

**Transcript of the 31<sup>st</sup> Annual General Meeting of the Company held on August 3, 2023**  
**through video conference at 10.30 a.m.**

*Pursuant to the provisions of Article 103 of the Articles of Association of the Company, Mr. Shobhan Thakore, Chairman of the Board, occupied the chair and presided over the 31<sup>st</sup> Annual General Meeting held on August 3, 2023 through video conference.*

Good morning, Ladies and Gentlemen.

I, Shobhan Thakore, Chairman & Independent Director. As Independent Chairman and Independent Director, it's my privilege to invite you and to address you at the 31<sup>st</sup> Annual General Meeting of your company which is being held through Video Conference and Other Audio Visual Means pursuant to the applicable MCA and SEBI Circulars.

I am informed that the necessary requisite quorum is present and hence I as Chairman call the meeting to order.

Before proceeding with the business of the meeting, I now request all the Directors attending the AGM to introduce themselves.

**Ms. Ameeta Parpia:** Good Morning, this is Ameeta Parpia. I am an Independent Director. I am the Chairperson of the Audit Committee and the Nomination and Remuneration Committee.

**Mr. Raveendra Chittoor:** Good Morning, I am Professor Raveendra Chittoor. I am an Independent Director on the Board of Prism Johnson Limited.

**Mr. Vijay Aggarwal:** Good Morning, I am the Managing Director of your company. My name is Vijay Aggarwal. Very good morning to all of you and Namaskar.

**Mr. Vivek Agnihotri:** Good Morning, I am Vivek Agnihotri. I am the Executive Director & CEO of the Cement Division.

**Mr. Sarat Chandak:** Good morning. I am Sarat Chandak, Executive Director & CEO for our HRJ Division.

**Mr. Anil Kulkarni:** Good Morning, I am Anil Kulkarni, Executive Director & CEO of the RMC Division.

**Mr. Akshay Raheja:** I am Akshay Raheja. I am a Non-executive, Non-independent Director of your company, Good Morning.

**Mr. Shobhan Thakore:**

Thank you. Unfortunately, due to prior commitments, Mr. Rajan Raheja is unable to join us at this meeting.

Besides the Directors present, we also have Mr. Manish Bhatia, CFO and Mr. Shailesh Dholakia, Company Secretary along with other executives of the company through this video conference.

Mr. Atul Shah and Mr. Rajan Asher, partners, G. M. Kapadia & Co., Auditors and Ms. Savita Jyoti, Secretarial Auditor are also present and attending this meeting through video conference.

As per the provisions of the Companies Act, 2013 and SEBI LODR, your company had provided the facility of remote e-voting to the shareholders to enable them to cast their vote electronically. The remote e-voting commenced on Saturday 29<sup>th</sup> July, 2023 at 9:00 a.m. and concluded on Wednesday, 2<sup>nd</sup> August, 2023 at 5:00 p.m. The remote e-voting has already been concluded as per the timelines mentioned in the Notice of the AGM.

For those shareholders who have not cast their votes earlier, the e-voting platform is open for voting during the meeting and will close 15 minutes after the business is transacted post which the meeting will stand closed. Those shareholders who have not already cast their votes by remote e-voting can cast their votes now electronically by clicking on the voting button visible on the screen. In all, there are 6 Ordinary resolutions and 3 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 their votes on the remote e-voting platform shall not be permitted to cast their votes again.

Ms. Savita Jyoti of M/s. Savita Jyoti Associates, Practicing Companies Secretary, Hyderabad has been appointed as the scrutiniser to scrutinise the entire e-voting program in a fair and transparent manner. The consolidated results of the e-voting along with the consolidated Scrutiniser's report will be displayed on the website of the Company, KFin Technologies Limited 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 the AGM through video conferences is seamless experience for all shareholders 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 MCA circulars, the facility to appoint a proxy to attend and cast vote for the members is not available for this AGM. The register of Authorised Representatives with 3 representatives aggregating to 30.86 Crore equity shares representing 61.31% of the paid up capital are available for inspection through the VC facility of KFin.

The Register of Directors and Key Managerial Personnel and their Shareholding as also other statutory registers, Auditor's Report and the relevant documents referred to the notice and explanatory statement are available for inspection electronically during the AGM.

The Notice of the 31<sup>st</sup> Annual General Meeting and the Explanatory Statement pursuant to Section 102 and the SEBI LODR along with the audited Financial Statements for the year ended 31<sup>st</sup> March, 2023 together with the Director's and Auditor's Reports had been sent by e-mail to all the

shareholders who have registered their e-mail address with their respective DPs or the Registrar & Transfer Agent or to the Company. The said documents are also uploaded on the website of the Company, KFin, BSE and NSE for your ready reference.

