

## **DALMIA BHARAT SUGAR AND INDUSTRIES LIMITED - TRANSCRIPT**

### **Aashhima V Khanna:**

Very good morning, everyone. I Aashhima V Khanna, Company Secretary of Dalmia Bharat Sugar and Industries Limited attending this meeting from Delhi. Welcome you all to the 70th Annual General Meeting of the company being held through video conferencing, facilitated by national securities and depository limited. I hope you all are safe and in good health, this meeting is being held through video conferencing in compliance with the circulars issued by Ministry of Corporate Affairs, Government of India and Securities and Exchange Board of India. Participation of members through video conference is being reckoned for the purpose of quorum. As per the circulars issued by ministry of corporate affairs and section hundred and three of the companies act. We have the requisite code present with us to conduct the proceedings of this meeting. Mr. Rajiv Bakshi, the chairman of the board of directors being present shall chair this meeting. Mr. Rajiv Bakshi is an independent director on the board of directors of the company, and is also the chairman of the risk management committee and a member of the nomination and remuneration company. Mr. Bakshi is an economics graduate from St. Stephen's college, Delhi university, and an MBA from the Indian Institute of Management, Bangalore and has a leadership experience of over 40 years across food and FMCG businesses. May I, now please request the chairman to take the chair.

### **Rajiv Bakshi:**

Thank you. And good morning to all fellow members on the board of Dalmia Bharat Sugar and Industries Limited and the management team, auditors, scrutinizers and all the members. I hope all of you are safe and in good health, I would like to thank the Government of India to allow conducting of the Annual General Meeting through video conferencing. And I would also like to thank all the members for their support for making this happen successfully. The company has taken all feasible steps to enable members to participate through video conference and vote at the Annual General Meeting. I now call this 70th Annual General Meeting of Dalmia Bharat Sugar and Industries Limited to order. However, before we start the formal proceedings of the meeting, I would request the company secretary to first introduce the members of the Board Directors of the Company attending the AGM. Over to you Aashhima.

### **Aashhima V Khanna:**

Yes, sir. I would like to introduce Mr. P Kannan. He's an independent director on the board and the chairperson of the Stakeholder Relationship Committee.

Next, I would like to introduce Mr. Gautam Dalmia, the Managing Director of the company. He needs no introduction he has led the effort to design and implement the

company's integrated sugar, ethanol and co-generation businesses and has hands on experience of taking the company at the highest level.

Next is Mr. B.B. Mehta, Whole-time Director and CEO of the company, a well-known name in the sugar industry, a visionary and leader. I would now request the chairman to please address the members.

**Rajiv Bakshi:**

Ladies and gentlemen, shareholders and colleagues. It's a great pleasure and honor to welcome you all to the 70th Annual General Meeting of Dalmia Bharat Sugar and Industries Limited. Your company has reported a record performance in financial year 21-22 marked by its highest ever revenue profit before tax, profit after tax, sugar, exports and sugar diversion to ethanol. This is the result of the company's commitment to divert sugar towards ethanol sugar export strategy, operating efficiency, reduced working capital outlay, low cost debt, and last but not the least due to the tireless efforts of committed team of employees who not only concentrate on delivering results, but simultaneously ensure the harmonious relationship with all stakeholders. India's GDP grew by around 9% in FY'22 compared to a contraction of approx. 7% in FY'21. In FY'22, your Company's revenues grew by 12% from Rs. 2,739 Cr in FY'21 to Rs 3,080 Cr in FY'22 and PAT grew by 9% from Rs. 270 Cr in FY'21 to Rs. 294 Cr in FY'22.

SS 21-22 Gross production of sugar in India before diversion has reached very high levels and is estimated at 39.5 Mn MT and net sugar production at 36.0 Mn MT as against the domestic consumption of 27.3 Mn MT. Considering a record level of estimated exports this season stock levels are expected to be at 5.7 Mn MT, which is around 2.5 months' consumption of sugar. In the next year also, we envisage similar production levels and a moderate increase in consumption and expect sugar prices to remain stable.

At global level also, we expect the stock levels to remain at similar levels considering both production and consumption of sugar at 174 Mn MT.

