

Orient Cement Limited

Transcript of 11th Annual General Meeting held on July 28, 2022 at 3:30 p.m.

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| Mrs. Nidhi Bisaria | <p>Good afternoon, everyone! I, Nidhi Bisaria, Company Secretary of the Company, welcome you all to the 11th Annual General Meeting of Orient Cement Limited. Before I hand over the proceedings to the Chairman to declare the Meeting open, I would like to mention certain points here.</p> <p>The Ministry of Corporate Affairs and the Securities and Exchange Board of India vide their respective circulars have allowed companies to hold the Annual General Meeting through video conferencing or all other audio-visual means during the calendar year 2022. This Annual General Meeting is accordingly being held through video conference in compliance with the circulars issued by the Ministry of Corporate Affairs and SEBI. In terms of the said circulars, the requirement of sending physical copies of the Annual Report for the financial year 21-22 has been dispensed with. Accordingly, the Annual Reports for the financial year 21-22 along with the notice of 11th AGM have been sent by electronic mode only to all the shareholders whose email ID's were registered with the Company's Registrar and Share Transfer Agent or the depositories.</p> <p>The Registered office of the Company situated at Bhubaneswar, Odisha shall be deemed to be the venue for this 11th AGM and the proceedings of this AGM shall be deemed to be convened thereat.</p> <p>The Register of directors and key managerial personnel, The Register of contracts or arrangements in which directors are interested and other documents required to be kept open for inspection can be accessed for inspection by the members at the e -voting page of NSDL and also on the website of the Company during the proceedings of this AGM.</p> <p>As the AGM is being held through video conference, the facility for appointment of proxies by the members was not applicable and hence the proxy register is not available for inspection. All the shareholders who have joined this meeting are by default mode being placed by the host on mute mode in order to avoid disturbance which may arise from the background noise. Some of the shareholders have registered themselves as speaker shareholders for this AGM. Accordingly, opportunity will be given to those shareholders to ask questions or express their views. The moderator will facilitate this session once the Chairman opens the questions and answer session.</p> <p>The shareholders who have registered themselves as the speaker shareholder will be announced one by one. Before speaking, shareholders are requested to click the webcam button to switch on their camera. I would request the shareholders to first introduce themselves and then proceed with their</p> |
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| | <p>questions or views. The shareholders are requested to finish speaking within 3 minutes time.</p> <p>Now I request Mr. Birla, Chairman of the Company to kindly chair the meeting and commence the proceedings of this meeting.</p> |
| Mr. CK Birla | <p>Good afternoon, dear shareholders, I welcome you all to the 11th Annual General Meeting of Orient Cement Limited.</p> <p>Before we start the proceedings of the AGM, let me introduce my colleagues on the Board. Mr. Deepak Khetrpal, Managing Director and CEO of the Company and Mrs. Amita Birla, Non-executive director are present with me.</p> <p>I would request other Members who have joined the AGM through video conferencing from their respective locations to introduce themselves.</p> <p>Mr. I Y R Krishna Rao, Independent director.</p> |
| Mr. I Y R Krishna Rao | <p>I, I Y R Krishna Rao, Independent director and Chairman of the Audit Committee and Risk Management Committee of the Company. I'm joining the 11th Annual General Meeting of the Orient Cement Limited from Hyderabad. Thank you.</p> |
| Mr. CK Birla | <p>Mr. Rabindranath Jhunjunwala, Independent director</p> |
| Mr. Rabindranath Jhunjunwala | <p>Thank you very much. Good afternoon, my name is Rabindranath Jhunjunwala, Independent director and Chairman of Nomination and Remuneration cum Compensation Committee of the Company. I'm joining this Annual General Meeting from Mumbai.</p> <p>Thank you.</p> |
| Mr. CK Birla | <p>Mrs. Varsha Purandare, Independent director.</p> |
| Mrs. Varsha Vasant Purandare | <p>Thank you, good afternoon. I'm Varsha Purandare, Independent director and Chairperson of Stakeholders' Relationship Committee of the Company. I'm joining the 11th Annual General Meeting of Orient Cement Limited from Pune.</p> <p>Thank you.</p> |
| Mr. CK Birla | <p>Mr. Swapan Dasgupta, Independent director.</p> |
| Mr. Swapan Dasgupta | <p>I'm Swapan Dasgupta, Independent director Orient Cement. I am joining the AGM of Orient Cement from my residence in Delhi. Thank you very much.</p> |
| Mr. CK Birla | <p>Mr. Rajeev Jhawar, Independent director.</p> |
| Mr. Rajeev Jhawar | <p>I am Rajeev Jhawar, Independent director of the Company. I'm joining the 11th Annual General Meeting of Orient Cement Limited from Singapore. Thank you.</p> |
| Mr. CK Birla | <p>Mr. Janat Shah, Independent director.</p> |

