

## **Transcript of the 29<sup>th</sup> Annual General Meeting of the Company** **held on July 30, 2021 through Video Conference at 10.30 a.m.**

Good Morning, Ladies & Gentlemen

I welcome you all to the 29<sup>th</sup> Annual General Meeting of your Company which is being held through Video Conference/Other Audio Visual Means 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. Vijay Aggarwal** : Good morning, I am Mr. Vijay Aggarwal, Managing 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 has 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 alongwith 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: Sunday, 25<sup>th</sup> July, 2021 at 9.00 a.m. and concluded on : Thursday, 29<sup>th</sup> July, 2021 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 5 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 8 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 KFin.

The Register of Directors and 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.

Mr. Shobhan Thakore, Chairman of the Company proposed that Mr. Vijay Aggarwal, Managing Director of the Company to chair the 29<sup>th</sup> AGM since he had some technical glitches with the audio-video transmission at his location. Ms. Ameeta Parpia, Director of the Company, seconded the proposal after which Mr. Aggarwal took the Chair

**Mr. Aggarwal:** The Notice of the 29th 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 Statement for the year ended 31<sup>st</sup> March, 2021 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 29<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, 2021 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, 2021 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 :

The year 2020-21 has been an unprecedented year due to the rapid spread of Covid-19 across the world. The Indian economy too witnessed contraction due to the curbs and lockdowns that the Government of India had to implement to control the spread of the pandemic. This had an impact on the building materials sector as demand suffered. Amidst this situation, your Company adapted itself with the changing environment. Even in such a tough scenario, there were several positives that held our momentum. Your Company constantly focused on enhancing its efficiencies by rationalising costs and expanding its network.

Business outlook started to improve by the third quarter as curbs started to ease. Favourable policies by the Government of India also boosted infrastructure development funding. Towards the end of the year, the rollout of multiple vaccines further boosted people's morale and it gave a renewed thrust to infrastructure development across the country.

Consolidated revenue came at ₹ 5,587 Crores in 2020-21 as compared to ₹ 5,956 Crores in 2019-20. I am glad to share that we ended the financial year 2020-21 on a positive note with consolidated EBITDA growing 15.4% to ₹ 622 Crores despite the impact of the pandemic on our consolidated revenue. This was because we strengthened our foundation during the difficult pandemic times and adopted cost-optimisation strategies across segments, which helped us improve margins. Consolidated EBITDA margin for the year 2020-21 expanded 210 basis points to 11.1%. As a result, consolidated net profit after tax and non-controlling interest increased from ₹ 10 Crores in 2019-20 to ₹ 171 Crores in 2020-21.

To give you a better idea in terms of our three lines of businesses :

- Prism Cement revenues largely stayed flat year-on-year, but EBITDA per tonne grew by 8.2% to ₹ 962 in 2020-21. The share of premium cement to total sales volume continued to increase from 22.3% in 2019-20 to 27.7% in 2020-21.
- HRJ revenues at ₹ 1,833 Crores grew by 0.5% in 2020-21 with EBITDA margin expanding 490 basis point to 8.7% in 2020-21.
- In the Prism RMC segment, we registered a revenue of ₹ 908 Crores with an EBITDA loss of ₹ 17 Crores due to the pandemic impact.

Efficient working capital management and strong operational performance led to healthy operating cash flow generation of ₹ 1,008 Crores and our return on capital employed improved from 10.9% in 2019-20 to 14.4% in 2020-21 for the consolidated entity. We strengthened our balance sheet by reducing consolidated net debt from ₹ 1,827 Crores in 2019-20 to ₹ 1,183 Crores in 2020-21. Our consolidated net debt to EBITDA ratio improved from 3.4x in 2019-20 to 1.9x in 2020-21.

The key highlights during Q1FY22 :

- Consolidated revenue grew 52.4% YoY to ₹ 1,312 Crores.
- Consolidated EBITDA margin improved 660 basis points YoY to 9.2%; EBITDA increased from ₹ 22 Crores in Q1 FY21 to ₹ 120 Crores.

- The Company reported a consolidated net profit after tax and non-controlling interest of ₹ 15 Crores during Q1 FY22 as against a loss of ₹ 80 Crores during Q1 FY21.

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 21 :

- Cement & Clinker sales volume improved from 5.72 mn tons in FY20 to 5.82 mn tons in FY21 (1.7% growth).
- Share of premium products in total sales volume continued to increase; Increased from 22.3% of total cement volume in FY20 to 27.7% in FY21.
- EBITDA per ton grew 8.2% from ₹ 889 in FY20 to ₹962 in FY21, primarily driven by cost rationalisation measures.
- The Company has announced debottlenecking at Satna which will increase cement capacity by 0.9 mtpa to 6.5 mtpa by June 2022.
- Further, additional grinding capacity at Satna will further increase capacity to 7.5 mtpa by September 2023.

Key highlights for quarter ended June 2021 :

- Cement & clinker sales volume improved from 1.20 mn tons in Q1 FY21 to 1.32 mn tons in Q1 FY22; Cement sales were impacted due to surge in Covid-19 cases in Q1 FY22
- Share of premium products constituted 28.1% of total cement volumes in Q1 FY22
- EBITDA per ton grew 3.6% YoY and 32.1% QoQ to ₹ 1,156 in Q1 FY22 driven by cost rationalisation measures and marginal increase in realisations

### ***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 21 :

- Tiles sales volume grew at 8.5% from 44.8 mn m<sup>2</sup> to 48.6 mn m<sup>2</sup>, despite impact of Covid-19 during the year.
- HRJ achieved substantial reduction in fixed costs and working capital during FY21.
- Volume growth coupled with sustainable cost rationalisation initiatives led to significant EBITDA growth; EBITDA margin expanded 490 bps to 8.7% in FY21; Q4 FY21 EBITDA margin was 12.6% (+1,120 bps YoY).