Last two years were actually full of testing times for all of us. There was nobody who remained untouched by the consequences of pandemic. We at DBSIL also experienced the heat and pressure to take this unprecedented time head on. Hats off to the team of employees, farmers, vendors and all other stakeholders who united together and ensured all possible efforts for safety of human assets and simultaneously ensuring the continuity of business operations. This was the result of this cohesiveness only that we not only delivered the best ever financial numbers but also completed the substantial brownfield project within target time.

Out of the 449 Cr liters finalized by the OMCs for the Ethanol Supply Year 2021-22 (Dec.-Nov.) against a total requirement of 459 Cr liters, contracts for 445 Cr liters have been executed till 17th July, 2022.

Against the above, 283 Cr liters have been lifted by the OMCs till 17th July, 2022. The total lifted quantity is 64% of the contracted quantity and 63% of the finalized quantity. The average blending percentage is 10.17% till 17th July, 2022.

The Company intends to emerge as a significant contributor to achieve the country's ethanol blending target of 20% by 2030. In line with the same the company has already doubled its ethanol capacity from 8 Cr litres p.a. to 16 cr litres p.a. and further adding grain distillery at Jawaharpur location for 3 cr litres p.a. DBSIL is the company which has diverted around 25% of its sugar towards ethanol, by way of diversion through B Heavy molasses and directly from syrup, which is one of the highest in the industry.

Sustainability parameters coupled with economic growth have always been a matter of growing importance to us. The pillars of economic, environmental, social and governance have shaped what we have become and will continue to lead us to the future. The Company is determined to progress on each of these pillars which helped us to achieve great results. Your company is committed to the values and is consistently exploring to make the business more sustainable. The Company is excited about the new opportunities created by our strong capital structure, growth investments, digital transformation and commitment to continue leading our industry in the global transition to a low carbon, green and circular economy.

I am deeply grateful to the Board members for their constant support and encouragement. I would like to thank the entire Dalmia Bharat Sugar family for playing a significant role in the Company's growth and progress in the previous years. I thank our shareholders, investors and vendors for the faith they placed on the company.

**Aashhima V Khanna:**

Next, I would like to invite Mr. Anil Kataria, CFO of the company to give a brief presentation on the highlights of the year 21-22.

**Anil Kataria:**

Good morning, Everybody I'll take you through the highlights. So, the key highlights for the financial year 2022:

Your company has achieved a major milestone of crossing 3000 Cr. turnover and reported the highest ever PBT and PAT in FY 22 due to better sales realization, higher sugar diversion, and improved fundamentals at micro level. In FY 22 financial highlights are that

highest ever revenue at three thousand eighty crores as against 2739 Crore, EBIDTA at Rs. 488 Crore as against Rs. 526 Crore, lower EBIDTA on account of power tariff in Maharashtra and consumer business losses. But for these two items we had highest PBT at Rs. 380 Cr. as against 369 Cr. and highest ever PAT at Rs. 295 Cr as against Rs. 270 Cr. Now for the operational highlights your company commissioned the Ramgarh distillery in January 22, as per the target schedule with no cost overrun, in season 22 the company diverted around 1.6 LMT towards ethanol which is approximately highest in the industry and highest ever ethanol production and sales during quarter as well as financial year. The Company also achieved highest ever sugar exports during the year that is 2.3 LMT. During the year key highlights were that we achieved hundred percent cane payment so there were no cane areas. We paid all the cane dues with the 14 days of the purchase. And the company has drawn 230 Cr. loan during the year for distillery capacity increase under interest subvention scheme and the total long-term loan as on 31st, March 22 is 396 Cr, which is entirely under interest subvention/subsidized scheme. And despite taking the additional debt due to new distillery capacities, our total net debt reduced to the lowest level in last 5 years that is Rs. 620 Cr. as against balance of Rs. 932 Cr. And this will stand us in good stead to withstand rising in cost area in the future.

The financial numbers, the total revenue is up 12% and EBIDTA is minus 7% as explained in the earlier slide it's because of power production and the consumer business loss, PBT at 380 Cr. and PAT at 295 Cr. And consequently, EPS at 36.48 as against 33.38.

