

DALMIA BHARAT LIMITED

Annual General Meeting

Held on Friday, July 01, 2022 at 11:30 a.m.

Transcript of meeting

Moderator : Rajeev sir, we're all set to go.

Mr. Rajeev : Good morning and welcome. I extend my heartiest welcome to all the members, the members of the Board of Directors, auditors, and the management team to the ninth annual general meeting of Dalmia Bharat limited. This E AGM is being held through video conference as per the circulars issued by the Ministry of Corporate Affairs and Securities and Exchange Board of India. The members attending this E AGM through video conferencing facility are counted for the purposes of recording the quorum. We have the requisite quorum present to conduct the proceedings of this E AGM. I'm pleased to inform you that Shri Pradeep Kumar Khaitan, the Chairman of the board of directors of the company is present in the meeting and I would request him to chair this meeting. It gives me pleasure to inform you that the members of the board of directors of the company and also the members of the board of Directors of Dalmia Cement Bharat limited, the wholly owned subsidiary of the company are present in this meeting. I heartily welcome all the members of the board. It's my pleasure and privilege to introduce the honorable Chairman and Board members present here.

I would first like to introduce the honorable chairman, Shri Pradip Kumar Khaitan. He is independent Director and the Chairman of the Board of Directors of the company. He is also a member of the Audit Committee and the Nomination and Remuneration Committee.

Now I would like to introduce Shri Yadu Hari Dalmia ji. He is Non Executive Director of the company and a member of the CSR committee and the stakeholder relationship committee of the company.

Now, I would like to introduce Shri Virendra Singh Jain. He is Independent Director and the Chairman of the Audit Committee and Stakeholder Relationship Committee and the risk management committee of the company.

Mr. Jain : Namaskar.

Mr. Rajeev : Now, I would like to introduce Srimati Sudha Pillai. She is Independent Director of the company and also of Dalmia Cement Bharat Limited and Chairperson of the nomination and remuneration committee and the CSR committee and a member of audit committee and waste management committee of the company.

Now, I would like to introduce Shri Gauatam Dalmia ji. Shri Gautam Dalmia is Managing Director of the company and a Non Executive Director on the Board of DCBL. Shri Dalmia is a member of the CSR committee and the stakeholder relationship committee of the company.

Now, I would like to introduce Shri Puneet Yadu Dalmia ji. He is Managing Director of the company.

Now I would like to introduce Dr Niddodi Subrao Rajan. He is Non Executive Director of the company and a member of the nomination and remuneration committee and the risk management committee. Now, I would like to introduce Shri Paul Heinz Hugentobler. He is Independent Director of Dalmia Cement Bharat Limited.

Now, I would like to introduce Shri Mahendra Singhi, the Managing Director and CEO of Dalmia Cement Bharat Limited.

Shri Neeraj Shama, partner of M/S Walker Chandiook & Co LLP, statutory auditors of the company. And Shri R Venkat Subramanian, the Secretarial Auditor and Scrutinizer are also present in the meeting. May I now request the Chairman to take the chair and continue with the further proceedings of the meeting. Moderator, can you unmute the Chairman?

Moderator : We will not be able to unmute sir until unless he clicks on the link to unmute himself. Yes.

Chairman : Ladies and gentlemen, good morning. It is my pleasure to welcome you all to the ninth annual general meeting of Dalmia Bharat Limited. As the quorum is present, I call this ninth annual general meeting to order. After a couple of years of tumultuous events, which witnessed unprecedented disruption to human life and economic activity across the globe, the world economy has witnessed a sharp recovery on the back of enhanced vaccination coverage and continued fiscal and monetary stimuli across the countries. The financial year 21-22 has also began with the second wave of the pandemic, having a devastating socio economic impact in the country, followed by a sharp drop in its intensity, which aided smart recovery in economic activity that reached the end pandemic levels towards the end of the second quarter. Even as economic prospects started looking up, the country was hit with the third wave exponentially across major cities, and halting recovery momentum. Just as the third wave had impacted India, geographical tensions in Europe sparked off a fresh round of uncertainty in the operating environment. Amidst such a challenging backdrop, the Indian economy rebounded during the year growing by 8.9%, albeit on a low base.

The government of India continued to make concerted efforts through several path breaking initiatives across the areas of healthcare, infrastructure, social welfare, and digital to support various sections of the economy during these turbulent times, which helped accelerate the pace of resumption of economic activities over the year. These include an effective and focused vaccination programme, targeted localized restrictions during peak case lots, support to the economically weaker sections of society and assistance to sectors most impacted by the pandemic. Despite sustained inflationary headwinds, an outbreak of the Russia Ukraine conflict, leading to the extended global disruptions, and spiraling of commodity prices, the Indian economy is now estimated to grow by 7.2% in financial year 2022-23. Driven by Government capital expenditure and anticipated pickup in the private capex cycle.