- Improvement in the product mix and expansion of distribution network continues to be the key focus area for HRJ.
- Revenue from sanitaryware and bath fittings grew 11.9% YoY.
- Tile exports revenue grew 54.1% YoY.

Key highlights for quarter ended June 2021 :

- Tiles sales volume grew 78.4% YoY to 8.7 mn m<sup>2</sup> on a consolidated basis; Sales were impacted on quarter on quarter basis due to surge in Covid-19 cases in Q1 FY22
- HRJ consolidated revenue grew 89.1% YoY to ₹ 353 Crores in Q1 FY21
- Q1 FY22 EBITDA margin stood at 2.5% vs. (25.2%) in Q1 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 (Prism RMC)***

Prism 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 96 concrete plants and 6 aggregate crushers in different locations across the country. The concrete plants are commercial as well as site-based plants.

- Revenue declined 35.8% YoY from ₹ 1,414 Crores in FY20 to ₹ 908 Crores in FY21 due to severe impact of Covid-19 in metro and Tier-1 cities during the year.
- EBITDA declined from ₹ 23 Crores in FY20 to an EBITDA loss of ₹ 17 Crores in FY21 due to sharp decline in revenue; this was largely due to the impact on business volumes in Q1; EBITDA margins during Q2 to Q4 FY21 expanded 270 bps YoY due to management's increased focus on controlling operating costs.
- Going forward, Prism RMC would continue to focus on improving plant utilisation levels, increasing share of value added products and enhancing revenue from the Individual House Builder (IHB) segment.

Key highlights for quarter ended June 2021 :

- Prism RMC reported strong revenue growth on YoY basis from ₹ 73 Crores in Q1 FY21 to ₹ 235 Crores in Q1 FY22
- Cost rationalisation initiatives led to sharp reduction in EBITDA losses during Q1 FY22; EBITDA loss reduced from ₹ 50 Crores in Q1 FY21 to an EBITDA loss of ₹ 9 Crores in Q1 FY22

### ***Composite Scheme of Arrangement & Amalgamation***

During April 2021, NCLT approved the Composite Scheme of Arrangement and Amalgamation among the Company and some of its wholly-owned subsidiaries. The scheme has resulted in consolidation of operations and simplification of the organisation structure. It will lead to efficient cost management, optimum utilisation of resources and provide scale benefits in the future.

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

Your Company maintains quality standards in areas of environment, health and safety at the plants and offices. During 2020-21, we took concrete steps to actively replace fossil fuel with green sources. We commissioned 22.4 MW of WHRS in phases and 10.0 MW of solar power plant during 2020-21. This will help us get around 35% of our power and fuel requirements for Prism Cement to be met from renewable sources in future.

The Company focuses on the holistic development of the local community and creates social, ecological and economic values for its stakeholders through conducting mega medical camps, 24-hour free ambulance, school children health checkup and sponsoring cataract surgery along with a full-fledged Medical Centre support to the local community.

Rain water harvesting and water conservation in FY 21 was 1,41,547 cubic meters, through rooftop structures, ground water recharge structures with abandoned bore wells and Runoff/Storm water recharge structures at Satna. Overall water groundwater table raised by approx. 2 metres in the area.

Social Engagement through Skill Development by providing livelihood trainings such as stitching, bag making, incense stick & cotton wick making to persons in association with self-help groups in and around the village at Satna. The vocational training has led to an increase in the income of the recipients. The feedback pertaining to the training experience is very positive.

Some of the initiative taken by your Company during the Covid-19 Pandemic include :

- Your Company provided a QUANT STUDIO 7 REAL-TIME PCR testing machine to the Government of Madhya Pradesh, installed at Gandhi Memorial Hospital, Bhopal. This was the first machine in Madhya Pradesh to carry out Covid-19 testing.
- Your Company provided grocery items to 200 families in Rampur Baghelan of Satna district and distributed 1,000 litres sanitiser/hand wash in 45 wards of Municipal Corporation Satna.
- Your Company provided financial assistance to run food stalls for migrants labour and to support other Covid-19 management activities.

In general, employees in our plants and offices go through a very efficient safety-training module to carry out the business. However, our focus on people's safety was enhanced multi-fold in times of the pandemic. We imparted education to all our employees on how to deal with the crisis and stay safe. We maintained all norms related to social-distancing, encouraged wearing of masks and use of sanitizers, regularly disinfected the plants and implemented all Government orders to ensure people safety.

With the second wave of Covid-19 in India, we believe the macro-economic environment could remain challenging and uncertain in the foreseeable future. However, we will continue to work on our cost-realisation measures and expand our network to achieve greater heights in the future. The

pandemic has taught every industry that digitisation will be at the centre of everything we think. The Company is thus constantly investing in innovation to cater 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 in the lives of our stakeholders.

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. Santosh Kumar Saraf, Mr. Kirti Shah, Mr. Abhishek J., Mr. Srikanth Jhavar, Mr. Redeppa Gundluru and Mr. Ramesh Shankar Golla spoke at the meeting. They expressed their views and asked several questions relating to the accounts, operations, dividend, future profitability, capex plans, CSR activities, rain water harvesting, alternate fuel resources, 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.

At this juncture Mr. Shobhan Thakore, Chairman of the Company, whose connectivity was restored, resumed the chair.

**Chairman :** Since there is no further business to be transacted, the shareholders will be given 15 minutes for voting after which the 29<sup>th</sup> Annual General Meeting will stand closed.

Thank you.