

TRANSCRIPT OF AGM OF DALMIA BHARAT SUGAR AND INDUSTRIES LIMITED HELD ON JULY 10, 2024

Company Secretary (CS): Good Morning everyone. I, Aashhima V Khanna, Company Secretary of Dalmia Bharat Sugar and Industries Limited, welcome you all to the 72nd Annual General Meeting of the Company being held through video conferencing facilitated by NSDL in accordance with the circulars issued by the Ministry of Corporate Affairs and SEBI. 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 103 of the Companies Act, 2013. We have the requisite quorum present to conduct the proceedings of this e-AGM. All the Board members and management personnel, are attending the meeting through Video Conferencing from different locations. I would now like to introduce the members of the Board of Directors of the Company attending this AGM.

I am pleased to introduce Mr. Rajeev Bakshi, our esteemed Chairman of the Board of Directors, who shall Chair this meeting. Mr. Rajeev Bakshi serves as an Independent Director, bringing wealth of experience and insight to our Company. He is Chairman of Risk Management Committee of the Board of Directors.

Rajeev Bakshi (Chairman): Thank you, Aashhima and good morning to everyone. I welcome all the members to the 72nd Annual General Meeting of the company.

CS: Thank you Sir. Next I would like to introduce Mrs. Amita Misra, an Independent Director. She also serves as the Chairperson of the Audit Committee, the Nomination and Remuneration Committee, and the CSR Committee, contributing significantly to our governance and strategic decision.

Amita Misra: Thank you Aashhima. Good morning, everyone. I welcome you all to the 72nd Annual General Meeting of the company.

CS: Next, I wanted to introduce Mr. Neeraj Chandra who has recently joined our company as an additional director in the independent category. He's a chairman of the Stakeholders Relationship Committee of the Board of Directors. Mr. Chandra is an electrical engineer from IIT and MBA from IM. With over 40 years of leadership experience, he has held several prominent positions at Unilever, Britannia and Emami.

Neeraj Chandra: Good morning, everyone welcome to the 72nd Annual General Meeting of the Company.

CS: Thank you Sir. Next, I'm delighted to introduce Mr. Pankar Rostogi who has recently joined our board of directors as an additional director with over 25 years of dedicated service that sugar. Mr. Rostogi has a distinguished background as a mechanical engineer from IIT and MBA from IIM. The strategic vision and leadership have been pivotal in driving the operational excellence and elevating the company to a leadership position in the industry.

Pankaj Rastogi: Thank you Aashhima and good morning, everyone. Welcome you to this AGM of the company.

CS: Thank you sir, Now I would like to introduce Mr. P. Kannan an independent director on the board. His 2nd time as an independent director is getting over at the conclusion of this AGM. We placed on record appreciation for the contributions made by him in the growth of the company during his tenure.

P. Kannan: Thank you very much Aashhima. Good morning, everyone, and welcome to the 72nd AGM of the company.

CS: Next is Mr. Gautam Dalmia, the esteemed managing director of our Company, a dynamic leader whose strategic vision and exceptional expertise having instrumental in propelling our company to new heights of innovation and success.

Gautam Dalmia: Namaskar and Welcome to all.

CS: Thank you, Sir. Next, I'm honored to introduce Mr. Bharat Bhushan Mehta, our Whole time director and CEO of the company with an impressive association spanning 45 years. Mr. Mehta has been a cornerstone of our company guiding us with his extensive experience and unwavering commitment.

B.B. Mehta: Good morning everyone. Welcome to the AGM.

CS: Thank you, Sir. I would now like to request the chairman to take the chair.

Chairman: Thank you, Aashhima and I now called the 72nd Annual General Meeting of the Company to Order. Ladies and gentlemen, as team shareholders and colleagues. It's my great privilege to warmly welcome each of you to the 72nd Annual General Meeting of the Dalmia Bharat Sugar and Industries Limited. It is my pleasure to present an overview of the Company's performance for the financial year 2023-24. While the year was marked by a relatively moderate uptrend in financial performance of the Sugar Industry, our achievements were substantial. The Company reported a 5% increase in EBITDA and 9% increase in profit after tax as compared to the previous year.