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| Mr. Janat Shah | I am Janat Shah, Independent director and Chairman of the Corporate Social Responsibility Committee of the Company. I'm joining the 11 th Annual General Meeting of Orient Cement from Udaipur. |
| Mr. CK Birla | Mr. Soumitro Bhattacharyya, Chief Financial Officer. |
| Mr. Soumitra Bhattacharyya | Good afternoon, I'm Soumitro Bhattacharyya, Chief Financial Officer of the Company. I'm joining the 11 th Annual General Meeting of Orient Cement Limited from Hyderabad, Thank you. |
| Mr. CK Birla | <p>Thank you, I wish to inform that all the directors of the Company are attending this AGM. I have also noted the attendance of Mr. Vikash Somani, partner B S R & Associates LLP, Statutory Auditors of the Company, Mr. Ranjeet Pandey of Ranjeet Pandey & Associates, our Secretarial auditor, Mr. Atul Kumar Labh, Practicing Company Secretary as Scrutinizer for this meeting from their respective locations.</p> <p>I thank all the shareholders, colleagues on the Board and management team for joining this meeting through video conference. Participation of members through video conference is being reckoned for the purpose of quorum as per the circulars issued by the Ministry of Corporate Affairs and Section 103 of the Companies Act, 2013.</p> <p>As the requisite quorum is present, I call the meeting to order.</p> <p>The Company has made all feasible efforts to enable shareholders to participate in the AGM through video conferencing facility and in providing electronic voting facility during the AGM. I now request the Company Secretary to brief the shareholders regarding the e-voting process.</p> |
| Mrs. Nidhi Bisaria | <p>Thank you, Sir!</p> <p>In compliance with the provisions of the Companies Act, 2013 and the SEBI Listing Regulations, the Company had provided to all the Members who are holding shares as on the cut off date of July 21st 2022 either in physical form or in dematerialized form, the facility to exercise their right to vote on all the resolutions set out in the notice of the 11th Annual General Meeting. The remote e-voting platform was provided by National Securities Depository Limited (NSDL) and remote e-voting facility was available to the members from Monday, July 25th 2022 9:00 AM till Wednesday July 27th, 2022 5:00 PM.</p> <p>Electronic voting facility at the AGM is being made available to enable Shareholders who have not cast their votes through remote e-voting. The e-voting window has been activated during the AGM proceedings. The shareholders attending the meeting who have not cast their vote through remote e-voting are requested to cast their vote by going to the e-voting page of NSDL, click on active voting cycles and click EVEN 120179. Shareholders may please note that there will be no voting by show of hands.</p> |

