

**73rd AGM Transcript
Kokuyo Camlin Limited**

DATE : FRIDAY, 4TH SEPTEMBER, 2020
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. I am Dilip Dandekar, Chairman of Kokuyo Camlin Limited.

Ladies & Gentlemen,

On behalf of the Board of Directors, I extend a cordial welcome to you at the 73rd Annual General Meeting ("AGM") of your Company.

I have been informed that 35 Members are present. The necessary records are available for inspection by the members.

As per the requirements of Companies Act, 2013, sufficient quorum is present and I thereby declare that the Meeting has been properly convened and duly constituted.

Before proceeding to the business as per the agenda of the meeting, I request you to take note of the postal ballot results as announced by the Company on 15th December, 2019 and 27th March, 2020. The same was intimated to the Stock Exchanges, put up on the Notice Board at the Registered Office and on the website of the Company. Members are requested to refer page no. 47 to 48 of Annual Report 2019-2020. Kindly take note of the same.

It gives me great pleasure to welcome you all to the 73rd Annual General Meeting of Kokuyo Camlin Limited.

While I certainly miss the warmth of your physical presence and the joy of seeing some familiar faces at the AGM, as we are holding this meeting on a virtual platform in view of prevailing unprecedented circumstances of COVID-19 pandemic, I am very happy to be here amongst you. I hope you and your family members are remaining healthy and staying safe.

The Annual Report for the year has already been circulated. The Directors Report and the Management Discussion and Analysis vividly covers the impact of Covid- 19 on the company and how your Company is resiliently responding to the new normal.

The Indian economy which was witnessing a slowdown for several quarters till December 2019, did show some signs of recovery during the beginning of 2020. However, the outbreak of the Covid 19 pandemic in March 2020 diminished any hopes of revival, and worse, plunged the entire globe into economic turmoil.

As I speak, the infection rate continues to rise in several parts of the country, but we are learning to live and work in the changed circumstances. The advent of a few lifesaving medicines provides welcome relief and there is hope that a vaccine will be available before the end of this calendar year. I must salute the spirit of the Government authorities, healthcare workers, police, and the general public, in fighting the pandemic. We have partially opened our offices and factories, taking all precautions and following all government regulations and permissions. It means a lot of checks and cross-checks and is not business as usual. Our suppliers are also under constraints. However, we are steadfast in ensuring that we put the safety of our workers and managers first.

The lockdown in March this year affected performance in the last quarter of the F.Y 2019-2020 and to an extent cast its impact on the results for year. Even in case of our First Quarter ending June 20 of the current financial year there was a de-growth by 65 %. Much of the crucial school season sales was washed out along with retail outlets shut under lockdown and non-essential e-commerce sales not allowed.

Given the current fluid situation, your Company implemented stringent cost control measures along with prudent capital allocation & efficient cash management. The Company is currently leveraging its existing digital assets and shall increase investments in this arena to maximise operational efficiency. Through digital drive we are enhancing our customer engagement, tightening internal financial controls, and enhancing productivity. Apart from adjusting to the new

normal and coping with intermittent lockdowns, our focus continues to be on maintaining market leadership in our chosen areas of business, by widening our product range and deepening our penetration in conventional as well as e-commerce channels to accelerate revenue generation. The whole system of going to the market and selling has been upended by the fact that inter-city travel is very difficult. But the company found an opportunity in that constraint. Our Sales force could now call a larger number of dealers than usual because they do not lose time in travel.

Your Company is also working on creating technology platform to work more effectively in the management of distribution and optimize business operation, the project will be commissioned during this year. Further in coping with the challenges posed by the pandemic, the Company has initiated various digital initiatives to help our consumers' access and buy our products in a safe and convenient manner.

As a brand leader backed by innovation and distribution strength, your Company is in an advantageous position to penetrate deeply into more households. There is bound to be a shift in channel preferences of consumers & channel mix and this churn will be the order of the future. Your Company is well equipped to reach the ultimate consumer irrespective of any change in his choice of the channel.