With the permission of all members, I shall now take the Notice of the 31<sup>st</sup> Annual General Meeting as read.

As the Auditor's Reports on the Annual Accounts of the company for the Financial Year ended 31<sup>st</sup> March, 2023 does not contain any qualifications, observations or comments on financial transactions or matters which have adverse effect on the functioning of the company, accordingly these reports are not required to be read out as provided in the Companies Act, 2013.

As the Secretarial Auditor's Report for the financial year ended 31<sup>st</sup> March, 2023 does not contain any qualification, observation or comments, accordingly, the same is not required to be read out, as provided in the Companies Act, 2013.

I will now request Mr. Vijay Aggarwal, Managing Director, to appraise you of the current operations of the Company and the future strategy thereof.

**Mr. Vijay Aggarwal:**

Thank you, Sir. So on behalf of all my colleagues, I once again extend a very warm welcome to all of you at the 31<sup>st</sup> AGM of your company. I am honored and grateful for the privilege of addressing our esteemed shareholders. Your continued support and trust has been the driving force behind the company's journey.

Your company remains committed to sustainable and responsible business practices. Your company's commitment to the core priorities, namely innovation, quality and customer contentment, empowered your company to make significant strides towards its strategic objectives.

During 2022-23, the consolidated revenue of the company grew by 16.7% to ₹ 7,361 Crores, mainly led by strong growth across all divisions. However, consolidated EBITDA margin declined by 340 basis points to 4.9%, mainly due to the sharp price in power and fuel costs. As you are all aware, last year was a global crisis for energy and there were significant increase in the price of all kind of energy that our company uses. Consolidated EBITDA for the last year stood at ₹ 361 Crores, which is a decline of 31% over the previous year. As a result, Net Loss after Tax and non-controlling interest stood at ₹ 103 Crores in 2022-23.

The Company's Working Capital reduced considerably from 16 days from previous year to only 5 days, so this helped in generation of cashflow and going through this difficult period of time. Therefore, the operating cash flow, pre-capex and investments, grew by 6.6% to ₹ 493 Crores. The Net Debt to EBITDA stood at 3.2x as of March 31, 2023 and Return on Capital Employed for the full year was at 0.6%.

Now let me brief you on the performance highlights of all the three divisions.

### ***Cement Division :***

Firstly, the cement division. The Cement Division, as you are aware, has a capacity of 5.6 million tons per annum and there are two lines at Satna in Madhya Pradesh in central India. The key highlights are as follows.

- Revenues grew by 25.9% to ₹ 3,030 Crores, partly led by 13.5% underlying growth in the volume of cement and clinker.
- EBITDA per ton, however, declined from ₹ 709 from previous year to ₹ 445, as I mentioned due to the impact of power and fuel.
- Premium products continued to grow and constituted 31.0% of total sales for the full year.
- Your Company also announced plan to set up a captive wind power project aggregating to 24 MW for supply to the cement plant. This wind power unit is expected to be commissioned by first half of next year and this will also help to reduce the power cost of the company as well as increase the extent of green power. I am very happy to report that your company is already using green power to the extent of more than 30% for production of cement and post commissioning of wind power it will go beyond 50% and it will be one of the best in the country.

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

Coming to H&R Johnson. With 65 years of experience, HRJ has been the pioneer of ceramic tile manufacturing in India. Today this division offers end-to-end lifestyle solutions and wide range of products namely tiles, sanitaryware, bath fittings, engineer marble and quartz etc. HRJ has a tile manufacturing capacity along with its joint ventures, of around 61 million square meters. The company also has faucet manufacturing capacity of 3.6 million pieces per annum. This is located in Baddi in Himachal Pradesh and Samba in Jammu & Kashmir.

The key highlights for HRJ division are as follows.

- Revenues grew by 8.0% during the year to ₹ 2,399 Crores. However, EBITDA margin declined here as well by 330 basis points to 7.3%, again owing to steep rise in price of fuel, i.e. natural gas in this case and transportation cost due to diesel. And HRJ reported an EBITDA of ₹176 Crores for this year.
- While total sales volume for tiles grew by 5.2% to 55.8 mn m<sup>2</sup>, domestic tile sales volume grew higher at 11.3% because exports were subdued due to supply chain issues.
- During last year, company also set up a new manufacturing facility for industrial Product and Natural resources division for HRJ at Dewas in Madhya Pradesh.

- The Greenfield tile capacity project, which is just now going on at Durgapur in West Bengal, is now almost getting ready and the scheduled time was first half of this year and we are very much on track and we should be able to announce commercial production in near future.

***RMC Readymix (India) Division (Prism RMC) :***

Coming to RMC Ready mix India division which is called Prism RMC. Prism RMC is one of the largest ready mix concrete manufacturers in India, with a pan-India presence. RMC operates 91 ready-mixed plants in 44 towns and cities across the country.