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| | <p>I now request the Chairman to continue with the proceedings of the AGM.</p> |
| <p>Mr. CK Birla</p> | <p>Thank you, Nidhi.</p> <p>Dear shareholders, once again a very warm welcome to all of you to the 11th Annual General Meeting of Orient Cement Limited. On behalf of the Board of Directors, I extend my heartfelt gratitude to each and every one of you attending this meeting. I wish you and your families in good health and during these unprecedented times.</p> <p>The Annual Report of the Company for the year ended 31st March 2022 has already been circulated and are already with you and with your permission, I take this as read.</p> <p>I would now like to summarize the year under review in a few highlights.</p> <p>Even as I speak, our macro environment continues to be uncertain, while the impact of COVID-19 appears to have moderated thanks to our government’s continued thrust on faster coverage of the country’s population through vaccination. The external environment still remains volatile. Russia-Ukraine situation is having a cascading impact on businesses and economies worldwide, with shortages, rising commodity prices, market volatility and supply chain disruptions. These disruptions are causing record inflation levels in countries worldwide, deepening the macroeconomic challenges. Amidst these circumstances, your Company has delivered a robust performance during the financial year 21-22 by leveraging its DNA of ‘Agility’. Our responsive strategy and agile execution of capabilities enabled Orient Cement to capitalize on the few windows of opportunity that emerged during the year and maximize value creation for all its stakeholders through its internalized strengths and capabilities.</p> <p>The team at Orient Cement worked to not only meet challenges created by the external macro environmental shocks, but also undertook several long-term initiatives to drive quality sales. Consolidation of customer base and channel partners, optimizing costs and marketing prudently with right product mix has helped us deliver a very good performance.</p> <p>The sustained and successful initiatives include optimization of costs while pushing the envelope of innovation, circularity, and sustainability. From replacement of conventional fuel with all viable alternatives to debottlenecking for enhanced capacity, examples of agility demonstrated by the team are captured in the Annual Report.</p> <p>Similarly, the team has continued to sustain and grow the market share of Birla A1 StrongCrete, our premium cement engineered to create properties that are unmatched. It is a culmination of these efforts that your Company has delivered results which are amongst the best in the industry for the year.</p> <p>Cement as everyone knows it is an energy intensive industry with power, fuel and logistics accounting for over half of the total costs. The various disruptions</p> |

in the energy sector resulted in an intense pressure on input costs of the entire Cement industry, a situation that still persists. And in such a scenario, the management team continued to navigate the storm with its intrinsic capabilities and emerge stronger. Orient Cement recorded a total income of ₹2735 crores growing from ₹2342 crores in the previous fiscal year. Despite the unrelenting and inescapable inflation in energy and other input costs this nearly 17% growth in revenues, was backed by an improvement in profits.

The EBITDA for the year improved to ₹601 crore in financial year 22 compared with ₹569 crores in the previous year. The Company used the accompanying robust cash flows to prepay the debt on its books. During the year, the Company prepaid ₹478 crores of its long- term debt, long before it became due for repayment. Further, the remaining modest debt was refinanced with a significant reduction in costs. As a result, the debt on our balance sheet as on 31st March 22 is a mere ₹ 296 crores and carries a much lower rate of interest. All this has resulted in significant savings in finance costs and so the PBT and PAT for the year grew by 21% and 23% respectively.

I'm sure that these financial results have made you and the investor community happy. These numbers look even more impressive when compared to the industry results in a difficult year. During the challenging years of COVID-19, our 'people-first' philosophy has been amply demonstrated. As a significant number of our staff got impacted our caring HR functionaries, and senior leaders worked tirelessly to arrange the necessary medical support and emotional comfort for everyone.

The team showed extraordinary flexibility and resilience and adopted the hybrid work mode with strict SOPs in place to keep everyone safe. We continued to enhance our safety measures- onsite and off-site, including Covid19 vaccine coverage of all employees, enhanced safety training programs, and regular awareness sessions on multiple facets of safety. The proof of our engaging and rewarding people practices reflected in Orient Cement being certified a 'Great Place to Work' for the 3rd Year in a row. This year's certification is special because it has been supported through a much higher participation from all our employees at all our plants with vastly improved trust score.

I commend exemplary leadership team at Orient Cement who have steered your Company competently with unflinching commitment during difficult times and never wavered from our chosen path of long-term orientation and creating value for all our stakeholders. I am thankful to all of you for supporting the Board's recommendation for the reappointment of Mr. Deepak Khetrpal as Managing Director of the Company for another 2 years, with near unanimous approval.

We can't overemphasize the challenges faced by our planet on the environmental front with very visible impact of global warming. We at Orient Cement have been taking strong measures to reduce our energy intensity and also to find alternative and renewable fuels and powers. Among the many

operational achievements during the year, I'm especially proud of our aggressive efforts towards reducing our carbon footprint.

We are making steady progress towards our road map of building a 'Net Zero Carbon Company' by the year 2050. Our participation and commitment towards this global commitment guides our investments towards building renewable energy and waste heat recovery plants for our power requirements. Our proposed investments are targeted at achieving 50% of our power requirements through renewable resources by the year 2030.

Our recent long-term agreement and investment for procuring solar energy at Jalgaon grinding unit is already meeting 50% of its power needs. We have begun construction of our 10-megawatt Waste Heat Recovery System at our Chittapur plant, which will reduce our fossil fuel requirements and make significant contribution towards conservation of natural resources.

