

DALMIA BHARAT LIMITED

Annual General Meeting

Held on Friday, June 30, 2023 at 11:30 a.m.

Transcript of meeting

Bhaskar:- Rajeev ji we can start, Thank you. Rajeev ji we can start off with the meeting

Rajeev Kumar:- Thank you Bhaskar. Good morning and welcome. I'm Rajeev Kumar, Company Secretary.

Bhaskar:- Rajeev ji sorry we lost your audio for some time. Just wanted to reaffirm that if you can speak from Good morning, please once again thank you.

Rajeev Kumar:- Good Morning and Welcome, I, Rajeev Kumar, Company Secretary & Compliance Officer will be assisting the Chairman & Company Officials in conducting the 10th Annual General Meeting of Dalmia Bharat Limited. I extend my heartiest welcome to all the members, Directors, Auditors and other dignitaries present at the meeting. This e-AGM is being held through video conferencing in compliance with circulars issued by the Ministry of Corporate Affairs and Securities and Exchange Board of India. It's my pleasure and privilege to introduce the Hon'ble Chairman and other Board members present here.

1. Shri Pradip Kumar Khaitan is an Independent Director and the Chairman of the Board of the Company.
2. Shri Virendra Singh Jain is an Independent Director and the Chairman of the Audit Committee, Stakeholders Relationship Committee and Risk Management Committee of the Company.
3. Shri Gautam Dalmia is Managing Director of the Company.
4. Shri Puneet Yadu Dalmia is Managing Director & CEO of the Company.
5. Dr. N.S. Rajan is Non-Executive Director of the Company.

Smt. Sudha Pillai, Independent Director of the Company and Chairperson of the Nomination & Remuneration Committee, has requested for leave of absence and has authorized Dr. N.S. Rajan, Member of Nomination & Remuneration Committee to attend the meeting, who is present in the meeting.

Shri Yadu Hari Dalmia, Non-Executive Director has also requested for leave of absence.

I would also like to welcome Shri Paul Heinz Hugentobler and Shri Mahendra Singhi, Directors on the Board of Dalmia Cement (Bharat) Limited, subsidiary of the Company. I also welcome Shri Neeraj Goel partner of M/s. Walker Chandiook & Co LLP, Statutory Auditors of the Company and Shri R. Venkatasubramanian, the Secretarial Auditor and Scrutinizer appointed for this AGM.

Shri Paul Heinz Hugentobler and Smt. Anuradha Mookerjee seeking appointment as Independent Directors are also present in this AGM. Since this AGM is being conducted through Video Conferencing, I would like to draw your attention to certain relevant aspects of the meeting:

a) Members attending the AGM through VC will be counted as present for the purpose of quorum.

- b) All Members who have joined the meeting have been placed on mute mode to avoid any disturbance and to ensure an orderly conduct of the meeting.
- c) As intimated in the Notice of AGM, only those Members who have registered as speakers will be allowed to speak and raise questions.
- d) Members who could not previously register themselves as speakers and still wish to ask questions may send an email at corp.sec@dalmiabharat.com post conclusion of this AGM and they will be replied within a reasonable time through e-mail.
- e) All documents referred to in the Notice along with the Statutory Registers maintained by the Company as per the Companies Act, 2013 are available for electronic inspection. Members seeking to inspect such documents can send an email at corp.sec@dalmiabharat.com .
- g) In case of any issue regarding the VC facility or voting by electronic means, kindly contact at the helpline number provided in Notice of AGM.
- h) Shri R Venkatasubramanian, Practicing Company Secretary & scrutinizer for this AGM, will scrutinize the votes cast at the meeting and through remote e-voting and will submit his report. The voting result on resolutions will be announced on receipt of consolidated report from him by uploading the same on the websites of the Company, RTA and stock exchanges.

I wish to announce that presently requisite quorum for this meeting is present.

I now request the Chairman sir to take the Chair and continue with the further proceedings of the meeting.