As a premier cement manufacturer in India, your company is proud to have been a part of the undefeatable journey to being one of the fastest growing economy globally. Over the years, your company has demonstrated that sustainable and climate friendly actions create positive outcomes for every stakeholder. Our consistently sustainability efforts have helped us achieve one of the lowest carbon footprints across the world with 40% lower carbon footprint than the global average. The company is working consistently to replace traditional fuels and raw materials with alternative solutions. To make the planet better for our future generations, the company is consistently ramping up its renewable energy portfolio, increasing the share of blended cement, along with responsible consumption of resources. Standing at the cusp of the remarkable change, your company has chalked for itself an ambitious plan to enhance cement capacity by 60% to nearly 50 metric tonnes per annum by the year end of the financial

year 2040, up from 35.9 metric tonnes now. At an investment of around rupees nine thousand crores, in new plants expansion of existing facilities, acquisitions, and D bottling exercises. The company is also making the commitment to become a 100% blended cement company over the next few years. That will reduce our clinical factor and carbon footprint. Your company is committed to becoming carbon negative by 2040 and focusing on achieving the same.

In financial year 22, your company has increased the capacity by 17% ,entered the western market through commissioning of Murli plant and become the first cement company to put out a formal capital allocation policy. Despite massive increase in energy prices and other input costs, your company delivered a volume growth of 7.3% and 22.5 million tonnes of cement and revenue growth of 12% at 11,296 crores respectively.

I'm happy to inform you that the board have decided for dividend at rupees nine per share, 4400 and 50% during the financial year, including interim dividend of rupees four, 200% per share already paid in November 21. The company continues to take progressive steps for an enhanced reporting to its shareholders and I'm delighted to inform you that this year your company has published a fixed integrated report as per the Integrated Reporting Framework. Over the years your company has actively demonstrated and placed itself as a reliable and sustainable player by deep transformation in each of its operations and bringing about an innovations in the marketplace in the areas of logistics, green energy, new products, branding and distribution channels by expanding its capabilities, in line with the vision of the government of India of reform, perform and transform. I'm sure that these commitments backed by the highest standards of governance, a robust balance sheet, innovative drive, and keen emphasis on sustainability will enable your company, deliver to its shareholders a predictable, sustainable and profitable growth over a period. I take this opportunity to really commend the dedication and zeal of management team and all our talents who strived through a difficult period and ensured that as an organization we surmounted all the challenges and continued to take our organization forward. I would also like to thank all my colleagues on the Board for their continued support in all our endeavors. Finally, I thank all our shareholders and other stakeholders for their persistent trust and confidence in Dalmia Bharat Limited. May I now invite Shri Puneet Dalmia, Managing Director to address the members

Mr. Puneet : Good morning everyone. As we convene the ninth AGM of Dalmia Bharat Limited, I heartily welcome all the members. We have survived the pandemic together and it gives me an immense pleasure to see everyone coming back to normal life. On behalf of the Board of Directors, I thank each one of you for sparing your time to join this meeting. Your support gives us the confidence to surpass every challenge and complexity and to deliver you on our commitment of maximizing shareholder value. After two years of challenging environment, we are finally seeing a good momentum in the economy as it emerges out of the pandemic restrictions. Indian economy is expected to grow between seven to seven and a half percent in financial year 23. Historically, we have observed cement demand to grow between plus minus one to 2% of GDP growth. In the recent budget, the government allocated over nine lakh crores towards agriculture, affordable housing and capital expenditure. We expect cement demand to grow by nine to nine and a half percent over the next several years supported by sustained GDP growth, increasing urbanization and the government's thrust on infrastructure and affordable housing. As the government seeks to generate employment, construction industry will be one of the drivers of job creation. These are exciting times for the cement sector as we are witnessing one of the largest M&A deals in the history of the Indian cement industry. The fact that the deal was concluded at \$170 per tonne and grew interest from so many bidders, reflects the attractiveness of the Indian cement sector and its critical role in the

Indian economic growth story. As many cement companies are reacting to this development by announcing expansions, we continue to work as per our vision and our original plan. Furthermore, we believe that the transaction is good for the industry as it will lead to further consolidation and pricing power over the long term. We have already seen consolidation in the industry. Considering that the barriers for new entrants and the bulk of the new capacity addition has been done by the top five players. The top five players continue to increase their share in capacity as well as demand. The capacity share of the top five players have increased from 41% in financial year 16, to around 50% in financial year 22. Similarly, more than 90% of the incremental demand over the last four years has been met by the top five players. While we remain excited about the medium and long term prospects of the industry, there are current headwinds in terms of the Russia-Ukraine war and the consequential disturbance in energy, fuel prices, supply chain disruptions and increase in inflation. In order to bring price stability and arrest inflation, central banks globally are increasing interest rates, leading to risks of global economic slowdown. Nonetheless, we remain confident about the Indian economy, the demand outlook and what we are doing as a company. We continue to gain market share across all our regions, and we are one of the lowest cost cement producers in the country. Furthermore, we have continued to strengthen the balance sheet, and today I'm pleased with the fact that we are a net cash company. Our continued effort on maximizing operating cash flow has enabled us to reduce our net debt to EBITDA from 3.76 in March 16 to minus 0.6 in March 22. Despite the global macroeconomic headwinds, we significantly expanded our capacity by 17% to around 36 million tonnes. We also diversified in the western region by commissioning our Murli plant in Maharashtra in Jan 22. We are making progress in our earlier announced vision to be a pure play pan India cement company with a capacity of 110 to 130 million tonnes by 2031. In line with that vision, we are on track to achieve 48.5 million tonnes of capacity by financial year 24, almost doubling our FY 20 capacity of 26.5 million tonnes. By the end of financial year 23, we plan to achieve a total installed capacity of 40 million tonnes of cement and 23.4 million tonnes of clinker. In line with the Dalmia playbook, the average cost of adding these capacities remain one of the lowest in the industry. We continue to expand capacity and have also started detailing our plan beyond 48.5 million tonnes which will get announced in due course. The total cost of capacity additions would be approximately \$70 per tonne during financial year 22 to 24.