Our capacity expansion plans include further addition of similar power generated without burning any fuel. We're also aggressively replacing the conventional fuels in our kilns like coal and petcoke with various alternative fuels, which largely are waste and by-products from various industries and social activities.

Apart from these, at the micro level the team is working closely with numerous smaller idea that are making visible impact towards building a greener tomorrow. Our efforts and commitment towards such matter are reflected in this year's Business Responsibility and Sustainability Report already circulated as part of the annual report, which all of you would have noted.

Given the very encouraging prospects of our nation's macroeconomic opportunities, I remain strongly optimistic about the Company's future as our strategy takes shape to leverage all emerging opportunities with required investments. Our robust balance sheet provides us the springboard to comfortably address our planned capacity addition in the coming 5 to 6 years. We also continue to build on our already strong ESG framework, year after year, with initiatives that are directed to build a carbon neutral company.

A major recent development is that the Government of Rajasthan has decided to restore our old mining lease in the Chittorgarh area and that creates a long-awaited opportunity for us to diversify our geographic footprint and have a more robust market access. We are preparing to start our actions towards creation of about 2 million tons of cement capacity leveraging the Rajasthan mines.

Finally on behalf of the Board of Directors, I would like to extend my sincere gratitude to all our shareholders, associates, banks, and respective government bodies for their continuous support and trust in the Company. My appreciation to all my colleagues on the Board and the entire workforce at Orient Cement whose contributions continue to build stronger and agile Company, in a

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| | <p>sustainable manner. Once again, my best wishes to all of you and your families for good health.</p> <p>Thank you.</p> <p>So, notice of the 11th Annual General Meeting along with the Annual Report for the financial year 21-22 was sent to you, the Shareholders electronically. With your kind permission, I shall take them as read.</p> <p>There are no qualifications, observations, or adverse remarks in the Statutory Auditor's Report of the financials of the Company for the financial year 21-22, and the Secretarial Auditor's Report. Therefore, with your kind permission, I take the Statutory Auditor's Report and the Secretarial Auditor's Report as read.</p> <p>I now take up the business as mentioned, the Notice of the 11th AGM:</p> <p>Ordinary resolution number 1.- Adoption of the audited financial statements for the year ended 31st March 22 and the reports of the Board of Directors and auditors thereon.</p> <p>Now the resolution number 2.- Declaration of final dividend of ₹ 1.75/- (175%) per equity share of face value of ₹1/- each for the financial year ended 31st March 22 and confirmation of the interim dividend of ₹0.75/- per equity share of ₹1/- each paid during the financial year 21-22.</p> <p>Now, may I request Mr. Krishna Rao will take up the Chair for item number 3, wherein I am interested.</p> |
| <p>Mr. I Y R Krishna Rao</p> | <p>Ordinary resolution number 3.- Appointment of a director in place of Mrs. Amita Birla, who retires by rotation and being eligible, offers herself for reappointment.</p> <p>Now I request Mr. Birla to resume the proceedings.</p> |
| <p>Mr. CK Birla</p> | <p>Thank you, Mr. Krishna Rao.</p> <p>Ordinary resolution number 4.- Ratification of the remuneration of Mr. Somnath Mukherjee, Cost auditor of the Company for the financial year 22-23. The details of the resolutions, along with the explanatory statement are provided in the notice circulated to the shareholders.</p> <p>Shareholders who have not yet voted may cast their vote. The e-voting will remain open up to 15 minutes from the end of this meeting or casting of the last vote, whichever is earlier.</p> <p>Now I open the floor for the question -and- answer session. I would request the Moderator to unmute registered Speaker Shareholders one by one.</p> |

