

**Transcript of the 30<sup>th</sup> Annual General Meeting of the Company**  
**held on Wednesday, June 29, 2022 through Video Conference at 10.30 a.m.**

**Ms. Ameeta Parpia stated :** Good Morning, Ladies & Gentlemen,

I, Ameeta Parpia wish to inform that Mr. Shobhan Thakore, Chairman of the Company is not attending the meeting due to prior commitments. Pursuant to Article No. 104 of the Articles of Association of the Company, I propose Mr. Vijay Aggarwal, Managing Director of the Company to chair the 30<sup>th</sup> AGM.

**Mr. Vivek Agnihotri stated :** I, Vivek Agnihotri, Executive Director & CEO of the Company, second the proposal.

**Mr. Vijay Aggarwal, Managing Director of the Company took the Chair and stated :**

Good Morning, Ladies & Gentlemen.

I welcome you all to the 30<sup>th</sup> Annual General Meeting of your Company which is being held through Video Conference pursuant to the applicable MCA and SEBI Circulars. It is a privilege for me to address this august gathering of the shareholders as the Chairman of your Company. I trust all of you are safe and healthy.

As the requisite quorum is present for the Annual General Meeting, may I, as the Chairman, call the Meeting to order.

I now request all the Directors attending this AGM to introduce themselves :

**Mr. Akshay Raheja :** Good morning, I am Mr. Akshay Raheja, Director, joining this meeting through video conference. Thank you.

**Ms. Ameeta Parpia :** Good morning, I am Ms. Ameeta Parpia, Independent Director & Chairperson of the Audit Committee, Nomination & Remuneration Committee and Stakeholders Relationship Committee, joining this meeting through video conference. Thank you.

**Dr. Raveendra Chittoor :** Good morning, I am Dr. Raveendra Chittoor, Independent Director, joining this meeting through video conference. Thank you.

**Mr. Vivek Agnihotri :** Good morning, I am Mr. Vivek Agnihotri, Executive Director & CEO, Cement Division, joining this meeting through video conference. Thank you.

**Mr. Atul Desai :** Good morning, I am Mr. Atul Desai, Executive Director & CEO, RMC Division, joining this meeting through video conference. Thank you.

**Mr. Sarat Chandak :** Good morning, I am Mr. Sarat Chandak, Executive Director & CEO, HRJ Division, joining this meeting through video conference. Thank you.

Mr. Rajan Raheja and Mr. Shobhan Thakore have not been able to attend the meeting due to urgent prior commitments.

Besides, we also have Mr. Manish Bhatia, Chief Financial Officer and Mrs. Aneeta Kulkarni, Company Secretary along with other Executives of the Company attending this Meeting.

Mr. Atul Shah and Mr. Rajen Ashar, Partners, G. M. Kapadia & Co., Auditors and Ms. Savita Jyoti, Secretarial Auditor are also attending this meeting through video conference.

As per the provisions of the Companies Act, 2013 and the SEBI LODR, your Company had provided the facility of e-voting to the Shareholders to enable them to cast their vote electronically. E-voting commenced on Friday, 24th June, 2022 at 9.00 a.m. and concluded on Tuesday, 28th June, 2022 at 5.00 p.m. The e-voting has already concluded as per the timelines mentioned in the Notice of the AGM.

The e-voting platform is open for voting during the meeting and will close 15 minutes after all business is transacted post which the meeting will stand closed. Those shareholders who have not cast their vote by remote e-voting, can cast their votes electronically by clicking on the voting button visible on the screen. In all, there are 4 Ordinary resolutions and 2 Special resolutions to be passed by the Shareholders, details of which are given in the Notice of the AGM. Kindly note that those of you who have already cast your votes on the e-voting platform shall not be again permitted to cast your votes.

M/s. Savita Jyoti Associates, Practicing Company Secretary, has been appointed as the Scrutiniser for e-voting process. The combined results of e-voting will be displayed on the website of the Company and the Stock Exchanges and will also be available at the registered office of the Company.

The Company has taken requisite steps to ensure that AGM through video conference is seamless experience for all the stakeholders and all efforts feasible under the given circumstances have indeed been made by the Company to enable members to participate and vote on each item of business.