Also in line with our capital allocation framework, the board of directors of the company declared total dividend of rupees nine per share for financial year 22 compared to rupees 1.34 per share in financial year 21. The total dividend payout for this year works out to rupees 169 crore compared to rupees 25 crore financial 21 and represents about 8.7% of our operating cash flows. Governance remains one of the strongest pillars of the company. To further strengthen that, over the last 18 months we've come a long way and we've taken certain very critical measures. We became the first cement company to lay down a formal capital allocation framework along with a formal treasury policy. We implemented industry leading governance practices through appointment of EY VIA as our internal auditor and Grant Thornton as our statutory auditors. We also created a formal risk management policy as risk management is an important aspect of our governance. During the year, we kept our commitment to the shareholders and completed the divestment of our non core businesses, refractory and Hippo Stores. Also we divested part stake in IEX. We also merged all our domestic refractory businesses into a single consolidated entity titled, Dalmia Bharat Refractory Limited. We are on a clear path to eventually emerge as a pure play PAN India Cement company. We've also embarked on an HR transformation journey as a part of our vision of reaching 110 to 130 million tonnes of capacity by FY 31. We've realized that we need good management, leadership and great HR practices. And we've embarked on an HR transformation journey with a focus to retain and attract the best talent to build and drive strong growth in our business. In order to improve

our realization, we continue to remain focused on increasing the share of premium products in the overall product portfolio. The share of our premium brand DSP, as a percentage of trade, stood at 20% during the year as compared to 18% last year. It makes me proud and inspired to see how our company has risen to various socio economic challenges with integrity, humility, resilience, trust and commitment. These are the very values that define us as an organization.

We are reshaping and sharpening our focus towards sustainability, and ensuring that we find ways of living in harmony with nature. We strive for this culture of harmony that made us one of the forerunners of the ESG initiatives in the country. And we continue to endeavor to achieve net zero carbon emissions. We also continue to work on the path of becoming carbon neutral by 2040. In line with that, during the year, our CO2 emissions per tonne of cement was further reduced to 489 kg, while the world average is between 600 to 620 kg per tonne and India's average is 570 kg per tonne. We are also water positive and our water positivity rate of 13.3x is one of the highest in the industry. During the year, we doubled our renewable energy capacity from 31 megawatt in financial year 21 to 62 megawatt and financial year 22. We are currently on track to increase our renewable energy capacity to 170 megawatts by end of financial year 23 through an addition of 41 megawatts of WH RS and 66 megawatts of solar power. We are also acting as a sector catalyst for large scale transition towards a greener tomorrow. Our commitment and efforts are globally recognised time and again by bodies such as First Mover's Coalition, which is backed by the US government and the World Economic Forum. I would also like to highlight that as part of the PMs delegation to Denmark, under the green strategic partnership of the Indian and Denmark governments, we signed an MOU with FLSmidth, Denmark, a cement and technology company to collaborate and develop breakthrough innovations to support sustainability in the cement industry. We take pride as we are one of the only 16 global companies who have been appointed as a cop26 business leader and by the UN cop26 presidency.

In order to further accelerate our journey, we are the first cement company globally to become a triple joiner, RE100, EP100 and EV100. Furthermore, during the year, we became the first company in the sector to receive accreditation from two prominent green rating systems, GRIHA and CII IGBC. On the social front, the community is one of our major stakeholders. We work very closely with our neighboring communities to help them conserve and build their natural capital and progress sustainably through that. Recently we have picked up bamboo cultivation project for small and marginal farmers to help them improve their income on one hand and provide biofuel to the industry on the other. Consolidating our engagement with the communities, we are going strong on our journey to create 1 million sustainable livelihoods through our CSR programme by 2030. I would also like to highlight our role in the recent extraordinary cultural extravaganza, Bharat Bhagyavidhata event at the Red Fort. We hosted a 10 day Cultural Festival showcasing the rich and diverse culture and heritage of our country which witnessed a massive footfall of over 150,000 people, along with the presence of dignitaries from the government and business houses. I'm proud to highlight that we are the first private player to create such a huge event as a part of Azadi Ka Amrit Mahotsav from 20,000 events that were organized by Ministry of Culture across India. As always, I'm grateful to all our shareholders for their continued trust and support and who join us in looking forward to a brighter future. Finally, I would like to sincerely thank all our well wishes, associates, lenders, vendors, customers and talents who have been with us for several decades and have greatly contributed to the growth of Dalmia Bharat. I also extend my heartfelt gratitude to every single person that has helped make this event a grand success.