- Prism RMC revenues grew by 17.0% in 2022-23 to ₹ 1,401 Crores, mainly driven by 18.5% growth in RMC volumes. Prism RMC also reported an EBITDA margin of ₹ 5 Crores in last year.
- Prism RMC has also implemented several initiatives to optimize fleet and pump efficiency and reduce costs, which are likely to result in better EBITDA margins going forward.
- Also, the key focus area for this division will be to increase the plant utilization levels, expand the share of value added products and bring in higher focus on the individual home builder segment.

***Raheja QBE General Insurance Company Limited (RQBE) :***

Coming to company's investment in the Raheja QBE General Insurance Company which is your company holds 51% shares in this company. The Gross written premium for RQBE grew marginally to ₹ 396 Crores compared to previous year. The Company reported a Net Loss of ₹ 91 Crores. RQBE remains well-capitalised with the solvency ratio of 2.03 as against the regulatory requirement by IRDA of at least 1.5. Assets Under Management grew to a level of ₹ 850 crores as on 31<sup>st</sup> March, 2023.

***Key ESG Initiatives :***

I would now talk about the ESG initiatives. Being a building materials company, your Company has a mark on the environment and on the surrounding communities. Your Company's vision is to create sustainable value for all stakeholders by meeting its customers' construction and lifestyle needs through innovative building material and services.

Your Company's common purpose is to foster growth and nurture strong infrastructural development in the country, create a healthy and safe working environment for its people, provide quality products and services to customers and more importantly create shareholder value.

Your company continues to remain committed to promoting inclusive growth and this year your Company has contributed ₹ 2.85 Crore as CSR contribution to various community initiatives.

## **Q1 FY24 update :**

Very quick update on the first quarter. Yesterday the Board of Directors had met and the results of the first quarter have been published.

- The total revenue touched ₹ 1,825 Crores with a growth of about 7.9% and the revenue for the cement division had a very good growth of 22.4% due to robust demand in in our area and gain in market share as well; HRJ revenue declined by 7.6% YoY and Prism RMC revenues grew 3.2% YoY in the first quarter.
- The EBITDA for the first quarter declined by 5.1% YoY; for the Cement division EBITDA/per ton declined from ₹ 750 last year to ₹ 673, mainly due to higher freight and transportation costs; HRJ EBITDA declined from ₹ 46 Crores to ₹ 28 Crores and Prism RMC reported a positive EBITDA of ₹ 2 Crores.
- Overall in Q1 FY24, the EBITDA margin declined by 110 basis points to 8.0%. Having said that, the energy prices are now cooling down in all the three divisions and that should help the margin going forward.
- Net debt/ Equity stood at 0.9 as of 30<sup>th</sup> June, 2023 and the Annualized ROCE has improved by 90 basis points to 11.0% in first quarter in spite of falling EBITDA margin due to better volume and value of sales.

## ***Conclusion :***

In the end, on behalf of all my colleagues, I would like to express my sincere gratitude to all our shareholders for undeterred support, trust and dedication. Your continued confidence in us fuels our determination to navigate challenges, embrace new opportunities and drive your company to newer heights. We remain committed to deliver shareholder value and look forward to future of shared success.

I would now hand over to the chairman to continue with proceedings of the meeting. Thank you.

## **Mr. Shobhan Thakore :**

Thank you, Vijay. The company has received notices from certain shareholders as speakers at this AGM. The moderator will now read out the names of each of these shareholders one after the other and the shareholders concerned are requested to follow the instructions of the moderator. Thank you.

Mr. Praful Chavda, Mr. Manoj Kumar Gupta, Mr. Badri Vishal Bajaj, Mr. Redeppa Gundluru and Mr. Srikanth Jhawar spoke at the meeting. They expressed their views and asked several questions relating to the accounts, dividend, future outlook, commencement of the plant situated in West Bengal, capex plans, rain water harvesting, alternate fuel resources, transfer of mining lease situated in Andhra Pradesh, subsidiaries and general remarks.

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

**Mr. Shobhan Thakore :**

Thank you Vijay.

Before concluding on behalf of the Board of Directors, I would like to express our sincere appreciation as Vijay did for the continued and consistent support received from all shareholders including those who spared their valuable time to attend this meeting and other financial institutions and regulators. I would also like to thank my colleagues on the Board for the continued guidance, support and contribution made to the company. On behalf of the Board, I would also acknowledge the committed services of all the employees of the company at all levels during the year.

As there is no further business to be transacted, this brings us to the end of this meeting, subject however to the 15 minutes window for e-voting by the shareholders who have not voted earlier,

Thank you.