

# **Orient Bell Limited**

## **Transcript of the 46<sup>th</sup> Annual General Meeting Dated 25<sup>th</sup> July, 2023**

**Mr. Yogesh Mendiratta (Company Secretary):**

Dear Members, Good morning and warm welcome to the 46th Annual General Meeting of Orient Bell Limited.

The Chairman of the Board, Mr. Mahendra K. Daga has submitted his leave of absence stating his inability to attend this Annual General Meeting due to health related issues. In his absence, in terms of Articles of Association and Secretarial Standards issued by Institute of Company Secretaries of India, the Directors present at the AGM may proceed to appoint a Chairman among themselves for this meeting. Now, let me introduce the Directors present at the Meeting. To my left Mr. Madhur Daga is sitting. May I request him to please introduce himself.

**Mr. Madhur Daga (Managing Director):** This is Madhur Daga I am the Managing Director of Orient Bell Limited. I am attending this AGM from Corporate Office.

**Mr. Yogesh Mendiratta (Company Secretary):** Thankyou Sir, Mr. P. M. Mathai

**Mr. P.M. Mathai:** Good Morning everyone. I am P.M. Mathai. I am Independent Director and Chairman of Nomination & Remuneration Committee of the Company. I am attending this AGM from Gurgaon.

**Mr. Yogesh Mendiratta (Company Secretary):** Thankyou Sir. May I request Mr. Sameer Kamboj to please introduce himself.

**Mr. Sameer Kamboj:** Namaskar. My name is Sameer Kamboj, Independent Director and Chairman of Audit Committee of the Company and I am attending this AGM from my home in Faridabad.

**Mr. Yogesh Mendiratta (Company Secretary):** Thankyou Sir. May I request now Ms. Tanuja Joshi to please introduce herself.

**Ms. Tanuja Joshi:** Good Morning to all. My name is Tanuja Joshi, Independent Director and Chairperson of the Stakeholders Relationship & Grievance Committee of the Company. I am attending this AGM from Delhi.

**Mr. Yogesh Mendiratta (Company Secretary):** Thankyou Ma'am. Now let me request the Directors to please elect the Chairman since in the absence of the Chairman of the Company.

**Mr. P.M. Mathai:** I P.M. Mathai propose the name of Mr. Madhur Daga, Managing Director to be the Chairman.

**Ms. Tanuja Joshi:** I seconds the proposal.

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**Mr. Yogesh Mendiratta (Company Secretary):** Thank You Sirs & Madam. Before I handover to the Chairman to declare the meeting open, I would like to highlight certain points.

Today the AGM is being held through Video Conferencing or Other Audio Visual-Means in compliance with the circulars issued by Ministry of Corporate Affairs and Securities & Exchange Board of India. The joining of this meeting opened 30 minutes prior to the scheduled time of commencement of the meeting. The meeting will remain open for another 15 minutes of time after the end of the meeting. I would like to put forth certain points which are relevant for participation in this meeting.

Facility to joining through VC or OAVM i.e. Video Conferencing or Other Audio Visual Means is being made available for the Members on First Come First Served basis. The large shareholders, promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship & Grievance Committee, Auditors etc. are allowed to attend the meeting without any restrictions on account of first come first serve basis.

Since there is no physical attendance of the members, the requirement for appointing proxies is not applicable. However, the body corporate is entitled to appoint authorized representatives to attend the meeting through VC or OAVM and participate and cast their votes through e-voting.

The registered office of the company at Sikandrabad, Uttar Pradesh shall be deemed as the venue for this AGM and proceedings of the AGM shall be deemed to be transacted thereat.

All the members who have joined this meeting are by default placed on mute mode to avoid any disturbance arising from background noise and to ensure smooth conduct of the meeting.