Chairman:- Ladies and gentleman good morning it's my privilege to welcome you all to 10th annual general meeting of Dalmia Bharat limited. since the quorum is present I now call the meeting in order with warm welcome to all members and my fellow directors, auditors and officials present at the annual AGM. I would like to call and invite Shri Puneet Yadu Dalmia managing director to continue with the proceedings

Puneet Yadu Dalmia:- Thank you, Mr. Chairman Namaskar. On behalf of the Board of Directors, it is my pleasure to invite you all to the 10th AGM of Dalmia Bharat Limited, I want to begin with a Sanskrit quotation which embodies our consciousness "यद् भावम तद् भवति" - it means you become what you believe in. This is true, not just for Dalmia, but also for the transformation which is going on in our country.

Since the gruelling pandemic period, followed by the heightened geopolitical tension, we were collectively determined to work harder and return to the earlier glory. As a company we planned strategized and executed our growth plans well amply supported by the nation building efforts of the government. In this period, the Indian economy has surged ahead at a pace of 7.2% in financial year 23. In a world struggling with low to no growth. Many of the trends are highly encouraging, robust manufacturing sector with positive PMIs and the highest GST collections, a resilient construction sector that grew at 10.4% Despite soaring interest rates and retail inflation, a resurgent rural economy with agricultural output registering a robust 5.5% growth and a revival in the services sector, driven by a double digit growth in trade, tourism and transport. Our GDP has touched the US dollar 3.75 trillion mark in financial year 23, up from around 2 trillion in 2014. And we are well on our way to become a US dollar 5 trillion economy in the next few years, propelled by a strong infrastructure growth and a sharp focus on make in India initiatives even for the year financial year 24 the government has allocated a massive capex budget of over rupees 10 lakh crores which is 125 billion dollars to support infrastructure that growth in the country. This phenomenal journey is going to be certainly momentous for a few sectors like ours. It is estimated that this aggressive infrastructure push and housing sector in financial 24 and 25 will further scale up cement demand, helping a recovery in profitability and building a healthy balance sheet for the sector.

Other significant factors that would influence the sector include large expansion plans, increasing consolidation and a steady softening in power and fuel costs, which will lead to a sustained recovery in operating margins. The industry is undergoing rapid consolidation with the widening of the gap between larger and smaller players. The top five players who account for much of the capacity addition had already increased their capacity share from 41% in financial year 16 to 50% in financial year 23. We remain attentive and active about the industry wide opportunities as well as the industry wide plans to grow in this favorable environment. Having grown 3x in capacity 5x in revenue and 3x in EBITA over the past decade, thus making us India's fourth largest player.

Our expansion plans will make us a pan India pure play cement company with a significant presence to growth markets. We have set a manufacturing capacity target of 110 to 130 million tonnes per annum by 2031, with an intermittent milestone of 75 million tonnes per annum by a financial year 27. To this effect we have already grown to 41.1 million tonnes per annum from 35.9 million tonnes per annum in financial year 22. We have also signed definitive agreements during the year for acquisition of the cement assets of Jaiprakash Associates limited, which will give us access to the attractive market of central India. Given this momentum, and the massive support from all our stakeholders, I'm proud to say that we are confident of achieving our stated capacity plans. Coming to our performance during the year we have reported 16% YOY increase in sales volume to 27.5 million tonnes in financial year 23 with revenues increasing by 20 percent year on year to rupees 13540 crores and profit after tax raising 28% YOY to 1079 crores. Our focus remains on proactive cost containment and innovations that would improve our margins in the years ahead.

Amongst other notable achievements last year our human capital, ESG and national building efforts were impressive to find a mention here. A plant level initiative was scaled up was designed to generate an implement innovative ideas and keep system scalable on a continuous basis. I am proud to say that we are the only cement company to be featured amongst the top 50 innovative companies of 2022 by the CII industrial innovation awards 2022. Another area of traditionally for Dalmia Bharat is the sustainability of operations. We have so far won more than 25 sustainability related awards across functions including the climate action program 2.0 award from CII and a dear shah quality gold award the first company to win it for promoting green blended cement. The fact that sustainability is ingrained in the Dalmia DNA since our inception is an important statement. Amid Ramping up of our capacity add a cadre of 15% plus we have never given up the spirit of sustainability in raising the concept of growth with responsibility. The company is on its way to achieve in carbon neutral status by 2040 we have already reduced carbon footprint by 30% in the last 8 years and reduced on machines to 463 kilograms of CO2 per ton of cement perhaps the lowest globally. our goals are equal embedded in using the renewal power at every possible step today our renewable capacity has increased 10 times to 166 mega watts from just 17 mega watts 4 years ago a significant step in a journey towards RE 100 target by 2030.