With the good monsoon season being witnessed, I expect economic activity to improve progressively from now on.

I take this opportunity to thank all my colleagues on the Board for their continued support and guidance. I take pleasure to welcome Mr. Yasuyuki Kanebako as Independent Director who joined the Board of Directors of your Company on 16th October 2019. I would also like to express my sincere appreciation for 'Kokuyo Co. Ltd' for their continued co-operation and efforts. I take this opportunity to express our gratitude to various officials of State and Central Government departments, our bankers Mizuho Bank, MUFG Ltd and Sumitomo Mitsui Banking Corporation for their ongoing support and assistance. We remain indebted to all our stakeholders, employees, customers, consultants, contractors and

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vendors for their continued trust and faith in the Company.

This 73rd AGM is being conducted in the manner laid down in the circulars issued by the Ministry of Corporate Affairs prescribing the procedures and manner of conducting general meetings through VC/ OAVM.

The Notice convening this 73rd AGM alongwith the Annual Report for the year ended March 31, 2020 along with the Directors' Report and the Audited Financial Statements of the Company have been circulated to you. The Audit Report issued by the Statutory 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 physical copy of the Notice of the 73rd AGM and the Annual Report for the year ended 31st March, 2020 to the Members have been dispensed with pursuant to the circular dated April 13, 2020 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 1st September, 2020 to 3rd September, 2020. 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 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.

We would now move on to the resolutions set out in the Notice of the 73rd AGM and then take questions from the shareholders who have registered themselves as speakers during the registration period kept open by the Company.

Now I will read the resolutions.

ORDINARY BUSINESS:

ORDINARY RESOLUTION NO : 1

To receive, consider and adopt the audited financial statements for the financial year ended 31st March, 2020 and the Reports of the Directors and Auditors thereon.

ORDINARY RESOLUTION NO : 2

To appoint a Director in place of Mr. Takuya Morikawa (DIN: 03599830), who retires by rotation and being eligible offers himself for re-appointment.

Now, I request the shareholders who have registered as Speakers to share their questions, if any, pertaining to the proposed resolutions.

After speaker is through with his/her questions, Company Secretary shall inform the shareholders that management will address questions it has received from the shareholders.

Now, I request Company Secretary, Mr. Ravindra Damle to monitor the proceedings.

Mr. Ravindra Damle : Good morning. We have today 9 shareholders registered to speak at today's AGM. Out of them, 4 shareholders are present now. Before I call the first speaker, I would request all the speakers to be precise and ask questions. They have been allotted three minutes of time for asking the questions. Now I call upon Ms. Prakashini Shenoy to ask the question.

Ms. Prakashini Shenoy : Respected Hon'ble Chairman, Other dignitaries on the Board and my fellow shareholders, good morning to all of you. I received the AGM through soft copy well in time through email which is colorful, transparent and contains all the information as per the corporate governance. I thank the Company Secretary and the team for the same. Sir, this is the first time, our Company is conducting video conference meeting due to Covid-19. We are living in days where everything is unpredictable including our existence. In such circumstances, running a Company like us is not a small thing. I appreciate it Sir. Sir, I have few questions. What is the roadmap for the next two years? What is the effect of Covid-19 on our

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Company and what are its challenges? What are the learnings from the lockdown and how is the Company implementing the learnings? Is there any change in our Company after the introduction of new budget in the parliament?

I wish the Company good luck for the bright future and pray to God that profit of the Company shall reach the peak in due course. Sir, I support all the resolutions put forth in today's meeting. Thank you Sir.

Chairman : Ravi, you can finish all the questions first.

Mr. Ravindra Damle : Yes. I now call upon the second speaker, Lekha Shah. It seems that she was there sometimes back but now she is not there. So, I call upon third speaker, Mr. Yusuf Rangwala.