The Company has received requests from a few of the members for registration as speaker shareholders. Considering the paucity of time, requests to speak received from only three shareholders will be taken up. Once the Question – Answers session starts, the names of the shareholders will be pronounced one by one. The Speaker Shareholder will thereafter be unmuted by the host to start speaking. Speaker Shareholders are requested to turn their audio-video on. If the speaker shareholder is not able to join the video for any reason, the shareholder can speak through the audio mode. While speaking we would request the speakers to use the earphones so that the voice is clearly audible, minimize any noise in the background, ensure that wi-fi is not connected to any other device, no other background applications are running and there is proper lighting to have a good video experience. If there is connectivity problem at speaker's end we would ask next speaker to join. Once the connectivity improves, the speaker shareholder may be called again to speak. We would like to request shareholders to kindly limit their speech to 3 mins.

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Non-registered shareholders as speakers who are attending this meeting through VC or OAVM today may also express their views to raise questions in the chat box provided. Responses for the questions, if any will be provided either during the course of the meeting or thereafter separately depending on the availability of time.

With this, I request the Chairman to take over for the rest of the proceedings.

**Mr. Madhur Daga (MD & Chairman of the meeting):** Thank You Yogesh. Good Morning all & welcome to the 46th Annual General Meeting of Orient Bell Limited. As the requisite quorum is present I Madhur Daga, a designated Chairman of the Company now, declare the meeting open.

I thank all the Members for joining this meeting. I hope all of you are safe and in good health. I welcome other colleagues on the Board of your Company to the 46th Annual General Meeting.

Apart from the Directors, the key executives of the Company, Mr. Aditya Gupta, CEO, Mr. Himanshu Jindal, CFO and Mr. Yogesh Mendiratta, Company Secretary are also present. The Representatives of our Statutory Auditors and Secretarial Auditors are also present.

For further proceedings, I hand over to the Company Secretary.

**Mr. Yogesh Mendiratta (Company Secretary):** Thank you Sir. Ladies & Gentlemen, in compliance with circulars issued by Ministry of Corporate Affairs and SEBI, this Annual General Meeting is being held through Video Conferencing or OAVM. A live streaming of this meeting is also being webcast on NSDL's website.

The Company has taken requisite steps to enable members to participate & vote on the items being considered at this AGM. Members who have not voted earlier through remote e-voting may cast their vote in the course of the meeting through e-voting facility.

The Registers as required under the Companies Act, 2013 are open for inspection.

Since the notice is already circulated to the members, the same is taken as read. The Auditors Report on the Standalone & Consolidated Financial Statements for the financial year ended March 31, 2023 does not contain any qualification, reservation, adverse remark or disclaimer. The comments/observations under Secretarial Audit Report have been adequately replied by the Company in Directors report. Accordingly, the said reports are taken as read.

Now, I request MD to address the shareholders.

**Mr. Madhur Daga (MD & Chairman of the meeting):** Thank You Yogesh. Dear Shareholders, A warm welcome to you all. After 2 consecutive great years for OBL, FY23 was far more

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challenging than our initial expectations. Significant cost push at our own manufacturing units in an otherwise subdued market, added to the overall complexity. While these short-term headwinds did have an impact on the P&L last year, I am glad that we as a team continued to stay firm with our belief of making this organization “LEANER, STRONGER & FUTURE READY”.

Aditya, the CXO suite and all our people have ensured that we remained committed towards our strategic priorities. Let me go over them for you.

**People:** We continued to add to our team, more particularly our sales force, to grow our business – 3 New sales branches & 18 new Headquarter towns were opened for our sales teams.

L&D (learning & development) remained a key focus area as we jointly invested ~9400 training hours across all departments last fiscal year.

**Distribution with Displays:** We continued to expand our reach nationwide. Net 67 new Orient Bell Tile Boutiques (OBTBs) were added during FY23, taking the total count of active OBTB's to 352 at the year end - these OBTB's contributed 39% of our overall sales in FY23 vs 35% in FY22.

**Channel Engagements** - FY23 started with a roadshow across 10 cities where we met with more than 200 channel partners and took feedback & suggestions from them. This engagement has continued through the year with multiple trips under the Foreign Trip Incentive Scheme in Nepal, Dubai, Singapore & Phuket.