We will now proceed with the meeting.

Pursuant to the applicable MCA Circulars, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. The Register of Authorised Representations with 6 Representations aggregating 30,86,30,246 (30.86 Crore) Equity Shares representing 61.31% of the paid-up Equity Share Capital are available for inspection through the VC facility of M/s. KFin Technologies Limited.

The Register of Directors & Key Managerial Personnel and their Shareholding as well as other statutory registers, Auditor's report and relevant documents referred to in the Notice and Explanatory Statement are available for inspection during the AGM.

The Notice of the 30th Annual General Meeting and the Explanatory Statement pursuant to Section 102 of Companies Act, 2013 along with the copies of the audited Standalone and Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2022 together with the Directors' and Auditors' Reports had been sent by email to all those shareholders who have registered their e-mail IDs with their respective DP/the Registrar & Transfer Agent/the Company. The said documents are also uploaded on the website of the Company and BSE and NSE for your ready reference.

I now take the Notice of the 30<sup>th</sup> Annual General Meeting as read.

As the Auditors' Report on the Annual Accounts of the Company for the Financial Year ended 31<sup>st</sup> March, 2022 does not contain any qualifications, observations or comments on financial transactions or matters, which have adverse effect on the functioning of the Company, I also take the same as read.

As the Secretarial Auditors' Report for the financial year ended 31<sup>st</sup> March, 2022 does not contain any qualifications, observations or comments, I also take the same as read.

Before I take up the business of the meeting, I will apprise you on the operational performance and future strategy of the Company :

On behalf of the Board of Directors, I extend a warm welcome to all of you at the 30<sup>th</sup> Annual General Meeting of your Company.

The volatile business environment has created a need for businesses to adopt a definite and flexible approach to pursue consistent progress. The preceding two years posed unforeseen and extensive challenges to the world's economies, impacting businesses and human life across the globe. At Prism Johnson, when we found ourselves in the middle of this crisis, we didn't just react, but rather endured the phase with high resilience and agility.

2021-22 was a year of recovery from the lows of 2020-21 as the Indian economy came out of the strict nationwide lockdowns, faster vaccination drives and Government's various fiscal stimulus packages which led to overall improved consumer sentiment.

However, the year 2021-22 also posed several challenges that affected business operations, such as the second wave of Covid that claimed many lives and disrupted operations for most businesses, especially in the first quarter, supply chain issues that affected export business opportunities, coal and energy crisis that affected profitability in the second half. Further, rising geopolitical tensions between Russia and Ukraine increased the already soaring fuel prices, resulting in a cascading effect on other input costs.

Together these helped overall demand scenario, presenting potential opportunities for us to pursue growth and expansion. To cater to the evolving industry trends, our plan of action involves taking concrete steps by enhancing our manufacturing capabilities, expanding capacity, engaging in higher efficiencies, and upgrading ourselves constantly through technology.

Consolidated revenue grew by 12.9% to ₹ 6,306 Crores mainly led by growth in revenue of H & R Johnson (India) (HRJ) and Prism RMC Divisions. However, consolidated EBITDA margin declined by 280 basis points to 8.3%. This was mainly due to decline in Prism Cement's EBITDA led by steep rise in power and fuel costs, while HRJ's EBITDA margin expanded 190 basis points to 10.6%. Consolidated EBITDA for 2021-22 stood at ₹ 523 Crores, a decline of 15.9% over the previous year. As a result, Net Profit after Tax and non-controlling interest declined by 46.4% to ₹ 92 Crores in 2021-22.

During 2021-22, Prism Johnson further improved its working capital levels (cash conversion cycle) to 16 days and generated free cash flows (pre capex and investments) of ₹ 462 Crores. Capex requirements were largely met through internal accruals and Consolidated Net Debt increased marginally from ₹ 1,183 Crores in 2020-21 to ₹ 1,186 Crores. Net Debt to EBITDA stood at 2.3x during 2021-22. Return on Capital Employed was clocked in at 9.7%. While Prism Cement's sales volume and profitability came under pressure for various reasons, HRJ delivered strong revenue growth led by increasing volume offtake coupled with higher realisations. Prism RMC benefitted from strong order wins from the infrastructure sector.