Mr. Yusuf Rangwala : Respected Chairman, Good morning to Mr. Dilip Dandekar Sir. I am very happy to see you, Sir. You live in my heart, Sir. I am glad to see you. Mr. Ravindra Damle who has given me an opportunity, I am very happy. I left the ITC meeting when I came to know that your meeting is there. I am very close to you Sir. This is 73rd year and after 2 years, it will be 75 years. I would like to know whether we can expect dividend in this 2 years gap. The Japanese people are partners of our Company, so any new Japanese technology is being introduced in ball pens? They have very good technology. Through their knowledge, our Company will grow and the time will come where you will reward us. Sir, please take care of yourself. Are the employees and staff working from office or working from home? Any person affected due to Covid-19 in the factory? Are all factories working at present? Was it closed for 3 months? Silvasa factory which I visited last year, if the Covid-19 is over in the month of January/February, I would again like to visit Silvasa as 75 years celebration which is near by 2 years. My good wishes are there. Thanking you very much and may God bless you. Our Company with the Japanese people with us, they have very good technology. In whichever Company, Japanese people are there, the Company will grow. How is your brother Sir? Give my regards to him and the family. Any new product introduced in this year? Sir, the Camlin products are very useful, have you extended any help to the poor people in this Covid-19 from our Side, any donation is done or

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any activity to help the poor people? Nothing more to add. Thank you very much, have a good day Sir. Bye bye.

Mr. Ravindra Damle : Thank you Mr. Rangwala. Next speaker is Lekha Shah. Yes Madam you can go on.

Ms. Lekha Shah : Respected Chairman Sir, Board of Directors and my fellow members, good morning to all of you. Myself, Lekha Shah. I am very much thankful to our Company Secretary Ravindraji and his team especially Manishaji for extending very good investor services and also sending the annual report by email well in time which is full of knowledge, facts and figures in place. Due to pandemic, we all are facing crisis and have to stay at home. I am happy that the Company is doing very well in the field of CSR activities. Congratulations all for excellent work Sir. Thank you Dilip bhai for explaining us well about our Company. Sir, I would like to ask few questions. How is the Company preparing itself in post Covid world? My second question is what are the learnings from the lockdown and how is the Company implementing those learnings? My third question is how are we engaging our employees? Fourth one, what is the roadmap for next year? I wish our Company good luck for a bright future and I support all the resolutions. Thank you Sir.

Chairman : Thank you.

Mr. Ravindra Damle : Next speaker is Shrinivas Adikesar.

Mr. Shrinivas Adikesar : Hi. Good morning to you all. Thank you for giving me an opportunity to speak at the AGM. Thank you Company Secretary for taking all the initiatives during these Covid times, finance team and all operations team for your dedicated work and thank you Chairman Sir. My only one or two questions are, lower profitability as compared to previous year. Of course, the Covid has impacted at the last quarter, may be in march quarter or later part of the March. But still if you compare with the previous year, the profitability has come down much and for this quarter also, I think it is negative. What is the roadmap and any business plan in place so that latter part of the year it can be recovered going forward? That's it. Thank you.

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Chairman : Thank you.

Mr. Ravindra Damle : Next speaker is Mr. Beruz. Yes Mr. Beruz, you can speak.

Mr. Beruz Pourdehi : Respected Chairman, Mr. Dilip Dandekar and other Directors. We are very happy attending this AGM online. We are very thankful to Mr. Ravindra Damle for extending the support and co-operation. Sir, we very much miss our Chairman Emeritus, your elder brother, Subhash Dandekar. He must be busy with hospital because he is a social worker. Sir, we would like to know what are the CSR activities you are doing? Whether you are able to supply the materials to the school because many of the schools are closed and online teachings are going on. The previous speaker spoke that you are having a factory at Silvasa. I don't think you have a factory at Silvasa. You have taken us to Patalganga and Patalganga was very nice plant and before that you had a factory in Boisar where I had personally met your elder brother, Subhash Dandekar. Sir, we still remember, Subhash Dandekar used to come to the factory and he was very much involved with the production department. Marathe was in production department and you had a factory at Vasai also. Whether that factory is still there because some pencils were being manufactured at Vasai. Sir, you throw some light. Because factory at Patalganga is really nice factory and many of the products introduced by Japanese Company are really manufactured over there. Sir, we wish our Company all the very best and we support all you resolutions. We would like to see better days. Sir, I now handover the mike to my wife Homayun.

