed analysis of what is our portfolio and how our portfolio needs to be steered in the future and there are specific segments within that portfolio where we will be increasing our intensity and all of this action will be guided by the principles which the Chairman had laid out in his opening remarks which will be guided by what do we see, how consumer's aspiration and consumer's needs are evolving. So, building capabilities in understanding and responding to Consumers needs and organizing ourselves to be in the best position to offer the highest value to our customers will be the linchpin on which whatever work that we do in whichever segment will be guided by. Now in art material we cater to the entire spectrum. If there is a confusion that we are only a school child focused organization or we are focused only on school colours, that's not the case. I think we

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operate the entire spectrum of users starting from school children and going up to artists and also in between I think there is an emerging segment of hobbyists.

Our intent to grow all categories driven by insights and driven by our own internal capabilities and know-how and that's where our foray and focus will be in the next few quarters. In stationery, we have lot of categories in stationery and we will focus on those categories where I believe that we are able to bring our core capabilities into play and I think some of these core capabilities we have harvested over the last so many decades. So, we have taken a note of our unique strengths. We will be leveraging that. We will be putting that into meaningful pursuits, again guided by what the consumer wants and how the consumer landscapes are evolving. We will try to grow various segments within our portfolio and there is no segment that we are ignoring and that is another message I would like to give to all our shareholders that's a little perspective on strategy and the segment focus that we are currently pursuing. On volume and value specific to last year, I think we are very conscious of, especially in inflationary time as a management group, we have been extremely conscious of what our value performance been especially, in some of our critical categories and critical SKUs. And I can say this very confidently today that we have delivered what I think have been post pandemic levels as far as volume performance is concerned in all our core categories. In fact, in few of the core categories and core SKUs, we might have delivered better than our pre pandemic levels of volume growth. So, that's the overarching perspective. So, we are committed to volume growth because we all believe internally that's the real growth that the company needs to be looking at, especially if you are doubling down on consumer centricity as your linchpin for future growth. With that let me see, I think there were lot of questions about distribution, sorry I missed out that earlier. I think our intent is to keep building our distribution muscle year on year and what does building muscle look like, I think we will create a lot of discipline and the focus in the way we run our distribution system. Be it in terms of how we manage our sales routines, the rigor in

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which we implement each and every task that needs to be done effectively on a day to day basis. The distribution is critical thrust engine for future growth of the business. So we will continuously make efforts and we will make investments in enhancing our distribution capabilities going forward. Now, let me just try to club the questions which are most centered around factory and factory operations. I think on utilization, I would not like to go back to revenue. I think there was a question on what are the future revenues. I think we will not, I mean our policy has been not to give any guidance on revenues. I think, I have given you a sense of what our strategic intent and strategic direction is. With that, on capacity utilization, I think our installed capacity is good enough to take care of current and future growths and wherever there is a need, I think, we will not hesitate in making the required capex investment. Capex investments, please understand in our environment is a very dynamic process. The priorities, there are emerging priorities and there are priorities which are kind of a spillover of which has happened in the previous years. We will have to make a very judicious choice of where we invest money and I think we have a very simple approach which we use in the management process here which will guide the capex investment. Be re-assured on the fact that we will invest where we believe that we can intervene and create growth for our consumers and of course to our shareholders. On competition, I can't speak for competition. I think our strategy will obviously encompass what is happening in the competitive landscape and to be effective as a firm, we have to be effective in ways we respond to all kinds of competitive intensities across categories so we are abreast of it and I think we will do what is needed to meet all the competitive challenges that are there in the environment. Last thing that I will try and talk about is on working capital. I think one of the concerns, if it is one of things or it is a sustainable thing, I think if we are on a journey of sustainable and profitable growth, all the changes that we are making also have to be sustainable. Our intent is to make sure that our working capital, the discipline remains where it is, I mean remains at what it was demonstrated in the previous years and if need be, we will also continue and see how that can be