**New Product Development:** New products launched in FY22 contributed 14% to the Company's revenue in FY23 while with GVT in focus, our vitrified to ceramic improved to ~44.4% - an improvement of ~1% vs. the last year.

**Branding initiatives** were maintained @3.3% of revenues targeted more towards improving “digital engagements”. We were recognized as the "Best Brand" for the THIRD consecutive year by REALTY+.

### **Capacity Modernization & Augmentation:**

We completed 3 major CAPEX projects in time and within budgets last year and also earmarked more investment at DORA to improve our footprint in the Bigger and High growth markets of South & West.

The increased growth capex allocations made over the last 3 years ensure that Orient Bell can service the changing consumer preferences around bigger and more high-value products.

I'm grateful & blessed that Orient Bell has a wonderful Board of Directors who meet our CXO's & me every quarter to not only understand how the business is doing, but more importantly, where it's going.

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Building & evolving a legacy brand & business is an ultra-marathon and not a sprint. So I take this opportunity to thank them and all of you for your patience.

My gratitude to our shareholders and our very committed employees as well. Thank You.

**Mr. Yogesh Mendiratta (Company Secretary):** Thank You Sir. I would like to mention that as per the Companies Act, 2013 and SEBI Listing Regulations which provide the electronic voting, the Company has provided to its members a facility to cast their votes through the remote e-voting system administered by NSDL. Facility of voting at the meeting is also provided to members present in the meeting and who have not yet voted. Members may please go through voting page of NSDL e-voting website and cast their votes while at the same time watch the proceedings of the meeting.

The Notice calling AGM contains ordinary businesses as well as special businesses on Agenda. The Ordinary Businesses include the adoption of Annual Accounts for FY 2022-23 and the Reports of Auditors and Directors thereon, the re-appointment of Mr. Madhur Daga who is retiring by rotation and declaration of dividend @₹1/- per equity share. The Special Businesses include the approval on re-appointment and remuneration of Mr. Mahendra K. Daga as Chairman & Whole Time Director for a further term from 01-04-2024 to 31-03-2027 by way of Special Resolution and approval of related party transactions by way of Ordinary Resolution.

Ms. Ashu Gupta, Practicing Company Secretary has been appointed Scrutinizer to Scrutinize the votes cast at the meeting and through the remote e-voting. Since the AGM is being held through Video Conferencing/ OAVM, and the resolutions mentioned in the notice convening this AGM have been already put to vote through remote e-voting, there will be no proposing and seconding of the resolutions.

I will now request our Managing Director the elected Chairman of this meeting to proceed further with the meeting.

**Mr. Madhur Daga (MD & Chairman of the meeting):** Thankyou Yogesh. Now I will take Questions and invite the Speakers who have registered themselves as Speaker Shareholders. First Mr. Chinmaya Khatua.

**Mr. Chinmaya Khatua:** Hi Good morning. Sir Am I audible? Thank you for giving me this opportunity. My question is what exactly was the reason where the growth in the topline during the year FY23.

**Mr. Aditya Gupta (Chief Executive Officer):** Yes. Thankyou Chinmaya. This is Aditya Gupta, Chief Executive Officer. As was mentioned in our opening remarks we got impacted by cost-push

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especially in our own manufacturing units which have been our main stake. While fuel cost in Morbi came down in second half of FY23 our fuel costs continued to reach up and this impacted our price competitiveness. Interest rate hikes coming into play also suppressed domestic demand in the new capacity built up by peers added to the stress. Armed with bigger capacities and with lower gas prices, a mix of propane and alternative fuels. We have stepped up from discounting and also stressed credits supposedly to avoid initially but eventually given, rapidly changing consumer preferences more in favor of GVT versus ceramics was also the reason why OBL suffered over. Continuous investments and improving efficiencies, new high value products added. Particularly more GVT should help us become more competitive on both cost and product offerings going forward. Thankyou.