People any organization is only as good as its committed people and let me read it today that we are blessed with such committed and talented individuals in abundance. Our growth to be a strong number 4 in the cement sector is a tribute to their hard work whether it is the ongoing acquisition of JP cement plants or taking care of the communities around our plants our people applied a very positive and important role. They have graciously espoused the causes of inclusive growth as seen by local event like loan melas at Ariyalur, Dalmiapuram, Kadapa and Andhra where which was specifically designed to empower women youth and farmers through SHGs FPOs and JLGs. More than 1000 people participated and loan applications worth 2.66 crore were sanctioned during 2 day event. With the same fervency and spirit, we were able to organize Jai hind the sounding light show at the red fort in all new avatar which was inaugurated by honourable home minister Shri Amit Shah Ji on 10th of January 2023. Recently national geographic has listed jai hind amongst the 5 best sounding light shows in the world. It is a testimony of a vision in execution capabilities which can compete and make a mark globally. I encourage all of you to see this experience and we would be delighted to host you with your families. As

Gandhi ji often reminded us great relationships are based on 4 principles respect, understanding, acceptance and appreciation.

Let me conclude by expressing my deepest appreciation and gratitude to you, our esteemed shareholders for your unwavering support and guidance. I also take this opportunity to thank all our well wishes, associates, lenders, vendors, customers, and all our talents who have been with us for several decades and have contributed greatly to the growth of the army apart. I also thank all the board members for their valuable guidance and support as always, thank you Jai hind Namaskar.

Chairman:- Thank you Puneet, for the very impressive performance report as in all sectors, we wish you all success. I will now request Shri Dharmender Tuteja, Chief Financial Officer of the Company to give his presentation of financial for the company.

Dharmender Tuteja: - Thank you, Chairman Sir, respected Directors of Dalmia Bharat Limited and Dalmia Cement (Bharat) Limited, my fellow colleagues and shareholders. I will just give a brief recap of the last financial year. Thank you Bhaskar, go to the next.

Yeah, this is a brief recap of the financial results of the last financial year, our sales volume increased by about 16% to 25.7 million tons. This is against the backdrop of 9% growth in the overall cement industry as we have stated in the past also that we will be growing at least 1.5 times. So, this was demonstrated last year also now the capacity utilization, there was improvement of 1% Compared to 68%, we increase the utilization to 69% in the previous financial year, revenue increased by 20% Because apart from 16% growth in the volume, the prices increase was close to what 4% So, the total turnover increase was of 20%. as you see that EBITA was down by 5% to 2316 crores. This was due to unprecedented increase in the energy prices, which led to the cost increases. And of course, the full impact of these cost increases was not possible to be passed on to the customers. So, the EBITDA drop is 5% in spite of the cost initiative, efforts taken by us, of course, it was industry wide phenomenon. On certain cases, the drop was even greater 18% And on the PAT and EPS side the growth is 29% because in the last financial year, one of our associate company Dalmia Bharat Refractory Limited, they sold off their refractory business which led to profit of what more than 500 crores So, the overall EPS is higher by 29 percent.

Next, on the key financial ratios, as we saw in the EBITA performance, a bit of margins were lower yesterday 1.5% It was something but 1%. Consequently, the interest coverage ratio also reduced marginally to about 8.16 from 10.72 our debt as per our financial policy or on long dated debts. So, the debt service servicing obligation is reducing. So the debt service coverage ratio has improved to 2.96. net debt to EBITA continues to be very healthy, it's just about 0.29 Of course, it increased from the previous financial year because of the increase in the debt required for our expansions. net debt to equity also is almost 0.01 Close to nil. And return on capital employed is 5.9% because of the drop in the profitability on adjustment of the goodwill, this turns to 7.1% and the lower which is record here and because of the cost increases which affected and during India's regime and during the restructuring, which led us to higher capital employed as well as lower profit because of the high deposition. current ratio continues to be healthy at 1.45. Also to give you a Capex update where we spent the previous financial year we started the Capex at 35.9 We ended at about 38. And in the last one quarter we have also commercialized the operations at Bokaro and Nippur 0.6 million capacity so today we stand at 41.7 by year end this is expected to go to 46.6 with Sattur and Belgaum expected to commercialize in the coming quarter, quarter two and Ariyalur and Kadapa to be commercialized by last quarter of the year. And by the end of the year we should be about 46.6. This is besides the acquisition of JP associates, which will be adding about 9.4 billion, which is subject to various external approvals of banks and other stakeholders. So, the timeline of that will get more quickly or should happen most likely in the coming quarter. Besides this, we are also announced expansion in northeast of 3.1 million 3.6 billion capacity in Clinker and 2.4 million segment which will get commercialized in FY 26.