Ms. Homayun B. Pouredehi : Just a few words. We remember, we had wonderful plant visit at Patalganga. Just want to know are you still exporting to Japan? Are the schools open in Japan? Do people need your products? The products are of such high quality and such low prices, these will not be available anywhere in India, only sold by Camlin. Sir, you can throw some light on these questions. What about loss to Company on account of pandemic. Now, there are no schools, are there still demands, because though online classes are going on, they will need stationery.

Chairman : Yes, you are right. Please go ahead.

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Mr. Ravindra Damle : Ms. Pourdehi, have you finished? You are not audible. Okay. Now there are no more speakers. Out of 9, 5 have already asked the questions, we can proceed with answers.

Chairman : Dear Shareholders, I was happy to learn about your concerns for the Company. As expressed by you, despite this lockdown, somehow we are able to manage the business and keep the activities running. I will respond to some of the common questions from different shareholders. The first question was about during the lockdown, how the Company's operations are performing. As you know that on March 22nd when the lockdown was declared, in the first 2 months, everything was shut. No operations were allowed. However, after the Government gave the permission in some of the industrial areas where our two factories are located, one in Tarapur and second in Patalganga, we received the permission to partially start the manufacturing at both the plants with strict SOPs to be followed. The team at both the factories have taken all the precautions and are following all SOPs related to sanitization and making sure that there is a distance maintained between two workers and also ensuring that incoming and outgoing material is properly sanitized. So, I am happy to inform you that after the factories started in last 3 months, because of the strict conditions and strict SOPs followed, no untoward incident has happened in the factories. We have a team of sales representatives located in the different parts of India. Unfortunately, some of the depots which are at important centers like Mumbai, Tamil Nadu i.e. in Chennai, Ahmedabad and Pune where number of containment zones are very high, though the production started but the supplies could not be made from these centers because they are not allowed to function. In all, out of 29 depots, around 10 to 12 depots started performing but unfortunately where the business is substantial, those states and cities are maximum affected. However, now the situation is improving. With this I request Satish Veerappa, CEO to give more details about what steps we have taken in continuing the operations and to make sure that normalcy is restored as early as possible. Over to Satish.

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Mr. Veerappa Satish : Thank you Dilip san. Good morning to all the shareholders. Just building on the questions that Chairman has just tried to answer. Apart from the measures that the Chairman has indicated that we have taken in restarting our operations both in the factory and in our sales operations, further as a Company, we wanted to put out some key priorities in terms of how we respond to the pandemic and this crisis. First priority that we put out is the safety and wellbeing of our employees and whatever measures we can take to maximize that. Second was taking very clear positions on how do we maintain our cash positions and make sure that we carry adequate liquidity and we don't face any liquidity issues. Third one was how do we really stimulate demand in this environment. As we all remember that initially when the Government announced relaxation, most of the relaxations were only for essential goods and technically stationery falls under non-essential category. Given these constraints, we also had some thoughts in terms of how do we want to restart the demand process and there our singular focus and effort has been on how do we leverage digital as a medium to start rebuilding our business in the pandemic. This is something which is a significant learning for us as an organization. We have started various initiatives on digital side which includes collaborating with popular digital services like Swiggy. Also, trying to experiment with our own digital platforms, to make sure the consumer can access and buy our products and further we are also building clear digital roadmap for the future where we would be very strongly working through this medium to interface with our consumers. So, these are broadly ways in which we are trying to respond to the crisis.