Before I conclude, I would like to recite a shloka from Aitareya Upanishad. **sanskrit language**

This means that, honey bee by its motion gathers honey and birds enjoy fruits through constant movement. The sun is revered by virtue of its constant shining movement. Therefore, one should be

constantly in motion. Keep moving, keep moving, keep moving on. Let us keep moving on to a better future together, driven by values and culture with a pledge to make the world greener and better. Thank you all. Namaskar. I would now request the Chairman to continue with the further proceedings of the meeting. Thank you.

Chairman : Thank you Shri Puneet Dalmia. May I now request Mr Dharmender Tutejato to make his presentation relating to the company. Thank you.

Mr. Tuteja : Thank you, Chairman sir. I request the moderator. Thank you. Next slide, please.

Good morning, dear members, directors and all the dignitaries present. Last year was definitely a challenging year for the industry. Despite that, we've increased the volume by about 7%. In two regions south and northeast, we have grown better than the market grew there and there was slight loss of market share in the East. And in terms of the revenue because of the price increases, the overall revenue is higher by about 12% compared to 7% increase in the volume. And last year, as Chairman sir also expressed and Puneet ji also expressed, witnessed lot of energy prices increases which are not able to pass on to the customers fully. That is why the EBITDA is lower by about 12%. In the next slide, I'll share the work, what are the key reasons which led to this fall from the previous year. Previous year the prices were really good, which were helpful to achieve this pattern and efficiencies were here. In spite of the 12% drop in EBITDA, the PAT is down only by 1% because of the deleverage balance sheet our interest costs were lower. Also partly helped by the lower interest regime and also the lower tax cost, we were able to recognise some of the tax, deferred tax assets of the Murli losses. Accordingly, the PAT is down only by 1%. Since the EBITDA is lower, EBITDA margins have contracted from 27% to about 21%. So 6%, which is in line with the industry overall. Next please.

So, this chart explains the journey of EBITDA from last year 2762 crores to this year 2426 crores. The volume of increase of 47% that has given us additional 300 crores of EBITDA. The net prices increases which we could get net of the GST that gave us about 363 crores. The GST incentive particularly in the Bihar unit of DDSB Limited, our subsidiary, that increased our EBITDA by about 81 cRORES. Discounts are marginally higher compared to the previous year. Logistics cost increases primarily on account of the diesel increases and slightly on account of the lead increases. Packing cost increase is again linked to the oil prices and the annual prices which lead to the increase in the packing back rates. Variable cost increase is the major one which is reflected here 655 crores. So, if I see the impact of fuel rate increase itself, that is about 745 crores and because of the higher fuel increases, the purchase power cost also increased by 50 crores. So, the adverse impact on this alone is about 800 crores. So, the net impact is being shown here after raking the benefits of the initiatives, which we took in terms of increase in our green fuel consumption, increase in our green power consumption, improving on the **unclear** cement sales. As a result, we are able to contain the 800 crores increase from the external worth to net impact of 655 crores only.

Fixed cost, of course looks high compared to the previous year because of the almost freeze on the previous year when the entire world froze after the pandemic broke. And a lot of things got deferred in terms of maintenance or advertising and all these kinds of things, travel, everything was curtailed. So, this as in the current year the world has opened up, all these things are coming to normalcy and fixed costs have gone up.

Others, there were some initiatives in terms of the reduction of the costs etc which has yielded positive for FY 22. So, overall the EBITDA is low by 12% at 246 crores.

Next please.

The key highlights are that last year we increased our capacity from 30.75 to 35.9 helped by these two major additions. One is Murli which helped us to enter the western region in terms of our vision of being a PAN India player. So we have entered a new territory. Murli has been commissioned in January 15 with a capacity of 2.9 million tonnes. In September also we had commissioned KCW plant in Odisha with a capacity of 2.25 million tonnes. As already covered in our speeches earlier that WHRS capacity and solar power capacity has increased in the current year which has doubled. So major units are 9.2 megawatt at Kadapa in Andhra and 17.5 megawatt at KCW and BCW 4 megawatt. The green power which is considered by this WHRS and solar power, its share has increased to 10.1% in the last financial year compared to the 6.5% in FY 21. One thing about this company's balance sheet is that we have become negative debt company that's the net cash company. So, net debt to EBITDA ratio stands at point five nine. Previous year it was almost 0.06. In the last year, we have also completed the restructuring scheme of Refractory business. So, all the refractory business of the group have been consolidated under the Dalmia Bharat Refractories Ltd, which has become our associate and in which we hold about 42% stake. And other distinct schemes of merger of Murli and DDSPL which continued the full year have seen the light of the completion in the current quarter. So from current date, from first July, we are implementing these schemes for implementations. These two units will become part of DCBL and Paper and Solvent Extractions, they'll become demergers held for sale next month.

And we also completed Hippo Stores business which was a non core business for a PAN India pure cement player. And we also divested Indian Energy Exchange shares from close to 20% we are down to about 14.8% and for 5.2% we have realized 6.4 crores which is already more than the cost of entire investment. And as I already explained there was a huge shift in our dividend distribution governed by capital utilization policy. So, last year our dividend distribution rate was about nine rupees per share compared to 1.34. And in terms of value it amounted to 169 crores compared to 25 crores only in the previous year. And we also appointed EY VIA as internal auditors and Grant Thornton Walker Chandio & Company as statutory auditors in DBL. In the current financial year which is 23, Grant Thornton is also being inducted in BCBL and some of the key operating subsidiaries as they join statutory auditor for the BCBL and sole auditor for the other operating subsidiaries.