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| Moderator | Thank you, Sir. Now I invite our first speaker shareholder, Mr. Atul Gadodia. Sir, please unmute your audio video. |
| Mr. Atul Gadodia | Yes I am Atul Gadodia. Is my voice audible? |
| Moderator | Yes Sir, Yes Sir, go ahead Sir. |
| Mr. Atul Gadodia | <p>Yeah, I'm Atul Gadodia from Calcutta. I'm reporting from my residence and I thank the team of the Orient Cement for giving me an opportunity to speak. I greet everyone each and every one present, all the Directors and everyone Mr. Swapan Dasgupta. I read his articles in the Times of India every Sunday whenever they feature and my humble request to him would be to write in most simple English because not everyone wants to be Mr. Shashi Tharoor. So that was my only request.</p> <p>Now I'm coming to Mr. Birla. I used to meet his nanaji Mr. Daga in Victoria in my during my walks. And accomplished promised Mr. Daga would address me as beta and he would invite me to his residence on Cammack Street many times. Although I had never went, but he had very high affections for me. It was long back some 20 years back when I still cherish his memories. And it is now coming to the Company. It is no mean job what Mr. Birla has done from a very languishing Company, Orient Paper, he carved out 3 divisions, Orient Cement, Orient Electric and Orient Paper, and couple of them are doing really very very well. It is a matter of pride for each and every shareholder that we associated with this Company.</p> <p>Now I have couple of questions to ask like since the Company's cash which are nearly debt free, why doesn't the Company go for buybacks?</p> <p>Because the Company is having a like, the prices have fallen down a lot from 52 week high. I think the prices have corrected nearly 60%. So, in my view a buyback would add much value to the shareholders.</p> <p>I suggested a similar thing to Mr. Harsh Pati Singhania in JK Paper and he carried it out. It would be my humble request to Mr. Birla to carry out buy back. Now secondly like I missed out on that one like, Is Orient Cement going for Greenfield expansion in Rajasthan? Because I was reading there like just Mr. Birla told that some mining might had been secured or restored in Rajasthan. So like the 2 million ton, will it be a Greenfield expansion in Rajasthan? Or what? And lastly, I would request Mr. Birla that whenever he's in Calcutta. If he gives me an appointment, I can come and meet him at Birla Building or in Delhi, even if he gives me an appointment, I'll come and meet him in Delhi.</p> <p>I with this,-support all the resolutions and I end my speech. Thank you again.</p> |
| Moderator | Thank you, Sir. Now I invite our next speaker shareholder, Mr. Naveen Bothra Sir. Sir, please unmute audio video of your system. |

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| <p>Mr. Naveen Bothra</p> | <p>Hello, I am Naveen Bothra pleasure attending the 11th AGM of Orient Cement from Delhi. A very warm greetings to our respected Chairman C.K Birla Sir, Madam Amita Birlaji, our MD and CEO Deepak Khetrpal Sir and the other esteem board members and key management team of Orient Cement, very warm greetings to all of you.</p> <p>I congratulate Deepak Khetrpal Sir on his reappointment as MD and CEO as Chairman Sir told with full support of all the shareholders. So, we are very pleased with this. I hope under his leadership the Company continues to give stellar performance in the years to come also. The team’s (Orient’s team) progression from limitless attitude to agility has resulted in excellent performance all around performance despite the challenges of pandemic and geopolitical headwinds. Congratulations to the team of Orient Cement.</p> <p>Large reductions in debt over the last 2 years needs a special appreciation Kudos to the management and finance team for the relentless efforts in bringing down the debt to a very low level of around ₹300 crores and also bringing down the interest rate to almost 6%, 2% reduction towards the financial strength of the group and the Company is becoming debt free in the near future.</p> <p>Accolades to the management on returning the Great Place to Work for the certification for the 3rd year in a row and on the various awards and recognitions, including ESG awards during the year. We get detailed regular updates in the quarterly concalls after the management and expect not much to ask from the operations just to get the Chairman Sir’s broader views on the couple of points one of which has been cleared So that is the Rajasthan mining issue is not a mission right now, we are happy to see that it has been restored, mining has been restored, but just one question regarding the organic expansion we are proposing in Telangana. What is the current status and when it is likely to be completed? And as regards the Rajasthan Mining Lease will it be expansion of Greenfield starting the Greenfield plant will be before the Gulbarga proposed brownfield expansion. So, if you can throw some more light on the Rajasthan Mining project, Rajasthan Greenfield project it will be quite helpful Sir.</p> <p>And, as regards the Waste Heat Recovery, you have already told that 10-megawatt plant is already in progress, we just wanted to know about the how much savings we will be having from this plant when it is fully operational.</p> <p>To conclude, I would like to thank the Secretarial team specially Nidhi ji for coordinating smooth interaction in this AGM and sending the copy of the annual report well in time. I have already voted in all the resolutions, and I propose a vote of thanks to Board. Wishing Team Orient Cement all the very best.</p> <p>Thank you very much Sir. Thank you.</p> |
| <p>Moderator</p> | <p>Thank you, Sir. Now I invite our next speaker shareholder, Mr. Vaibhav Jain. Sir, please unmute your audio video.</p> |
| <p>Mr. Vaibhav Jain</p> | <p>Yeah hi, good evening. Can you hear me?</p> |