Chairman : Satish, about the functioning of office, to what extent is it functioning?

Mr. Veerappa Satish : So initially the Maharashtra Government allowed only 10% staff in the office. As the Chairman has pointed out, in the factories, there were clear SOPs released from the MIDC and our other factories in Jammu. So, currently we started with the 10% of capacity for functioning of our office. Now this month, there has been a relaxation to take it up to 30%. As and when we get guidance and permission from the Government, we will keep expanding the workforce that will come and work. Having said that, I would just like to add on, one of the

things that we were quickly able to move on is to adapt this work from home culture which was new for us when we started. But today, we have successfully moved on to that platform. Despite the constraint of not being able to come and physically work in the office, we are able to get most of our work done from work from home platform. If I may confess, sometimes it looks like work from home is much more efficient than the traditional set up that we had. Over to you Dilip San.

Chairman : Another question asked by Mr. Yusuf Rangwala about 75 years. Yes, in another 2 years, we will be completing 75 years and I am sure that the team will certainly plan to celebrate the occasion. We will certainly keep this point in mind. There was another question on exports to Japan. I am happy to inform you that the glue stick is one of the prestigious products for Kokuyo Japan, Patalganga Unit is manufacturing it as per the standards and procedures laid down by Japan and we are regularly exporting. On an average, 2-3 containers per month are being exported and consumers in Japan are also very happy. Morikawa San is present here. He can vouch about the quality and the product which is exported from Patalganga factory. Regarding visit to factory, I think one of the shareholders by mistake mentioned about Silvasa. You correctly pointed out it is not Silvasa, it is Patalganga. Vasai of course, we used to have operations, but after establishing huge capacity at Tarapur, Samba and Patalganga, all the activities which used to be carried out in different parts of India has now been curtailed and has been consolidated into these factories. New products, of course, that is an ongoing process, today we have taken big advantage of this lockdown and many customers are enjoying certain products which has helped them in spending quality time during the lockdown. One innovative product which has been introduced by R&D and Marketing is the fluid acrylic colour. This has really clicked and it is easy to use. There is no need for you to be an artist to use it. This particular product has been very well accepted. As CEO mentioned we are taking advantage of entire online shopping arena like Amazon, Flipkart and consumers are being encouraged as they are buying in good quantities. Unfortunately because schools and offices are closed, majority of the products which are manufactured and which are consumed in the offices like markers, writing pens, writing instruments, we are

unable to maximize sale of these products because there is no consumption. Maximum affected products are school products and office products. However, the fine arts and hobby products are doing well. The entire approach is to see that how we can take advantage of this lockdown situation. Satish San already mentioned about the employees. Majority of employees are working from home and as per the requirements they have been asked to attend the office and periodically, according to their schedule, workers are visiting. Roadmap for the future was one of the questions asked. Of course it is a question mark, nobody will be able to ascertain but what CEO has mentioned that we have given topmost priority to see that financial position is very sound. No suppliers or employees are affected due to delayed or non-payments. So today, all the suppliers and employees are paid in time. There is a question on CSR activity. Ravi San, who will be able to answer that? Shriram San, will you be able to tell?

Mr. Shriram Dandekar : Yeah surely, but Ravi san has final data of whatever CSR activity has been done. So, I will explain a little bit and specific data, Ravi san can share. Basically, the CSR committee and the Chairperson Nandini Chopra san, we conducted discussions and reported to the Board. After Board approval, CSR funds were basically spent on enhancing the knowledge for students. What we have done is, there are various schools in remote areas or semi urban areas which are near to our factories either in Patalganga, Tarapur or Jammu. We selected certain schools where we have set up science experiment labs as a CSR activity. There is a professional Company which sets up these labs. There are multiple scientific instruments which students can experiment with by themselves and can gain scientific knowledge. Those are very unique and easy to use but at the same time fun learning as well. Mainly that is the CSR activity apart from CSR spend on girl child education. I would request our Company Secretary and Compliance Officer to provide more data on it if he can. Thank you.