And now the segment wise EBIDTA, sugar is up from 211 to 217, cogen is at similar level 124 as against 125 and distillery 164 against 186 distillery EBIDTA impacted due to change in the transfer prices and the consumer business loss, consumer business incurred a loss of 16 crore against profit of 8 Cr. wind farm and other are similar to negative two crore against five crores. Financial ratios are really robust, Current ratio is up from 1.56 to 1.85 long term debt equity ratio is very low at 0.17 net long term direct equity is 0.06 and long-term loan to is 0.81 net long term loan is 0.28 and EBIDTA margin 16%. And the PAT margin similar as that of last year is 10%.

And you know, if we see the historical financial performance journey for the last five to six years in financial year 2016, our revenue was 1188 Crore and now we are at 3080 Crore with the CAGR of 17% And EBIDTA you know in financial year 2016 is 248 Crore now it's 488 Crore with CAGR at 12% the PBT in financial year 2016 was 47 to 380 the CAGR at 41%. And PAT from 58 to 295 with CAGR at 31% and EPS of seven rupees to 36 and CAGR at 31%, the sugar sector overview, the Gross production of sugar in India before diversion has reached very high levels and is estimated at 395 LMT and net sugar production at 360 LMT. In the next year also, these levels may be similar. Ethanol Blending Program (EBP) updates - out of the 449 Cr liters finalized by the OMCs for the Ethanol Supply Year 2021-

22 (Dec.-Nov.) against a total requirement of 459 Cr liters, contracts for 445 Cr liters have been executed till 17<sup>th</sup> July, 2022. Against the above, 283 Cr liters have been lifted by the OMCs till 17<sup>th</sup> July, 2022. The total lifted quantity is 64% of the contracted quantity and 63% of the finalized quantity. The average blending percentage is 10.17% till 17<sup>th</sup> July, 2022.

Sugar Balance sheet you know is fairly good, our closing stock is at 57 metric tonne, which is the lowest in the last five, seven years. And this is the percentage of internal consumption is just 21% and the sugar diverted to ethanol is 35 lakh metric tonne in 2021-22 and it will go up from 35 to 45 Lakh. And so, the sugar closing stock inventory is at moderate level and that well for the industry and, you know, consequently, the sugar prices are likely to remain stable in the near to medium term.

Even international sugar levels are fairly balanced, production was once 174 million metric tonne and the consumption also was 174 million metric tonne and stock was 96 million metric tonne. And the stock consumption ratio is 55. So internationally also the balance sheet the fundamentals look fairly good and that should you know, that goes well for the industry. The scale of our patience cane crush for the sugar season You know, this, if you see the trend from 18-19 to 21-22, it has gone up from 46.06 lakh metric tonne to 52.9 to lakh metric tonne. Both in, you know, UP has gone up from 34.75 lakh metric tonne from 18-19 to 21-22 at 37.6 and Maharashtra from 11.31 to 15.76. Normative recovery is you know, blended recovery is at 12.6. It is lower than the last year because of agro climatic conditions in up. So UP was lower in this, this sugar season as compared to the last season. And the sugar diversion is significantly higher in the last year. The sugar diversion was you know, 0.58, and this year it is 1.56 lakh. So, the sugar in the system has come down from 5.62 lakh to 4.37 lakh. Thank so much.

**Rajeev Bakshi**

Thank you and I now request the Company Secretary to conduct the further proceedings of this Annual General Meeting.

**Aashhima V Khanna:**

Thank you, sir.

Dear members, please note that the e-voting facility on the resolutions proposed in the notice of the Annual General Meeting is enabled throughout the meeting and shall remain enabled for 15 minutes thereafter. Those members who have not voted through remote e-voting during August 01 to August 03, 2022 could please use the e-voting facility and complete their voting.

Mr. Vikas Gera, Practicing Company Secretary, has been appointed by the Board of

Directors as Scrutiniser to ensure that the e-voting process is conducted in a fair and transparent manner and to scrutinise the votes cast by members through remote e-voting and e-voting during the meeting.

All documents and registers referred to in the notice of the Annual General Meeting and required under the Companies Act, 2013 including *inter-alia* Register of Directors, Key Managerial Personnel and their Shareholding and Register of Contracts are available electronically for inspection by the members.

As the AGM is being held through video conference, the facility for appointment of proxies by the members is not available.

The floor will be open for members for question answer session after completion of formal proceedings of the meeting. The moderator will facilitate this session once the Chairman opens the floor for questions and answers. It may please be noted that the Company reserves the right to limit the number of members asking questions depending on the availability of time.