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| Moderator | Yes, Sir. You are audible. |
| Mr. Vaibhav Jain | <p>Hi. I am Vaibhav. I'm speaking from Chennai. So, I just have a few questions for the management regarding our business.</p> <p>Just the first question is just wanted to know what is the current lead distance in terms of our freight cost and what is the second question is what is the power mix in terms of the captive power and the power that we purchased from outside and the 3rd question is what is the price pattern breakdown if you know, our Greenfield plant that we set up in Karnataka which has been operational since 2017 in terms of land residential quarters, the kilns, the preheater, the limestone and the grinding operations; also what has been the trade and non-trade mix in the last 5 years. Currently how much WHRS that is apart from the 10 megawatt WHRS that we're proposing to construct? Apart from that, what is the current WHRS capacity and how much does that contribute to our total power requirement?</p> <p>And we have a provision for rehabilitation for about 72 crores in the books. So, I just want to know why you know when do we have to incur this? What is the status and how we calculate it?</p> <p>So, these are the questions from my side. Thank you, Sir.</p> |
| Moderator | Thank you, Sir. Now I invite our next speaker shareholder, Mr. Manoj Kumar Gupta. Sir, please unmute your audio video. |
| Mr. Manoj Kumar Gupta | <p>Good afternoon, Respected Chairman, Board of Directors, fellow Shareholders. My name is Manoj Gupta. I'm equity shareholder of Orient Cement limited.</p> <p>First of all, I thanks to you and your team for the good and excellent result of the Company, and good dividend in this epidemic covid time and I thanks to the Company Secretary to help us to join this meeting through VC.</p> <p>And Sir, I have few questions how you will face the competition from Ultratech and Ambuja, in future. They are spreading their wings from North to South, East to West. So how you face that competition? Inflation has gone up, every raw material price has gone up 20% to 30%. And, Sir, what's your view on the single use plastic bag? Banned by our government with effect from 1st July 2022. What effect will come on our Company through single use plastic bag. Sir, What's your future outlook for cement business? And I'm also a great admirer of Dr. Swapan Dasgupta. I have a great respect to him. And Sir, please arrange a plant visit and how you will reward to the shareholders.</p> <p>Thank you, Sir.</p> |
| Moderator | Thank you, Sir. Our next speaker shareholder. Miss. K Elija Devi jointly with Bharat K Raj is not available with us, so we'll move to our next speaker shareholder. Now I invite our next speaker shareholder, Mr. Rohit Prakash Sir. Please Sir unmute your audio video. |

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| Mr. Rohit Prakash | Thank you for the opportunity. Am I audible? |
| Moderator | Yes, Sir, you are audible. |
| Mr. Rohit Prakash | <p>Thank you for the opportunity, Sir. so I have just 3 broad questions. My first question is a huge admirer of your Company and I've gone through all your annual reports and it's very, very beautifully written. So, first congratulations on educating the shareholders so well.</p> <p>So. it's really nice to see how you focused on costs, and then are focusing on premiumization of your product right now. So, my first question is, in general, if I see the long-term trajectory of the cement industry. So, towards the end of the 2000- 2010 decade, the industry was operating at 80 or 90% utilization and it used to enjoy EBITDA per ton, average EBITDA per ton across the industry of thousand. And 12-13 years on because of the capacity utilization and the because of capacity addition and then the utilization not reaching up to the mark, we still are at around the same number. So how do you see this going forward in this current decade? Because from my understanding of the next 2 to 3 years, we have 80 million tons capacity coming on a current countrywide capacity of around 300-320 Million tons.</p> <p>With average capacity utilization in the southern markets being mid 50 or 60%, and again additional capacity coming in, how do we see our market realization in the next few years? And sir my second question is generally on the capital allocation. So, we have a great set of 2 grade cement plants with among the lowest cost operations in the country. So, and it's interesting to see also the promoters buying shares from the open market. So why not use the capital to invest in the Company itself, why not buy back shares and increase the ownership of long-term shareholders in the Company in that sense, doesn't it? So, with our capacity today available it roughly \$40 per ton in the market. Why we spend \$75-80 to set up new capacity in Rajasthan or anywhere else which we have alluded to in various interviews, why not do buy back on the market itself? My last question is if you could share your thoughts on the product strategy and premiumization strategy I see we have done a lot of work on Birla's concrete with good brand ambassadors like P V Sindhu coming in or what other metrics or whatever the issues are taking to further improve the net realization for the Company.</p> <p>Thank you.</p> |
| Moderator | Thank you, Sir. Now I invite our next speaker shareholder Mr. Mahendra Kumar Agrawal. Sir, please unmute audio video of your system. |
| Mr. Mahendra Kumar Agrawal | I am audible? |
| Moderator | Mahendra Sir, is this audible |