Sectoral perspective

Our distillery business has been a significant driver of revenue and margin growth over the past few years. We increased our distillery capacity from 140 KLPD in FY 2017-18 to 850 KLPD in FY 2023-24. This growth was driven by the National Biofuel Policy, which encouraged sugar manufacturers to switch from sugar production to ethanol production. As a result, distillery revenues increased from 5% to 28% of our overall revenues and its contribution to EBITDA rose from 16% to 28%.

However, there was an interruption in our transformation journey last financial year. In late 2023, the Indian government temporarily withdrew permission to manufacture ethanol directly from cane syrup. This decision was driven by an apprehension of lower sugar production and accordingly increase in sugar prices and consequent impact on the consumers. As a result, we saw a decline in the market realization of sugar and ethanol production.

Despite this, we remain optimistic. The government is committed to the long-term success of the Ethanol Blending Programme (EBP), targeting 20% blending of automotive fuel with ethanol by 2026. This programme has attracted sizable investments, enhanced ethanol output and helped the country save on foreign exchange. We believe the recent policy modification is a temporary interruption and we expect the status quo to be restored from the 2024-25 sugar season.

Capacity expansion

During the last financial year, we took decisive steps to expand our capacity. We acquired Baghaulti Sugar and Distillery Limited through the NCLT process in December 2023. This acquisition included integrated operations with 3500 TCD sugar, 12 MW cogeneration and an under commissioning 100 KLPD distillery. The acquisition was strategically important. Within three months of the acquisition, we revived the unit that had been closed for seven years and commenced commercial production of sugar. This rapid revival signals our commitment to growth and our capability to capitalize on new opportunities.

We also increased our ethanol manufacturing capacity using grain as feedstock from 110 KLPD to 250 KLPD at our Jawaharpur unit. This increase will reduce our dependence on cane syrup or molasses and provide us with greater resource flexibility, enhancing ethanol output and overall profitability.

With four sugar manufacturing units in Uttar Pradesh and two in Maharashtra, we are now one of the largest sugar companies in India, possibly the only one with a concurrent presence in both states. Our competitive advantage, built on EBITDA margins, is set to strengthen further with this scale and strategic positioning.

Environment and sustainability

At Dalmia Bharat Sugar, sustainability is at the core of our operations. The Ethanol Blending Programme is not just about foreign exchange savings; it is also about transforming our energy landscape. By promoting ethanol production, we reduce excessive import reliance, enhance rural prosperity and moderate automotive emissions.

Our increased ethanol capacity and broader resource flexibility empower us to operate sustainably throughout the year. This not only improves our profitability but also contributes to a cleaner environment through superior engine combustion of ethanol-blended fuel.

CSR

Corporate Social Responsibility remains a key focus area for us. We continue to engage in various initiatives aimed at improving the livelihoods of the communities we operate in. Our CSR activities include educational support, healthcare initiatives, infrastructure development and sustainable livelihood through various projects. By promoting sustainable development, we aim to create a positive impact on society and contribute to the overall well-being of our stakeholders.

Outlook

Now, if we talk about the Outlook, we are optimistic about the future. Our robust fundamentals, with Rs. 3,006 crore revenue, Rs. 387 crore long-term debt, a debt-equity ratio of 0.13 and Rs. 469 crore cash as of March 31, 2024, provide a solid platform for growth.

We are confident that the government will revert to the original spirit of the National Biofuel Policy, reviving our organic growth journey. Our recent acquisition and capacity expansion position us well for future growth, enhancing value for all our stakeholders.

In conclusion, I believe the prospects of the company are positive, driven by our strategic initiatives and the supportive policy environment. I thank you all for your continued support and confidence in our journey. Thank You.

Thank you very much and very warm regards to all of you and best questions. I would now like to invite Mr. Anil Kataria, the Chief Financial Officer of the company, to please give a brief presentation on the key financial highlights of the year 2024

Anil Kataria (CFO): Good morning everyone, This year the government did not allow exports and the diversion to know also was curtailed. But despite the lower top line, the EBITA was up 5 % from 515 crore to 539 crore. PBT was up by 2 % from 355 crore to 363 crore and PAT was up 9% from 250 crore to 270 crore. The larger increase in PAT was also on account of because the company opted for the new tax regime and resulting into lower incidents of tax outgoing this year.

Next. Another significant development in this year was the acquisition of Baghaulti.

During the year the the projects commissioned over Grain based distillery, which was expanded to 250 KLPD.