Let us consider some of the highlights of our financial performance in 2021-22 :

**Prism Cement** revenues declined by 6.9% to ₹ 2,408 Crores due to a 10.3% decline in cement and clinker sales volume to 5.22 mn tons. Premium products constituted 29.0% of the total cement sales volume as compared to 27.7% during 2020-21. EBITDA per ton declined from ₹ 962 in 2020-21 to ₹ 709.

**HRJ** revenues grew by 21.2% to ₹ 2,221 Crores with EBITDA margin expanding 190 basis points to 10.6% in 2021-22. HRJ reported highest ever EBITDA of ₹ 235 Crores in 2021-22. Tiles sales volumes grew by 9.3% in 2021-22 to 53.1 mn m2, despite 14.3% decline in exports volume. Tile capacity utilisation increased from 59% in 2020-21 to 69% in 2021-22.

**Prism RMC** revenues grew by 31.9% to ₹ 1,198 Crores with an EBITDA ₹ 9 Crores.

As you are aware, the Company had entered into a Share Sale and Purchase Agreement with Paytm Insuretech Private Limited to divest the Company's entire holding of 51% of the paid-up equity share capital in Raheja QBE General Insurance Company Limited, the material subsidiary.

Since the share sale and purchase transaction has not been consummated within the time period envisaged by the parties under the agreement, the agreement has automatically terminated.

The Board of Directors of the Company will continue to evaluate the future prospects of the Company's investment in RQBE from time-to-time and will provide necessary updates/disclosures in accordance with applicable law.

The Gross written premium for RQBE grew by 33% to ₹ 393 Crores. RQBE reported a Net Loss after Tax of ₹ 95 Crores. RQBE remains well capitalised with a solvency ratio of 2.2x, as against the regulatory requirement of at least 1.5x. AUM stood at ₹ 815 Crores as on March 31, 2022.

Our robust fundamentals, along with our cost focus, helped us remain cautiously optimistic and march ahead, as reflected in our performance for the year 2021-22. I would now turn to the performance of the three Divisions of your Company :

### ***Cement Division***

The Cement Division has 2 Modern Plants in Satna, MP (Central India).

The key highlights during FY 22 :

- Cement & clinker sales volume declined 25.4% YoY from 1.90 million tons in Q4 FY21 to 1.42 million tons in Q4 FY22.
- Increase in costs and lower volumes led to 53.3% YoY decline in EBITDA per ton from ₹ 875 in Q4 FY21 to ₹ 408 in Q4 FY22.
- EBITDA per ton improved by 6.2% sequentially.
- Remained motivated despite witnessing lower demand and cost pressures in the Cement Business.

### ***H & R Johnson (India) Division (HRJ)***

Established in 1958, HRJ has been the pioneer of tiles manufacturing in India. Today, it offers a wide range of tiles and sanitaryware products. The manufacturing plants of the Division and that of its joint ventures are spread across the country in order to effectively cater to the market requirements.

Key highlights of the Division for FY 22 :

- HRJ witnessed strong growth in the sales of domestic Tiles, Sanitary Ware and Bath Fittings.
- HRJ consolidated revenues grew 12.1% YoY from ₹ 6,142 million in Q4 FY21 to ₹ 6,885 million in Q4 FY22.
- Domestic tiles sales volume grew 2.0% YoY in Q4 FY22.
- Q4 FY22 consolidated EBITDA grew by 10.9% YoY to ₹ 856 million.
- EBITDA margin stood at 12.4% as compared to 12.6% in Q4 FY21.

Realising the importance of staying at home, many people are now concentrating on their home's basics and aesthetics. The tiles and sanitaryware segment is witnessing a significant demand with consumers becoming more aesthetically conscious and experimenting with new products. India also has a young-earning age population with rising disposable incomes and their attitude to try new products is further pushing sales.

### ***RMC Readymix (India) Division (RMC)***

RMC is one of the largest readymixed concrete manufacturers in India, with a pan-India presence and operates from 44 cities/towns across the country. RMC operates 97 concrete plants and 3 aggregate crushers in different locations across the country. The concrete plants are commercial as well as site-based plants.