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| Mr. CK Birla | We can't hear you but I have all your questions with me that you have sent last 2 days. So, if it's alright, I can answer them because we can't hear you or see you. |
| Mrs. Nidhi Bisaria | He is saying that's fine. |
| Mr. CK Birla | OK. |
| Moderator | So, Mahendra Sir, your audio is not audible, so it seems that we can move our meeting ahead. So I hand over to Mr. Chairman Sir. |
| Mr. CK Birla | <p>Thank you. So, I'll start with the answers Mr. Atul Gadodia. He talked of 2 things he talked over generally and then about buyback and Rajasthan. So, Rajasthan is a Greenfield expansion and buy back as I said that, you know, we're already looking expanding capacity whether it's in Rajasthan and other places so buyback doesn't make sense, in this such a situation. And we are in fact going to be spending huge amount of capex will be incurred so we will be borrowing also. So that's I think it's not feasible at the moment because we have, investment plans which will be requiring capital.</p> <p>Mr. Naveen Bothra asked a lot of questions. The status of the organic expansion in Telangana, where it would like to be operational, here with adding this new 4th line of 6000 tons per day, taking the cement capacity to 3 million tons. Grinding is proposed to split over 2 locations. We intend to complete this in by the year 2024. And we'll keep on keeping a close look at the market scenario, but I would, I'm keeping in mind of how do we maximize shareholder value, but the idea is to complete it by the year 2024. Rajasthan mine as I just said already that we have got the Government's order restoring our mining lease, we will start the process of land acquisition and it is a Greenfield expansion over there and we propose to set up a 2 million tons capacity in Chittorgarh.</p> <p>Waste Heat Recovery System in Chittapur is 10 megawatt waste heat power plant is in the advance area of construction, and will be completed by the 4th quarter of this financial year. And expected benefits of this to come next year. And the investment is well below the norm of Rs. 11 crores per megawatt and the annualised savings is expected to be about 30 crores per year.</p> <p>So, Mr. Vaibhav Jain has asked a lot of questions and I just currently just in terms of freight cost is 300 kilometers. Power mix captive versus grid purchase, is 81% for the last year, captive, 9% renewable energy and 10% from the grid. In the current quarter, in the last quarter, that's Q1 of 2023 renewable power consumed has increased to 14%. He also asked about the total and per unit of electricity cost saving when using ADF versus coal and Petcoke. Very difficult, it's very dynamic, again changes as per the availability and cost of fuels. Alternative fuels for the boiler is more complicated and challenging, and its contribution is so far small. But we are running in this process as we go forward and what we're trying to do is to increase that gradually quarter on quarter, month on month we're trying to increase this.</p> |

He's asked about the pattern breakdown of Greenfield setup in Karnataka in terms of land, kilns all the details, very difficult to give break up of this. But as we've said, 3 million tons. Firstly, we spent 1956 crores which includes land, all the plant equipments, Waste Heat Recovery is being constructed now and that's not included in the above. Mr. Jain also talked about provision of 72 crores in the books for rehabilitation, this account I think this has been utilized every year and as I think, over the next couple of years this will be utilized fully.