Ramgarh crushing capacity also increased to 7000 TCD and the Nigohi steam saving project also completed. The benefits of all this for the full year impact would be, you know, seen in the in the next in this year 24-25 and onwards.

In the key operational highlights, Ramgarh stood at number one position in UP in terms of sugar recovery. Kolhapur and Ninaidevi plants in Maharashtra stood at number one and number two, and the highest ever distillery sales at 18 crore liters. It could have been even higher had this diversion not curtailed by the government.

In the domestic sugar balance sheet, the opening stock was 56 lakhs metric tonne. The production during the season was 320 lakh metric tonne, which is the Net production. The gross production was 345 and the sugar diverted to ethanol was 25 lakh metric tonnes.

Representation of the government to allow exports or increase direction to a small. In the global sugar balance sheet, the production was a 180 million metric tone. The consumption was also 180 million metric tonnes, so it's almost balanced and resulting into almost stable raw sugar prices for the last two years.

CS: 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. Members who have not voted through remote e-voting during July 7, 2024 to July 9, 2024 could use a report the e-voting facility and complete their voting. Mr. Vikas Gera practicing Company Secretary has been appointed by the board of directors as the scrutinizer to ensure that the e-voting process is conducted in a fair and transparent manner and to scrutinize the votes cast by members through remote e-voting and e-voting during the period. All the documents and registers refer to in the notice of the Annual General Meeting and required under the Companies Act are available electronically for inspection by the members. As the AGM is being helped through Video Conference, the facility for appointment of proxies by the members is not available.

Following the follow formal proceedings of the meeting members will have the opportunity to participate in the question and answer session. The moderator will oversee the session once the chairman opens the floor. Please note that the chairman 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 a notice of the 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 (Chairman): Yes, please.

CS: With the permission of the chair we will now take up the items as set forth in the notice of the AGM.

Chairman: Yes, please.

CS: Ordinary Business: Item No. 1 is to consider and adopt the audited financial statement of the company for the financial year ended 31st March 2024 prepared on standalone and consolidated basis and the Reports of the Auditors and Directors thereon.

There is no qualification reservation or adverse remark in NSBP & Co., the Statutory Auditors' Report on the Financial Statements. The notes on the Financial Statements referred to in the Auditors' 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.

Also, there is no qualification reservation or adverse remark in the Secretarial Audit Report of Vikas Gera & Associates, the Secretarial Auditor of the Company.

Item No. 2 is to consider and declare Final Dividend of Rupees 1.25 per equity share of Rs. 2/- for the financial year 23-24.

Item No. 3 is to to appoint a Director in place of Shri Gautam Dalmia, who retires by rotation and being eligible offers himself for re-appointment.

Special Business, Item No. 4 is to consider and ratify the remuneration of M/s R. J. Goel & Co., the Cost Accountants, the Cost Auditors of the Company for the financial year 24-25 by Ordinary Resolution.

Item No. 5 is to consider an appoint Shri Neeraj Chandra as an independent director by a special resolution.

Item No. 6 is to consider and re-appoint Mr. Amita Misra for a 2nd term as an independent director by a special resolution.

Item No. 7 is to consider and appoint Shri Bharat Bhushan Mehta as a strategic advisor to the company with effect from October 01, 2024 by an Ordinary Resolution.

Item No. 8 is to consider and appoint Mr. Pankaj Rastogi as a director liable to retire by rotation by an ordinary resolution.

Item No. 9 is to consider and appointed Mr. Pankaj Rastogi as a Whole Time Director and CEO with effect from October 01, 2024 by a special resolution.

There is no other business to transact.

Chairman: Thank you, Aashhima. 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 from the members who have registered themselves as speakers, addressing them one by one. Members are kindly requested to keep their questions brief and specific.

Additionally, Mr. Pankaj Rastogi CEO of Sugar Business and Director and Mr. Anil Kataria, the CFO of the company will to kindly address the queries.

Pankaj Rastogi: Thank you sir.

Moderator: Mr. Milan saini, you are unmuted now, kindly ask your question and express your views, please.

Speaker 1: Good morning, all of you. So, my question is, Government had a curtail sugar diversion to ethanol last year. How did that impact the company? Do we expect government to limit diversion this year also?

Mr. Rastogi (CEO- Sugar Business): Due to lower production expected last year, the government had curtailed diversion so as to ensure sufficient domestic sugar availability, you know, eventually as a result of this, you know, the industry and the company experienced high level of sugar stocks and large working capital blocking. Although, you know, I think, as the season came to a close, the eventual sugar production was much higher than initial expectations.