The key highlights on the challenges side I have already explained. Variable costs had increased significantly, of course, because of the higher energy prices. Pet coke prices, what we see here doubling more than doubling from 75 to 167. This is on average. But, if I see the year end, we already touched a close to \$250. Although in the coming quarter and current place, it's a **unclear** over 20 to \$30. But still, it's a big challenge for the entire industry and economies in general. Diesel cost also increased by 19% which increased the plastic cost for all the players. And slag cost also was slightly higher because it also contributes to the movement and part of the diesel cost goes into the slag cost also for purchase. And PP granule price is also linked to the oil prices. Also granule prices increased as a result, PP prices and packing prices also increased. That remained the key challenge in the last financial year.

In terms of the key financial ratios, EBITDA ratio as the sales decline from 27% to 21%. Because of strengthening of balance sheet and the deleveraging, our all the solvency ratios and interest coverage ratio, debt service coverage ratios have improved. So, interest coverage ratio has improved from 7.56 to 10.92. And similarly tax service coverage ratio and net debt to EBITDA has become negative point five nine and net debt to equity ratio is also negative.

So return on capital employed also diminished because of the fall in the EBITDA. In terms of adjusted ROCE which is more reasonable to see because of the impact of the goodwill which is non cash item. If I exclude the impact of goodwill, ROCE is reduced from 12.1% to 9.1% and return on net worth reduced from 12.8 to 10.1%. The current ratio which was 1.23 has improved to 1.54. Cash EPS and earning per

share that is more or less remain same because of the PAT not falling that much. PAT dropped only by 1%.

So, on the CAPEX update, just to give you a brief idea that we started this year with a 35.9 million tonne capacity and which we endeavor to reach 48.5 as already announced by March 24. By the current year end, we expect to reach about 40 million capacity. So, the breakup of these capacities which is 2.5 million in the east, which is Bihar.3 million in south, which are the two brand new units coming there. Then, Brownfield is 1.7 in east and northeast 1.2 also should come by this year end. All these capacities are as planned, will come by March 24. And side by side the clinker capacity is also increasing from 18.88 to 23.4. All this will come by the current year end, which will help us to meet the expanded requirements of **unclear** cement. That is all, thank you very much

Moderator : Chairman sir, would request you to kindly unmute yourself. No sir, we have not been able to get the audio feed. It's still showing as muted from your end. If you just click on the microphone icon once. You are, yeah, it got unmuted now. You have again clicked on muted sir. You can just click on once and it will unmute and you can just. Yeah, you can now speak sir.

Chairman : So, thank you Shri Tuteja for the excellent presentation and giving us a really good picture of the company. I now request Shri Rajeev Kumar to complete the various processes for the annual general meeting.

Mr. Rajeev : Thank you, sir. Dear members, I would like to inform you that the E voting facility on the resolutions proposed in the notice of the annual general meeting is enabled throughout the meeting and shall remain enabled for 15 years thereafter. Those members who have not voted through remotely E voting could please use the E voting facility and complete their voting. Members may click on Vote tab on the screen to avail the E voting facility. In order to have a voting process in a fair and transparent manner, the board of directors has appointed Shri R Venkat Subramanian, practicing company secretary, as scrutinizer to scrutinize the E voting process. The register of directors and key managerial personnel, register of Director shareholding maintained under Section 170, Register of contracts maintained under Section 189 of the Company's Act, the certificate issued by the secretarial auditor in connection with the AESOP scheme of the Company and all documents mentioned in the notice convening this annual general meeting are available electronically for inspection by the members. As the E AGM is being held through video conference, the facility for appointment of proxies by the members is not available. The floor will be open for members who have registered themselves as speaker for question answer session after the agenda items of ordinary business and special business are taken up. Those members who could not register themselves as speakers, but have some queries may please send an email with their query at the email id- corp.sec@dalmiabharat.com. We will respond the same promptly after the meeting. The moderator will facilitate this session once the Chairman opens the floor to questions and answers. As the notice of this E AGM has already been circulated to all the members, with the permission of the chair, the same be taken as read.

Chairman sir, do we have your permission for taking it as read?

Chairman : Yes.

Mr. Rajeev : Thank you. So, with the permission of the chair, we will now take up the items as set forth in the notice of this annual general meeting.

Item number one is to consider and adopt the audited standalone and consolidated financial statements of the company for the financial year ended 31st March 2022 and the reports of the auditors and directors thereon. Financial statements and the reports of auditors and directors thereon have already been circulated to all the members. There is no qualification, reservation or adverse remark in the statutory auditors report on standalone and consolidated financial statements. However, following emphasis of matters have been reported by the statutory auditors in their report on consolidated financial statements. So the emphasis of matters reported in auditor's report are

Chairman : You need not repeat them. Because it's a long report, it is taken as read.

Mr. Rajeev : Okay. So, sir two matters of emphasis have been reported by the auditors.

Chairman : Go ahead.