Members are requested to refer to the instructions provided in the notice or appearing on the video conference page, for a seamless participation through video conference. In case members face any difficulty, they may reach out on the helpline numbers.

As the Notice of this AGM has already been circulated to all the members, with the permission of the Chair, we would like to take the same as read.

**Rajeev Bakshi:**

Yes Please

**Aashhima V Khanna:**

So, the first item is to consider and adopt the standalone and consolidated financials of the company for the financial year ended March 31, 2022, and the reports of the directors and auditors there on, the financial statements and the reports of the auditors and directors have already been circulated to all the members. There is no qualification, reservation or adverse remarks in the statutory auditor's report, given by NSBP and company, the statutory auditors on the financial statements. The notes on the financial statements refer to in the auditor's report are self-explanatory and do not call for any comments and explanation. The auditors have not reported any matter under section 143 of the Companies Act, 2013 and also there is no qualification reservation or adverse

remark in the secretarial report given by Harish Khurana and Associates, secretarial auditor of the Company.

Item number two is to consider and declare a dividend of Rs. 1/- (50%) per equity share of Rs. 2/- for the financial year 2021-22.

Item Number three is to appoint a Director in place of Shri Bharat Bhushan Mehta, who retires by rotation and being eligible offers himself for re-appointment.

Item Number four is to consider and approve the re-appointment of M/s. NSBP & Co., Chartered Accountants, the statutory auditors of the Company for a term of five consecutive years.

Then comes the special business, item number five is to consider and ratify the remuneration of M/s R. J. Goel & Associates, Cost Accountants, the Cost Auditors of the Company, for the financial year 2022-23 by an ordinary resolution.

Item Number six, is to consider and approve payment of remuneration to Mr. Rajeev Bakshi, Chairman (Non-Executive & Independent Director), for the Financial Year 2021-22, which may exceed fifty per cent of the total remuneration payable to all the Non-Executive Directors of the Company.

There is no other business to transact.

**Rajeev Bakshi:**

Thank you, Aashima. While e-voting is still in the process and will continue for 15 minutes even after the meeting, I would now request the moderator to take up the questions of members, which have been submitted, one by one. Members are requested to keep their questions brief and specific. I also request Mr. Pankaj Rastogi, the Chief Executive Officer of the Sugar business and Mr. Anil Kataria, the CFO of the Company, to please respond to the queries.

**Moderator:**

Shall I start Aashhima

**Aashhima V Khanna:**

Yes, please.

**Moderator:**

First speaker is Mr. Gopalakrishnan. Mr. Gopalakrishnan you are on mute. You can ask your question, please unmute yourself. You can switch on your video as well, if you want to do

**Gopalakrishnan:**

Very good morning, sir. Can you hear me?

**Pankaj Rastogi:**

Yes. You'r audible.

**Gopalakrishnan:**

Yes, sir. Good morning, sir. I Gopal from Chennai. It's really good to see our Company breaking its own records year on year, with the highest ever revenue. What is the key to such great success achieved.

**Pankaj Rastogi:**

Yeah. Good morning. And thank you, Mr. Gopalakrishnan, Your company has achieved various milestones this year. Your Company has achieved all time high turnover, Profit before Tax & Profit after tax. Capacity optimization of various segments, major push towards export of sugar & maximization of sugar diversion to Ethanol have contributed to achieve such robust results. Your company will continue to make endeavors to create maximum value creation for stakeholders in the years to come.

Thank you.

**Moderator:**

Our next speaker is Mr. Ratnesh Jha. Mr. Ratnesh. You can ask your question now, you are unmuted.

**Ratnesh Jha:**

Good morning, sir. Myself Ratnesh Jha from Bihar. During the financial year 21-22, the Company has commissioned the brownfield projects including expansion of sugar capacity, commissioning/expansion of distilleries. How do you see the long-term impact of the same?



**Pankaj Rastogi:**

Yeah. Good morning, Mr. Jha, your company has commissioned all its ongoing major brownfield projects well in time, with the commissioning of these projects, the company has further Strengthened its growth metrics. You know, the benefits of which will accrue in future with higher share of distillery in the product mix, your company is all set to achieve consistent & stable returns in future.

Thank you.

**Moderator:**

Thank you, sir. Our next speaker is, which is Mr. Suresh Nair, you are Unmuted, you can go ahead to ask your question please. Mr. Nair, kindly go ahead to ask your question.