And next year also, you know, we expect the production to be in excess of conjunction by about 2 million tone so the balance sheet looks very comfortable and we expect government to, you know, permit diversion in the as usual scenario. So that's remains our expectation, which will certainly be positive for the sugar sector. Thank you.

Moderator: Now we have next speaker Mr. Rajiv Roshan, you are unmuted now, kindly ask your question and express your views, please. Mr. Rajiv Roshan, kindly go ahead.

Speaker 2: My question is Currently this MSP is significantly lower than the prevailing prices. Can we expect this MSP to increase this year or if yes, how is it going to impact your organization and the industry as a whole?

Mr. Rastogi: Yeah, I mean, you know, as this MSP, it's been quite a while since this MSP was set, you know, after and there has been no revision after that, there have been, you know, multiple price increases so MSP is certainly due for, you know, revision, our representations, the industry's representations and you know they are pending with the government and our expectation is that looking at the current scenario.

Then, you know, government should take a decision on, you know, on the increase in MSP. We can't, you know, be it's difficult to speculate on the quantum of increase or otherwise, but just surely this is something which is on the card and if it happens, then it's a definite positive for the sector and the company in terms of sentiments and outlook.

Although, you know, just to qualify there may not be an immediate impact on the profitability of the company, you know, because current sugar prices are higher than MSP. So but in the long run, definitely, you know, this is about to be a positive for the sector.

Moderator: Thank you, sir. Now I invite Mr. Rajan, you are unmuted now, kindly ask your question and express your views, please.

Speaker 3: So good morning. My question is, what is the outlook of Ethanol from Grain in future, sir?

Mr. Rastogi: Okay, you know, ethanol blending program of the moment of India, you know, has been a success, but, you know, I think the kind of targets which are there in terms of the blending percentage I mean instead of two short term targets being 20% then. Then eventually going higher. So sugar of course cannot meet all the requirement, so the grain will have to, you know, definitely step in.

It's a new sector, there are, you know, development, there are certain road bumps which are there, you know, along the way, but I think the path to, you know, biofields that's all from grain is irreversible, and, you know, we are sure that eventually if you look at the roadmap of government of India also.

Around 50 % supply will come from the sugar and 50 % will come from the grain. So the outlook for the grain is suddenly bright and you know looking at this, the company has invested in increasing capacity of the Jawaharpur Grain based distillery capacity from 110KLPD to more than 250 KLPD
And we continue to wait and watch for the opportunities in this sector. Thank you.

Moderator: Thank you sir. Now I invite Mr. Yogendra Singh Chohan. Mr. Chohan, you are unmuted now. Kindly ask your question, please go ahead. Mr. Chohan.

Moderator: Mr. Shawn I request you to kindly unmute yourself and ask your question Mr. Shawn is not responding, so if you allow, can we invite next speaker?

Moderator: Now invite Mr. Murali, kindly unmute your, yeah, please go ahead, Mr. Murali you are unmuted, kindly go ahead, please.

Moderator : Now I invite Ms. Anju Gangwal, Ms. Anju kindly ask your question and express your views, please?

Speaker 4: I don't have any questions, but rather I would like to congratulate to the company for expansion of capacity and acquisition of Baghauri sugar during this year. Starting the commercial production at Baghauri in the record time is really appreciable. I wish the company lists exponential growth in the coming future, Best of luck for the company. Thank you.

Moderator : Next speaker is Mr. Manjit Singh, however, he registered himself, but he's not present in the meeting. So this is a question answer session is completed now. You can go ahead sir.

Rajeev Bakshi: Thank you, thank you Mr. Rastogi. Thank you, Mr. Kataria. All the items of the business as per the notice of the 72nd Annual General Meeting have been taken up, are now declared the proceedings of the AGM as completed. As mentioned earlier, I request and authorize the company secretary to declare the results of the voting upon receipt of the scrutinizer's report.

By placing the same on the website and filing with the stock exchange at the earliest and not later than 12th of July 2024. On behalf of the board of directors and management of sugar, I convey sincere thanks to all the members for attending and participating in this meeting. Stay healthy and safe and thank you very much.

CS: Thank you all for attending the meeting and make for making this E-AGM a success and extending your full support. Thank you once again.