Mr. Rajeev : Their opinion is not modified with respect to the above matters. The said matters of emphasis in the auditor's report of the consolidated financial statements have been duly explained and clarified in the directors report in the notes to accounts to the consolidated financial statements of the company for the year ended 31st of March 2022, which are self explanatory and do not call for any further comments and explanations. Further, the auditors have not reported any matter under Section 143, subsection 12 of the Companies Act 2013. I would like to further apprise that there is no qualification, reservation or adverse remark in the secretarial auditor's report. With the permission of the chair, the directors report may be taken as read.

Chairman : Yes, please go ahead.

Mr. Rajeev : Sir, item number two is to confirm the payment of interim dividend of rupees four per equity share already paid and to declare a dividend of rupees five, 250% per equity share, rupees two each for the financial year ended 31st March 2022 by an ordinary resolution.

Item number three is to consider and appoint a director in case of Dr Niddodi Subrao Rajan, director identification number 07339365 who retires by rotation and being eligible, offers himself for reappointment by an ordinary distribution. Now I request the Chairman to proceed further.

Chairman : Thank you, Shri Rajeev. **unclear** voting is still in the process and will continue for 15 minutes, even after the meeting. I would now request Shri Bhaskar Roy, the moderator to facilitate the question answer session and take up the queries one by one of the members who have already registered themselves as speaker for the AGM and submitted their queries. The members are requested to keep their questions brief and precise and not to exceed two minutes each. So that as many questions could be taken up as possible within the limited time available. I request Shri Tuteja to kindly respond to the queries of the members.

Mr. Tuteja : Sure sir.

Moderator : Thank you, Chairman sir. I would request the individuals whose names are announced to kindly unmute their microphone and use the webcam option to share their cameras. First speaker is Mr. Suryash Kapoor from Calcutta. Request Mr Suryash to kindly unmute himself, switch on the camera and

proceed with asking the question. Mr. Suryash Kapoor from Calcutta is not available. We'll move on to our next speaker, Miss Celestian Elizabeth Mascarenhas from Mumbai. Miss Mascarenhas you are requested to kindly unmute yourself

Ms. Elizabeth : Hello. Can you hear me?

Moderator : Yes ma'am.

Ms. Elizabeth : I am audible? Okay, visible I don't want to press that button because my line will go. Okay. Thank you, sir. Respected Chairman Pradeep Kumar Khaitan, MD Gautam Dalmia and Puneet YDalmia, other members of the board, my fellow shareholders attending the virtual meet. I am Mrs. C Mascarenhas. I am attending and speaking from Bombay. First of all, I thank the company secretary Mr. Rajeev Kumar and his for sending me an E Annual Report with all the problems and plus registering me as a speaker at my request and I thank the KFin Tech for giving me this platform to speak. Thank you very much. Now, as far as the working is definitely much better and as we are in the ninth AGM, so, we are getting dividend of rupees nine total, one interim and now again a final. So, total amounting to nine rupees per share. What is most important, we have become now the net debt free due to restructuring of the operations.

Next, I congratulate for all the awards and accolades as documented in the annual report, good CSR work which I appreciate and good governance principles. Also a good chapter embedded on ESG in our blueprint for the growth. Now my question is, as we are given a good stress on ESG, have we gone for the rating of the ESG? And if so, what is our rating this score and which rating agency, the name of the rating agency.

Now, my queries sir. The first one. We have 14 cement plants all over India. What is the average capacity utilization of these plants?

Number two. How many were affected by Covid 2 and how many recovered. All are vaccinated, including the booster dose?

Number three. We have total of 5652 employees. Whether ,how many are working from home or all have now resumed work or alternate days working?

Number four. We will be going 100% renewable energy consumption by 2030 and full replacement of fossil fuel in the cement kiln by 2035. What is the position now, FY 22?

Number five. We have got so many brands, Dalmia cement, Dalmia DSP. Of course, that is the most powerful brand as you said in your Chairman's speech. Konark Dalmia Infra Pro, Dalmia Insta Pro, Dalmia Infra Green, Dalmia map something like that. So, which of these brands we are enjoying a maximum margin and which will be the future of this company? Sir, cement to grow at nine to 10% every year for employment, construction etc is very important. But my question is that since we have a very big competition now, and we know recently acquiring the two big giants, what you foresee? We will also face a lot of competition, though the work, construction work, housing work all that is growing. So what do we see ourselves placed? Can you just speak out? Last is future roadmap for the next three years? What is the CAPEX for the organic and inorganic growth by acquisition? Whether you are thinking of having more acquisitions, because we are quite debt free? Please speak or if somebody because the competition has become very great now. If somebody comes to acquire any of our plan, will you shelf out and divest? Like you have done Refractory and others.

Lastly, I support all the resolutions. I know that the world is becoming greener, better with peace and and it should be without any hatred. Thank you for giving me this opportunity to speak and may our company

grow strength to strength and at the same time, I wish you all a very good health so that we can really perform well and give a great reward to our small shareholders. With this, I thank you very much. May God bless our company abundantly. Thank you once again.