I think Mr. Nair is not connected. Shall we move to next speaker?

**Aashhima V Khanna:**

Yes, yes, please.

**Suresh Nair:**

Yeah. Sorry. Good morning. Sir. It is really good to see our company being the first sugar company in the country having presented the integrated report. This is really giving us the true value of the company. Could you please explain in brief, the steps taken by the company towards the sustainability, towards the water and power positiveness?

**Pankaj Rastogi:**

Good Morning. We wanted to replace the traditional annual Financial reports with one integrated report which provides a more unified view of how we create & sustain value in the short. Medium & long term. This report encompasses the key non-Financial indicators which are material to the company. Accelerating towards green growth has been your company's mantra. To continuously improve our resource efficiency, we have implemented various water & energy saving initiatives at our plants. Your company has achieved Zero discharge effluents at all our plants. We recognize the role of green power in reducing GHG emissions & utilize Bagasse in cogeneration of power. We produce ethanol which is blended with petrol for Eco friendliness.

Thank you.

**Moderator:**

Thank you, sir. Our next speaker is Mr. Desingu. Mr. Desingu, you are unmuted. Now you can go ahead to ask you question, please.

**Desingu:**

Hello. Am I audible?

**Aashhima V Khanna:**

Yeah. You are.

**Pankaj Rastogi:**

Yeah, audible. Good morning. So, you can ask your question. You audible.

**Moderator:**

Aashhima, Mr. Desingu is not getting connected. Should we move ahead. I think that he is struggling with Connection.

**Aashhima V Khanna:**

You can move on the next.

**Moderator:**

Okay. Our next speaker is Mr. Amitabh Pandey. Now you can go ahead to ask you a question. You are unmuted. Yes. We can hear you.

**Amitabh Pandey:**

Yeah. Good Morning, everybody. This is Amitabh from Delhi. And my question is that, this year we have seen highest ever exports of sugar by the Company. What is the long-term strategy in this regard.

**Pankaj Rastogi:**

Yes. Good Morning, Mr. Amitabh. Your company has one of the largest export percentage in the turnover. With high refined sugar ratio along with close proximity to ports helps your company in advantageous position. The global sugar scenario has also remained

favorable with higher sugar diversion to Ethanol by Brazil. We expect in the near term the trends should be favorable for exports.

Thank you.

**Moderator:**

Thank you, sir. Our last speaker should be Mr. Heera Singh. You are unmuted now, please go ahead and ask your question.

**Heera Singh:**

Good Morning, I am Heera Singh from Haryana. I don't have a question, but I want to say that we are very happy with the consistent growth of the business and consequent stakeholders' value. The company has been regular in increasing the dividend distribution over the past four to five years. We would like to congratulate you for the same. I wish you all the best for your efforts. Thank you, sir.

**Pankaj Rastogi:**

Thank you. Thank you. As a very valued stakeholder, you know, your congratulations and your wishes mean a lot for the company and for all everyone associated with the company. Thank you once again. Thank you.

**Moderator:**

Aashhima now over to you.

**Aashhima V Khanna:**

Thank you. Over to the chairman.

**Rajeev Bakshi:**

Thank you. Thank you, Mr. Rastogi and Mr. Kataria.

All the items of business as per the Notice of the 70<sup>th</sup> Annual General Meeting have been taken-up. I now declare the proceedings of the Annual General Meeting as completed.

As mentioned earlier, the e-voting facility will continue to be available for 15 minutes after the meeting. I request and authorize the Company Secretary to declare the result of the voting upon receipt of the Scrutinizers' Report by placing the same on the website and notice board of the Company and filing with the Stock Exchanges at the earliest and

not later than August 06, 2022.

On behalf of our Board of Directors and management of Dalmia Sugar, I convey sincere thanks to all the Members for attending and participating in this meeting. Stay healthy and safe. Take care, stay safe. Thank you!

**Aashhima V Khanna:**

I shall do the needful Sir. Thank you all for attending the meeting and I hereby give a vote of thanks to the Chair. And on behalf of Dalmia Bharat Sugar and Industries Limited and on my own behalf, thank you to the Chairman, the Board of Directors, Auditors, Scrutinizer and the valuable members of the Company for making this e-AGM a success and extending your full support. Thank you once again.