- Revenues grew 6.5% YoY from ₹ 3,316 million in Q4 FY21 to ₹ 3,530 million in Q4 FY22.
- EBITDA margin declined from 6.0% in Q4 FY21 to 2.7% in Q4 FY22.

### ***Key ESG Initiatives***

Being a building materials company, we have a mark on the environment and on our communities.

Our collective purpose is to foster growth and nurture strong infrastructural developments in the country, create a healthy and safe working environment for our people, provide quality product and service offering to our customers and create shareholder value.

Our Company aims to minimise the impact of our operations and continues to take several concrete steps in the right direction for a sustainable future. Here are some of the key highlights of our ESG initiatives :

- 36.6% of Prism Cement's total power requirement was met through renewable sources, namely WHRS and solar power during 2021-22.
- Prism Cement reported a 13% reduction in energy intensity to 13,139 TJ; emissions' intensity stood at 613 kg CO<sub>2</sub> per ton of cementitious material in 2021-22.
- Prism Cement consumed 136 litres of water per ton of cement produced, a 20% reduction in water intensity in 2021-22.
- Over 1,35,000 saplings were planted by Prism Cement in 2021-22.
- Prism Cement's Lost Time Injury Rate (LTIR) stood at 0.23.

We believe several measures taken by the Government of India along with increase in infrastructure demand, pick up in housing and commercial activities will boost the demand for building materials in the medium term. To cater to the strong medium term demand potential, emanating from the growing demand from the infrastructure and housing sectors, we crystallised capacity expansion plans during 2021-22.

We announced our plan to set up a 2 MTPA greenfield cement grinding capacity in Eastern Uttar Pradesh by December 2024 for a capex of approximately ₹ 500 Crores. During 2021-22, our joint venture entities increased tile manufacturing capacity by ~4 mn m2, taking HRJ's total tile manufacturing capacity to ~64 mn m2. HRJ has further announced its plan for a greenfield tile capacity expansion of 5.5 mn m2 at Panagarh, West Bengal, by To cater to the strong medium term demand potential, emanating from the growing demand from the infrastructure and housing sectors, we crystallised capacity expansion plans during 2021-22.

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Going forward, Prism Johnson will continue to work on aligning its product mix in line with the actual demand (for example, increase share of glazed vitrified tiles in the tiles sales mix) and expand distribution network to achieve strong revenue growth in future. The Company continues to invest in innovation to cater to modern infrastructure and lifestyle needs of our customers. We are prepared to leverage technology and build capability across all levels of the organisation so that we can add value to our customers. The Company will also continue to take initiatives to achieve cost-competitiveness and report healthy profit margins in the medium term.

On behalf of the Board of Directors of your Company, I would like to express my sincere gratitude to our stakeholders for their undeterred support during these challenging and uncertain times. Our success is for our employees, for our customers and business partners who continue to support the Company's growth and expansion. Once again, I would like to take this opportunity to thank our employees for their continued hard work and commitment over the last year. It is their passion for excellent customer service that drives the business forward.

I will now continue with the proceedings of the meeting.

We have received the names of the shareholders who have registered themselves as speakers.

The names will be called by the moderator one after the other and will be responded after the shareholders have completed making their observations.

Mr. Abhishek J., Mr. Yusuf Yunus Rangwala, Mr. Redappa Gundluru, Mr. Praful Chavda, Mr. Santosh Kumar Saraf, Mr. Suresh Chand Jain, Mr. Vinay Vishnu Bhide, Mr. Vinod Motilal Agarwal, Ms. Celestine Elizabeth Mascarenhas, and Mr. Kamal Kishore Jhavar spoke at the meeting. They expressed their views and asked several questions relating to the accounts, dividend, future profitability, capex plans, CSR activities, rain water harvesting, alternate fuel resources, e-waste policy, impact of Covid, subsidiaries and generally.

Mr. Aggarwal thanked the Members for their keen interest in the Company and replied suitably to all the questions raised by Members.

Since there is no further business to be transacted, the shareholders will be given 15 minutes for voting after which the 30<sup>th</sup> Annual General Meeting will stand closed.

Thank you.