Ms. Nandini Chopra : Shriram san, I am happy to pitch in here. I am Nandini, Chairperson of CSR Committee. So, thank you ladies and gentlemen for that question. We invested nearly about Rs. 30 Lakhs. Rs. 29 Lakhs was our budget for last year. As Shriram san said, our primary focus has been on these laboratories in schools that are in and around our factory

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and that was a very important decision we took to facilitate education especially in science. We set up laboratories initially in 3 schools in Patalganga. Some of our workers' children attend these schools. This year we added 2 more at Tarapur and 2 more at Samba in Jammu & Kashmir and we added one more laboratory in school at Patalganga. So, totally now we have 8 centres. We continue to remain committed to this cause. We will keep adding laboratories. These are vernacular laboratories for students to aid them in their science education. We have been supporting Mahindra's Nanhi Kali foundation for the last few years and we always donate a little bit to relief fund by Prime Minister. So, this year we put in a couple of lakhs in Swacch Bharat Kosh by the Prime Minister. Anything else Ravi San, you may add.

Mr. Ravindra Damle : You have already explained everything. Nothing more to add.

Chairman : Another shareholder, Adikesar has mentioned about the lower profitability. Yes, it is a concern and in the various board meetings, we have been debating on this particular subject and the Board has requested Mr. Satish Veerappa and his team to prepare a roadmap for balance period i.e. from say October to March and what are the possibilities of reviving the business if normalcy restores in a couple of months' time. I am sure that demand is still there for our products. We have to see how we take the best advantage for brand equity and capacities that we have built. All these factors will certainly help in reviving the business and in the near future we will find good revival of the Company's operations. I've covered most of the answers from the queries raised by the Members. Before I conclude, Morikawa san and other members who are present from Japan, I thank you for attending.

Mr. Nobuchika Doi : Can I introduce Japanese product?

Chairman : Yes please.

Mr. Nobuchika Doi : Hello. My name is Doi, from Japan. I am very happy to introduce this product. This product is a glue stick for Japanese Market. But this is made in India. This product is manufactured in our Patalganga factory. When we

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started this product, our Kokuyo members had come to India and they supported it. I think for 5-6 months, they stayed at Patalganga factory. We can easily find this product in many stationery shops in Japan. This means, this product is selling very well, it is a fast moving product in Japan. So, I think such kind of co-work will be increased in our Company. I hope this is one of the example to introduce Japanese technology in our Company. We intend to increase such co-working arrangement for introduction of Japanese technology. After such increase, our products for Indian market will also improve. So this is not only for Japanese consumer but also for Indian consumers. That's it from my side. Thank you so much.

Chairman : Thank you Doi san. Ravi, I don't think any other question is there so can we conclude?

Mr. Ravindra Damle : Yes we can conclude. I now request the shareholders to cast their votes on the resolutions set out in the AGM notice. Those shareholders who have already voted through e-voting, will not be able to vote again in the meeting but can only participate in the business of the meeting. After all the shareholders have cast their votes, the scrutinizer will go through all the votes cast by the Shareholders and the combined results of the remote e-voting and the voting at the AGM will be on or before 5th of September, 2020. The voting results will also be forwarded to the stock exchange and made available on the website of the Company. Today, we also have presence of our Secretarial Auditor and Statutory Auditor as attendees. We have no other resolution, so we can conclude this meeting.

I propose the vote of thanks to the Chair for conducting the meeting.

Chairman : Thank you very much. As business of the Meeting is over, I formally declare the Meeting as concluded.

Thank you very much for your presence and support.

Mr. Ravindra Damle : Now, for the shareholders who have not voted, there is the timer of 15 minutes in which you can vote and after 15 minutes, voting will be closed. Though the meeting is concluded, voting can still go on.