Next please on the Clinker site, we close the year at 21.7 Compared to 18.9 in the previous year and by coming the financial year, we should be increasing this capacity by 2 million to take it to 223.7.

Next please and coming to the outlook as I think mostly has been covered by --not clear-- has address that demand growth in the industry is looking very good. This being an election year, we expect that the cement demand should grow by about 8 to 10%. And as we have done in the past also will continue to beat the industry demand growth by at least 1.5 times. reduction in energy prices is heartening for the sector. Recent prices drop have been very encouraging which should start reflecting our results in Q3 onwards. So, margins operating margins in the current year will improve and also said by Puneet ji the consolidation of industry is happening and the larger players are growing faster than the smaller players and the profitability is much better than the smaller players that trend has to continue. So all in all, we are well poised to capitalize on this extremely profitable and growth opportunity available in the sector, which we expect at least should last for about next one decade or so. Thank you very much.

Chairman:-Thank you Mr Tuteja for the innovative presentation I would now request company secretary Mr Rajeev kumar to take over the agenda meeting.

Rajeev Kumar:- Thank you sir. With your permission I place the following business mentioned in the notice of annual general meeting before the meeting.

Ordinary business item number one adoption of the audited stand alone and consolidated financial statements of the company for the financial year ended 31st March 2023 and the reports of auditors and directors their own. There is no qualification reservation or adverse remarks in the statutory auditors report on standalone and consolidated financial statements further the auditors have not reported any matter under Section 143 of the companies. I would like to further apprise that there is no qualification, reservation or adverse remark in the Secretarial Audit Report.

With the permission of the chair the directors report may please be taken as read.

Chairman: Yes please.

Rajeev Kumar: Thank you sir. Item number two is to confirm the payment of interim dividend of rupees four per equity share already paid and declaring dividends of rupees five per equity share of rupees 2 each that is 250% for the financial year ended 31st March 2023.

Item number three is reappointment of Shri Yadu Hari Dalmia who retires by rotation and being eligible offers himself for reappointment.

Special businesses are item number four reappointment of Shri Gautham Dalmia as managing director of the company for a period of five years by passing the special resolution set out in the notice.

Item number five is the reappointment of Puneet Yadu Dalmia as Managing Director and CEO of the company for a period of five years by passing the special resolution set out in the notice.

Item number six is reappointment of Shri Yadu Hari Dalmia as advisor in Dalmia Cement (Bharat) Limited owned subsidiary of the company, bypassing the ordinary resolution set out in the notice.

Item number seven is appointment of shri Paul Heinz as an independent director of the company with effect from 1st July 2023. By passing the special resolution set out in the notice.

Item number eight is appointment of Smt. Anuradha Mukherjee as independent director of the company with effect from 1st July 2023. By passing the special resolution set out in the notice.

Item number nine is payment of remuneration commission to the non-executive directors by passing ordinary resolution set out in the notice.

Members now please note that voting on the above businesses is open. And those members who have not casted their votes may cast their votes until 15 minutes 15 minutes after the conclusion of this AGM.

Now with the permission of the Chair, we will take questions from the shareholders. Moderator will state the name of the members one by one who have registered themselves as speakers. And thereafter member will be unmuted to enable them to speak. I will request all the speakers to ask your questions first and thereafter, the management will answer all questions together. 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 time available for the meeting. And now I request the moderator to unmute the members speakers, and speakers are requested to speak after their names are announced.