Moderator : Thank you Miss Mascarenhas. We would move on to the next speaker. Mr. M. S Gopalakrishnan from Trichy. Mr Gopalakrishnan, you are requested to kindly unmute yourself, switch on your camera and proceed with asking the question please. Mr. M S Gopalakrishnan from Trichy. Sir, we see that you have unmuted yourself. Would you proceed with asking the question please?
Mr. Gopalakrishnan we are not able to hear you. Would request you to kindly check your headphone or remove your headphone and then speak please. You need to. Sir, we will be waiting for you. You can refresh and join back in a couple of seconds. Because we are not getting any audio feed from your end sir. Would request you to just click on f9 of your screen and rejoin the event. In the interim we'll move on to our next speaker, Mr. Thiagaraja from Tiruchirapali. Mr Thiagaraja, you're requested to kindly unmute yourself.

Mr. Thiagaraja : Good afternoon, sir. Actually, I'm Raja from Tiruchi. I have one question. Our operating profitability has been adversely impacted due to high energy price. But we can able to maintain the PAT level due to the lower tax costs. By the going at the same **unclear** period. Since all unabsorbed tax rates are equalized. Just going forward, what tax rate can we expect for the company? That is my question sir.

Moderator : Thank you Mr Thiagaraja. We would move on to our next speaker, Mr. M Dissingu from Dalmiapuram. If I have mispronounced your name, my apologies for that. Mr Dissingu, you're requested to kindly unmute yourself, switch on your camera and proceed with asking the question please. Mr. M Dissingu from Dalmiapuram. You can click on the microphone icon to unmute yourself and proceed with asking the question please. We haven't received any input from Mr Dissingu so we'll just wait for

Mr. Balakrishnan : I am Mr. Gopalkrishnan.

Moderator : Sir, you have joined back, you can please go ahead and proceed with asking the question.

Mr. Gopalkrishnan : But I have some problem with my webcam. So

Moderator : You can click on it. You can click on it and click on start sharing and it will start sharing sir. In the meantime, you can proceed with asking the question sir.

Mr. Gopalkrishnan : Yes sir. Dear Chairman sir. I'm Gopalkrishnan and I am from Trichy. I'm happy that the company has declared a total dividend of rupees nine per share, despite the covid-19 scenario. Going forward, I could sense that because of the difficult international issues like Russia-Ukraine war, the fuel price and other input costs as well as the interest rates are going up day by day. My query is, what are the steps that are being taken by the company to mitigate the said increase in fuel input and logistics costs, so that the company could maintain the similar dividend payout in future also. Thank you sir.

Moderator : Thank you Gopalakrishnan ji. We will move on to our next speaker, Mr. Kalyanaraman K from Tiruchirapalli. You are requested to kindly unmute yourself, switch on your camera and proceed with asking the question please.

Mr. K : Respected Chairman sir. Can you hear me now?

Moderator : Yes, you are audible sir. Please continue.

Mr. K : Yeah, yeah. Good morning. Good morning sir. I am Kalyanaraman from Kalaikudi. My question is that our company has recently come out with a plan to expand and enhance its capacity from 35.9 million tonnes to 48.5 million tonnes by FY 24 through multiple Greenfield, Brownfield projects. Do you expect delays in execution of the projects to not reach the planned capacity of 48.5 million tonnes by FY 24. Whether the company is looking for any acquisition of other civil companies. This is my query sir.

Moderator : Thank you, Mr Kalyanaraman. We will move on to our next speaker Mr. C. Ramesh Babu from Dalmiapuram. Mr. C Ramesh Babu you are requested to kindly unmute yourself, switch on your camera and proceed with asking the questions.

Mr. Babu : Sir, good afternoon.**disruption**

Moderator : Mr C Ramesh Babu you are requested to switch off another input device that you have, which is a speaker and now unmute yourself and proceed with asking the question please. Mr. C Ramesh Babu, am I audible to you? You can unmute yourself, switch on your camera and proceed with asking the question please. We have not received any input from Mr C Ramesh Babu. So we will move on to Mr M Kohila from Trichy. Mr M Kohila, you're requested to kindly unmute yourself, switch on your camera and proceed with asking the question please.

Mr. Kohila : Hello, hello. Can you hear me sir?

Moderator ; Yes sir.

Mr. Kohila : Okay. Respected Chairman sir, I am Kohila from Trichy. I have been a shareholder of the company since long and closely monitor the cement sector. On entry of the Adani group in the cement sector by acquiring controlling stake in ACC and Ambuja and the capacity encashed by cement major like Ultra Tech, the competitive scenario for the cement sector in India is going to change. My query is what is your assessment about prospect of cement industry, profitability going forward in the wake of these developments. Thank you very much sir.

Moderator : Thank you, Mr Kohila. I would now try to just provide opportunity to Mr. C. Ramesh Babu. If you are able to hear me, can you unmute yourself and proceed with asking the question please, Mr C Ramesh Babu. We have not received any input from Mr C Ramesh Babu, we will now provide the opportunity to Mr M Dissingu once again. Mr M Dissingu if you're available, would request you to kindly unmute yourself and proceed with asking the question. Mr M Dissingu. Chairman sir, we have not received any input from the speakers, we would hand it back to the board to continue with the rest of the session. Thank you, sir.

Chairman : Very well. Thank you very much. So I think we have come to the end of the business of the meeting. And now I would authorize

Moderator : Chairman sir, sorry to interrupt you. Dharmendra sir.