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enhanced further. Now, what has changed that I will save the details for today's meeting, but we are sensitive to how our working capital needs keep evolving within the business and we have a framework through which we manage our working capital needs for the business. I guess, that's pretty much. One last question on how we will manage volatility and what will happen to volatility. I can't comment on what will happen to the future of volatility, whether input cost corrections will happen, is that correction going to be enduring and stuff like that. I'll kind of stay off any speculation on input prices but we have created a system within the company where we are constantly tracking how our input costs are impacting our margins and where required, I think we are intervening and taking decisive actions be it on how we manage our discounts or how we manage our pricing because obviously, we can't keep passing on the burden of everything to the consumer. I think we are conscious of that. So, we are looking at ways and means to see how cost can be controlled within the Company and I think there has to be some passing where things become little inevitable in our operations. So, we are abreast of that. With all the difficulties if you see, I think, we have been able to manage better ratios on our profitability despite a very adverse environment and we will continue to do what we did last year in the way we manage our margins going forward. That's it. I think, I'll stop here. Chetan, anything you would like to address.

Chetan Badal, CFO

- : Thanks Satish. I don't think there are many questions on financials or the annual report. I think there were couple of questions. There was one on attrition rate and how many women employees we have. That has been covered in BRSR report which is part of our annual report. That data is available there. And I believe, there was one more question on what is the fixed asset turnover ratio. So, we have Rs.136 cr. of net fixed asset in our balance sheet and we have a turnover of Rs. 775 cr. That's approximately 5.75 times of our fixed asset. I think most of the other questions have been answered by Satish. So, I request Vipul to take over. Thanks.

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Vipul Bhoy : Thank you, Sir. We have completed the question answer session. I would request Chairman Sir to give the closing note.

Chairman : Once again I thank all the shareholders for the concerns that they have expressed. Whatever the answers that CEO and CFO has given, those will be debated and will make sure that action will be taken, and suggestion will be implemented by the management team. There are few questions from the Kokuyo's side so, Inoue San, since you are attending for the first time, would you be interested to say hello to shareholders?

Masaharu Inoue : (This is the translation of Japanese language to English language by Mr. Niyanta Deshpande, Translator)
(addressing in Japanese language)

Good morning, I am Inoue.

Our relationship with Kokuyo Camlin is more than 10 years where we have been preparing this foundation for the future 10 years where I feel that these are next 10 years of where the synergy between Kokuyo and kokuyo camlin will be maximized.

This is the fact that we wanted to kick start these plan actually three / four years in the past. However, we were faced with the global pandemic which has delayed our planned actions.

Kokuyo group would be working on making a global strategy with a focus on India, China and Japan. Together with the members of Kokuyo Camlin, we will be working on this global strategy and request you to kindly look forward to the fruits of the same.

In India, China and Japan, the customer segments and types of products that are desired are slightly different. So, while combining these three, we are looking forward to synergizing the strength of all three countries into strong global strategy.

Thank you.

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Chairman

: Thank you very much Inoue san for giving us the confidence and I always see from the management side the number of technical people and management people are visiting India that shows that Japan is giving lot of importance for India as well as Indian operations. Shareholders also expect that Kokuyo should concentrate more on India to see that how this business also flourishes.

Now I request the shareholders to cast their vote on all the resolutions set out in the AGM Notice. Those shareholders who have already voted through e-voting will not be eligible to vote again in the meeting but can only participate in the business of the meeting. After all the shareholders have cast their vote, the Scrutinizer will go through all the votes cast by the shareholders and the combined result of the remote e-voting and voting at the AGM will be announced on or before, 29th July, 2023. The voting results will also be forwarded to the stock exchanges and made available on the website of the Company.

Vipul Bhoy

: Thank you, Sir.

Chairman

: As the Business of the meeting is over. I formally declare the meeting as concluded. Thank you very much for your presence and support. Thank you very much.