Bhaskar:- Thank you. Our first speaker of the day is Mr. Rajesh Keval Ram Chainani from Mumbai, but unfortunately he's not logged in at this point in time, we will wait for him. Hence moving on to the next speaker, Miss Celestian Elizabeth Mascarenhas. Mis Mascarenhas, request to unmute yourself switch on your webcam if you desire to do so. And proceed with asking the question please. Miss Celestian Elizabeth Mascarenhas from Mumbai Miss Celestion Elizabeth Mascarenhas from Mumbai ma'am you're requested to unmute yourself to turn your webcam if you desire to do so and proceed with asking the question please. We have not received any input from a Miss Celestian as of now. We will move on to our next speaker. Mr. Atul Gadodia Mr Atul Gadodia you're requested to kindly unmute yourself, switch on your webcam and proceed with asking the question if you desire to do so.

Atul Gadodia:- Good morning, everyone is my voice audible.

Bhaskar:- Yes Mr Atul. You are audible.

Atul Gadodia:- Thank you so much for everyone for giving me an opportunity to speak. Like, as Mr. Dalmia told in his opening speech, the Company is very innovative taking many steps and I'm very happy to be a part of the Company and thanks to the new set presentation of financials by Mr. Tuteja. Now, as regards Mr. Puneet Dalmia I'm quite close to his in laws in Calcutta, the Poddar family Mr. Arun Poddar Mrs Saroj Poddar so whenever I be in Delhi, I'll request Mr Dalmia to give me an appointment so that I can directly meet him. Now coming to the company, I have just two questions or suggestions you might say, one on consolidated level, the debt of the Company is very low. So why doesn't the company go for a buyback and as the CFO also pointed out that the debt equity ratio is quite healthy considering the cement industry. And number two, like is it possible to split the shares from rupees 2 paid up to 1 paid up. These are two things I wanted to. Thank you so much again.

Bhaskar:- Thank you, Mr. Atul. We'll move on to our next speaker. Mr. Kalyana Raman K from Trichy

Kalyana Raman K:- Respected chairman managing directors and directors Good morning to everyone. I am Kalyanaraman from Trichy , my query is the company has recently came out with the plan to expand and enhance its capacity from 41.1 million tonnes to 56 million tonnes by FY 24 which includes acquisition of cement plants of JP of 9.4 million tonnes. Can you please highlight about such projects and stages of capitalization? Thank you sir.

Bhaskar:- Thank you. With your permission Chairman sir we will just try to call up Miss Celestian Elizabeth Mascarenhas once again, Miss Celestian Elizabeth Mascarenhas if I'm audible to you request.

Celestian Elizabeth Mascarenhas:- Yeah, hello, hello. Please, hello. Hello.

Bhaskar:-Yes, ma'am. You are audible.

Celestian Elizabeth Mascarenhas:- Simultaneously meetings. No, that is our problem now in and I'm so eager, very anxious to come into this meeting because it is very far away only VC I can attend. So I was so excited from yesterday. I'm thinking I must sit in this Dalmia Bharat you know. so with this I greet you respected Chairman Mr. JP Patel, other members of the board, my fellow shareholders. I am Mrs. C. E Mascarenhas. I am speaking from Mumbai. First of all, I thank the Company Secretarial Secretary and his team for sending me an e annual report. I would prefer a physical one because I am 70 plus so I find reading this small text really difficult. If you could do it would be great of you all. Now our revenues are

up every performance is up and dividend of 1.40 per share is very good. Now, I congratulate you for all the awards received during the year keep it up. Now, my query is we done ESG anything on the ESG platform because we have to reduce the carbon footprints, because by 50, it should be nil. So, how much we are working on their Whether you have you have gone for the rating of the ESG if rating is done on which which agency and if you're planning if the lay rating is above platinum, then on which platform you are going to list or are we listed? So, my next question is we have eight plants in Gujarat, which are equipped with modern technology and adhering to international standard of quality and safety

Bhaskar:- Miss Celestian Elizabeth Mascarenhas, my apologies for barging in, but this is a Dalmia cement, Dalmia Bharat Ltd meeting. I think you are reading a question from some other meeting now. I understand there are a couple of meetings going on simultaneously

Celestian Elizabeth Mascarenhas:- This is Dalmia Bharat cement no,

Bhaskar:- yes mam.

Celestian Elizabeth Mascarenhas:- are we in cement or not?