Mr. Dharmender : Yeah, I would just come to the questions. Many of the questions were maybe duplicate also so it would be helpful if I collate all the answers together.

Chairman : Please answer them.

Mr. Dharmender : Yes, sir. So first of all, I thank all the members for their interest and trust in the organization and also coming forward and asking their questions. I'll just take a **unclear** of questions **unclear** written. One question was regarding Adani and acquiring cement assets and Ultratech and a couple of other players announcing their expansion plans. So what kind of impact it might have on the cement landscape and competitiveness etc. So, first of all, this move is quite positive. First of all, the very interest shown by non cement players and paying a high price also and even the industry players are also bidding for this. It shows a lot of interest in the cement sector prospects going forward. And secondly, this is a clear path for consolidation in future also and consolidation as everybody knows, will be helpful for price stability. So, it is a positive for the sector. Competitive intensity in the medium to long term, definitely will increase because the way the large players, serious players will be working on this and the people who will get impacted more will be the smaller **unclear** players who may not be able to withstand the capacity increases required etc. So overall, it's a positive for the industry and the company. I don't see any adverse view to be taken about the prospects of the cement sector.

Then the other question about our roadmap for the next three years and whether our project expansions they are on track and are we looking for any inorganic opportunities? I'll reconfirm that our capacity roadmap which was announced for FY 24 and reaching up to 48.5 that continues on track. And beyond that also we are currently working and as Pradip ji has covered in his speech that in due course that will get announced. And any inorganic opportunities, those discussions always remain on some or the other opportunities always there and which are getting evaluated. So currently, of course, there is no such thing which is finalized, which can be announced. As and when some strategic fit is there for a opportunity available at a reasonable cost to give a proper **unclear** request expected by the company, this announcement will get made.

One question was regarding, which of our brands are profitable and which is going to mean and stay in the future? So, Dalmia future today and our premium brand DSP. So, these two brands definitely remain the most profitable and will be the bedrock of our future strategy. The company continues to be innovative in terms of launching new brand launches as and when required by the market, for specialized segments of the market also. So that evolution will continue.

And one question was regarding steps being taken to cover the increase in the fuel costs etc. So, as partly covered by **unclear** is that, we are heavily focusing on reducing the impact of the fuel costs by increasing the usage of alternate fuels and green fuels. And, also increasing our green power capacity, which was doubled last year and which will be increased from 62 to about 170 megawatt in the coming year. Plus the increase of the blended cement that continues to be our key strategy, which will not only bring down the cost, but also help in the carbon emission and it will take the company forward in our target of bringing carbon neutral by 2040. And our sales side also will continue to focus on improving the market share of the premium products plus increasing the trade percentages and as and when required we are trying to increase the market share and the time to pass on the price increases to the customers, so that the impact on the profitability is minimized and we are able to grow. So, that could be issue from

one or two quarters, but on the long run, in the medium term trajectory, cement sector and the company will definitely show better profitability and that growth we can expect.

There were some questions regarding, last year we had a low tax rate, whether that will continue. Last year, definitely there was a one kind of ,one adjustment of 330 crores on the Murlis losses. Going forward the tax rate of the company, effective tax rate will be 25%. So, around that only it will come. Of course on the current tax rate, which is the actual tax outgo, so that continues to be low because of the availability of the tax losses with the company. So, we've got the current year also. Particularly it'll be very, very low and next it will start increasing only partly from FY 24 and thereafter.

There was one question, whether the company has moved to work from home, from work from home to the fully operational offices? Yes, most of our offices now are completely working from offices. Only in corporate office, it is slightly hybrid model that as per the need we are continuing to operate, let's say about 70% of persons coming to office and 30% are working from home. Rest our offices are working fully from offices.

And about the vaccination status of the employees. Yes, all our employees' vaccinations were tracked and this was done, and many of those have already taken the booster doses also. That is all. I think I tried to cover all the questions which came and one more question was regarding our ESG ratings. Let me just answer that also. So, we are rated by a competitive company called RobecoSAM. RobecoSAM that has done in the past and this is part of the S&P rating system and our score in 2021 cycle was 63 and we are also rated by Sustainalytics, which is another international ESG rating system. So there our score is 31.2. **unclear** also referred to as the DJSI rating which is something commonly known to people. Thank you very much.

Chairman : Okay, thank you Shri Tuteja. Now that we have concluded the business of the meeting, I would request Mr Rajeev Kumar to wait until another 15 minutes till the voting is completed. And then upon receipt of the report of the scrutinizers, declare the results on the website of the company and file them with the stock exchanges.

On my behalf and on behalf of my fellow board members, we'd like to thank all of you once again for attending the AGM. Wish you all the best. Take care and stay safe. Thank you.

Mr Rajeev : Thank you sir. Sure we will place the scrutinizer report once we receive the results. We will place the same on the website of the stock exchanges and as well as on the website of the company. I would like to take this opportunity to place on record our heartiest thanks on behalf of the company and on my behalf to the Chairman, the board members, management team, auditors, scrutinisers and the members of the company for making this AGM a success and my sincere appreciation for providing full support to the event. My thanks to the KFin tech team for their technical support in making this event successful. Thank you once again, wishing you all the very best. Thank you.

Chairman : Thank you.