Mr. Manoj Gupta talked of competition from Ultratech and Ambuja. In this world we always live with competition whether it is Ultratech or Ambuja in the Cement industry or you take it in every industry. There's competition and everyone who does well will survive. So, I think our philosophy on that and my philosophy is that we have to do the best. And we will survive and we will do better and we will take on competition. So, you know it's good, they are giants, definitely they are Giants and the others are definitely lower level. But there is space for everyone and companies who do well will survive, I can tell you and we are working towards that. Single- use plastic bag, nothing doesn't make any effect on us.

Mr. Rohit Prakash talked of lot of things. The growth you talked I think it's in the region, I expect it to be in the region of about 11 to 12% and going forward, I hope things will continue in that direction. There's a lot of investment happening in infrastructure in various group projects, housing, so all these are good signs for the country and for the cement industry, so I'm optimistic.

Mr. Mahendra Agrawal has asked lot of questions about, he could not speak them because audio visual video wasn't working.

I was asked, are we doing any synergy with any cement, big cement players? Are we seeing any JV like ACC and Ambuja with Adani, we have focused on. Let me tell you, we are focused on our own capacity addition and what we do in the next 4 to 5 years are planning to reach a capacity of 15 to 16 million tons per annum.

So, the next question is asked about active in South India and will be participating in North with the Rajasthan Mining lease coming, we expect to diversify in the North also. How soon, he has asked about the Rajasthan plant becoming operational? Well, this depend on land acquisition and required environmental clearances, I can assure you every effort is being made so that we can do it as fast as possible. But these hurdles we have to cross first.

In September 21 we supposed to start grinding unit- Tiroda. What is the status? Actually, I just want to clarify. In September 21, we signed the MOU with Adani Power. And this takes, as you all know, this takes time, requires a lot of approvals and clearances, and we are progressing well and the necessary permission and the process is going as per plan. In principle you have to see the approval for the railway siding and approvals from the MSEDCL for power requirement during construction has also been received and the land sublease

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| | <p>approval from MIDC is in progress. So, he has asked are we searching any North India Cement company for any type of expansion. Nothing, nothing at the moment.</p> <p>And how much time will be debt free? I don't think we want to be debt free. We want to keep on increasing capacity. Prudent debt that is our aim, not over borrow or over leverage, but few considering that we keep on increasing our installed capacity. And it will be judicious mix of debt and internal cash generation and keeping in mind the debt- equity and debt EBITDA ratios. You asked for the top 5 customers Mr. Agarwal. Well, I think it's not proper to disclose that but definitely our cement has been used in various Telangana major projects of Kaleshwaram Irrigation Project, in the Mumbai- Nagpur highway all our Cement was used. And we have other major customers we are working with and getting good orders.</p> <p>I think with that I've answered all the questions and now I would like to again request shareholders who have not cast their vote has yet to do so as soon as possible.</p> <p>The Company has appointed Mr. Atul Kumar Labh, Practicing Company Secretary to act as a Scrutinizer for scrutinizing the remote e-voting and e-voting process at the AGM in a fair and transparent manner. The results will be declared based on the consolidated scrutinizer's report received by the Company considering the votes cast by the shareholders participating in this AGM together with the e-voting already done by the shareholder during the remote in e-voting period.</p> <p>I authorize Mr. Deepak Khetrupal Managing Director, CEO and Mrs. Nidhi Bisaria, Company Secretary of the Company, severally to receive to scrutinizer's report on e-voting and declare the result of the voting to the stock exchanges within 2 working days from the end of this meeting. Results would be published on the Company's website and also uploaded on the website of the Stock Exchange NSE and BSE.</p> <p>The resolutions as set forth in the notice, shall deemed to be passed today, i.e, July 28th, 2022, subject to the receipt of requisite number of votes.</p> <p>I once again thank all the shareholders for the participation in this AGM. I also thank all our Board Members and Auditors for their participation, and I now hereby declare the proceedings of this AGM as closed.</p> <p>Thank you.</p> |
| <p>Mr. Desh Deepak Khetrupal</p> | <p>Sir with your permission, can I make one request to the Shareholders who are sending questions through the chat mode. Many of those questions are pertaining to the quarter for whom the results have been declared today. We are hosting full investors' meeting at 11:00 AM on Monday. Please join that investors' call and we will be answering questions pertaining to the quarter, that we've just closed in that investors' call on Monday 11:00 AM. The required details can be obtained from our Company Secretary's department. Thank you. Thank you everyone.</p> |