Bhaskar:-Yes mam. You are correct.

Celestian Elizabeth Mascarenhas:- we in cement no, okay, fine. I don't know because on the online so, many companies when we this thing can be I give my benefit of doubt. If I had the actual balance sheet, maybe I still know I'm also confused, but I can speak general as Dalmia Bharat am having this I can ask you some general questions of course, ESG is a very general question you know, every because that climatic change or not okay, we how much margin we enjoy in our international business, what is the Capex for the next three years for organic and in organic growth? Are you seeing some acquisition for inorganic growth next is how much is spent on R & D. So and then I will not talk about subsidies because I am also not sure with this I support all the resolutions I wish my company all the best may grow from strength to strength and I will not ask for physical meeting I am very happy on this. Next by when I get my AGM report, then I will know exactly sorry if it is something else, I beg pardon for it because this is what happens because we are 74 plus so we find all you know going into this is our great the not be the youngsters, but who participates is we because we are at home we can express our views. We have been in the industry means I was from Bank of India for 30 years. So, lots of balance sheets I was analysing so I can understand the Annual Report very well. But this sort of mistake now. I am sorry. Okay, I wish you all good health, and we should wish to participate properly in the next year. With this. Thank you so much. And may God bless. Okay, bye.

Bhaskar:- Thank you Miss Mascarenhas. Appreciate you taking out the time. Chairman sir, with that we come to the end of giving an opportunity to all the individuals who have registered as a speaker, I hand it back to the board to continue with the rest of the session. Thank you, sir.

Chairman:- Thank you very much. So at the end of the meeting that they have already indicated that they can ask anything in and they come. And I would love the meeting.

Dharmender Tuteja:- Chairman sir before we close the meeting quickly if we can just answer a couple of the questions which have been raised by the shareholders.

Chairman: - Okay.

Dharmender Tuteja:- Thank you, sir. From the question of Atul ji, that the Company's debt is low, and why don't we go for the buyback. my submission will be that Company has articulated its vision to increase the capacity to about 100 and 200 million by FY 31. And the intermediate milestone of about 75 million ton by FY 27. So naturally, there'll be large capex required and debt will get raised and coming from from the current financial aid itself. debt is going up. But definitely there'll be an opportunity as and when required will also go for the buyback. Sometimes in lieu of the dividend also if required, but as and when opportunities are there. We'll do that we take note of your suggestion of split of shares from rupees 2 to rupees 1 as and when required, just make it also done. Then there was a query from Mr. Kalyanaraman regarding the stages of our capacity expansions. So as also I covered in my presentation that we today we are at about 41.7 million tonne capacity, and by the end of the year, we'll be close to what 46 million. So this will include expansion of capacity of what 2.9 million which .will get done in Q2 at Sattur and Belgaum. And balance 4 million will get done by last quarter of this current year. And in between the acquisition of JP assets will also get done, most likely in the coming quarter itself. That is about 9.4 million tons. And on the request of Ma'am, on the queries, definitely we take note of that whichever shoulder gives the request or physical copy of the annual report will circulate to them. By default, only the e link of the report goes. And with respect to the capex. In the current year, we should be incurring about six to 6500 crores including the Capex for the JP assets. And of course, for the coming years, we'll make future announcements as and when these calls happen. And on the ESG, of course, as Puneet Ji also covered, we are one of the prime mover in the industry in terms of the lowest carbon footprint, we are at closer to 53 kg compared to the global average of about more than 600 and even the Indian average also about more than 500. So rest assured that your company is on the path to achieve zero or negative carbon emissions by 2040. The multiple initiatives are there which have been well captured in our annual report. So for the brief safety of time, maybe I'm not elaborating all those right here. And on your question about R & D, and there's expenditure of about four crores which is also captured in the annual report. And in our expansions, they will be of course, both organic as well as inorganic regulations. Thank you very much, chairman sir.

Chairman:- I can now thank all of you for attending the meeting today. And my sincere thanks to the company official for the support in making the AGM successful. I wish you all a safe and healthy future Thank you.

Speaker:- Thank you chairman sir,

Speaker:- thank you very much.

Chairman:- Thank you.

Speaker:- Thanks for all the members who are present. Thank you. Thank you very much.