**Mr. Madhur Daga (MD & Chairman of the meeting):** Thank You Mr. Chinmaya and now I invite the next Speaker Ms. Meenu Sehgal

**Ms. Meenu Sehgal:** Hello! Good morning to everyone. Sir my question to you is we do tiles only. Is there any thought on diversifying the revenue schemes for Orient Bell in the next few years? Thankyou.

**Mr. Madhur Daga (MD & Chairman of the meeting):** Thankyou Meenu. This is Madhur Daga the Managing Director. So yes, as you correctly mentioned tiles has been our core strength and in fact it's been over the last 46 years and I believe that there is actually plenty more that can be done in the area of tiles. Our core team has been with OBL for quite some time and since we are way pass the challenging COVID years we would ideally want to retain our focus on tiles for now. But I would like to say that this does not mean that we are discounting other alternatives to tiles. We will continue to evaluate opportunities but as of now at least for the current Fiscal Year 2024 'Tiles' will be our only focus. So I would like to thank Meenu and invite the next question I believe is from Equity Intelligence.

**Equity Intelligence India Pvt. Ltd.:** Respected Chairman and Managing Director Shri Madhur Daga, other Board members & the Senior Management Team. Good morning to all Thank you for giving us this opportunity to speak I am Anoop Nambiar representing Equity Intelligence India Pvt. Ltd. I take this opportunity to congratulate the Senior Management specially Mr. Aditya Gupta the CEO, CFO Mr. Himanshu and the team for the commendable work in the past few years. You guys are doing a great job please continue the good work. Also thanks to the Company Secretary Mr. Yogesh and his team for the smooth conduct of this AGM. There are not many questions to ask as you are addressing most of business related queries in the con-calls. As you know we are based in South and to be honest we are yet to see any meaningful visibility improvement for Orient Bell in this market. Channel checks still indicate that we are yet to make any significant breakthrough here. It would be great if the team can elaborate a bit more on our

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West & South Strategy. What is the West & South revenue share in 2018 when Mr. Aditya Gupta took charge and what is it now? What would our market share be in this market and more importantly what is our vision for this market in the next 5 years? That is all from my side. Wishing you all the best. Thankyou.

**Mr. Madhur Daga (MD & Chairman of the meeting):** Thankyou so much. I'm going to request Aditya & Himanshu to answer this question.

**Mr. Aditya Gupta (CEO):** Thankyou Mr. Nambiar a very relevant question because as you all know South has been the faster growing market in the building and construction in FY23 and you talked about our plans there historically we have been more of a ceramics player, largely a ceramics player in South very little footprint on our GVT which is something now about to change. Mr.Daga had mentioned about the new facility which is coming up on stream in Dora which is for GVT. This line will start production from Quarter three and this is where this line will be used to feed GVT into South India. The freight plays been very similar to what we pay from Morbi, so that is one big initiative which you are going to see from next quarter onwards. We have already been sub lying from Dora GVT into South for the last one year almost but unfortunately with that one line we have run into capacity constraints and that is where the second line is coming up from October onwards will change things. The second part of your question was regarding you know brand visibility in South, point well taken, we are tackling it into two ways one is that we are now setting up a number of OBTB's and all which you will see over the next nine months in South India. The second more bigger part is that we are working on our aggressive brand campaign which is being developed as of now and in this financial year you will start seeing that also. So that is something which is definitely on the cards for the company and something which you would also see as consumer sitting in Kerela H2. Thankyou.

**Mr. Madhur Daga (MD & Chairman of the meeting):** Thank you Aditya. I want to thank all the shareholders for joining in this AGM through VC and making this AGM a success. I also want to thank all our directors who have joined this Meeting.

The e-voting process will remain open for the next 15 minutes to enable those Members who have not casted their vote and would like to cast their vote and thereafter the meeting shall stand concluded.

The results would be announced within two working days of the conclusion of AGM and the same would be intimated to the Stock Exchanges and will also be uploaded on the Website of the Company and NSDL. With your consent, I and other Board Members would now like to leave the meeting and request all shareholders a healthy and safe future. Thank you very much.