



CK Birla - Chairman

Dear Shareholders,

A very warm welcome to all of you at this 12th Annual General Meeting of Orient Cement Limited. On behalf of the Board of Directors of your company, I extend my heartfelt gratitude to each one of you for finding time to attend this meeting.

You must be aware that the fiscal year 2022-23 proved to be yet another challenging year for businesses worldwide. While the start of the year was impacted by the omicron variant of Covid-19, the twin impact of continued geopolitical conflict between Russia and Ukraine and surging inflation adversely impacted the economic and business momentum expected with the end of the pandemic.

Sustained inflation in the earlier part of the year led to muted aggregate demand and depressed corporate profitability. The market realities of muted demand and surging energy cost inflation impacted the profitability of the cement industry too. Our results in the earlier part of the year, especially Q2 were disappointing. Thankfully, in the latter part of the year, while cement demand started picking up, the high energy costs started softening.

Despite market challenges, we closed the fiscal year with cumulative sales volume of nearly 58 lakh tonnes, recording a moderate 5% growth year on year. In the wake of soft consumer demand, we pushed harder on our premium product sales and capitalised on the opportunities available in the B2B segment, which enabled growth in our topline of around 8%.

Even in the midst of a far from supportive market scenario, we continued to focus on our operational efficiencies and cost management.

Towards our commitment to sustainability, enabled by our sense of responsibility to all our stakeholders, for now and for the future, we continue to make prudent investments to gradually shift to 50% renewable energy in our overall energy mix by 2030.

Our commitment to sustainable manufacturing is evident across almost every aspect of our operations. I am pleased to share that during this year, we have almost doubled the usage of renewable energy to 14.4% from the previous financial year. Just about a week ago, we have also entered into agreements to add 21.5 Mega Watt to our solar capacity. With about 10.1 Mega Watt waste heat recovery system (WHRS) at Chittapur under commissioning, the proportion of green energy in our total energy mix at Chittapur plant would reach approximately 53%.

In addition, we have increased the use of several alternative fuels such as Refuse Derived Fuel (RDF), Municipal Solid waste (MSW), hazardous solid and liquid waste from pharma and other chemical plastic industries, waste, paper cups, cloth waste and many more. In the use of waste as fuel in our unrelenting pursuit of circularity, we are only constrained by the availability of such waste around our plants.

As a part of our focus to bring more agility and sustainability in our business model, we have adopted artificial intelligence and machine learning, leading to minimisation of fluctuations inherent in our manufacturing processes, which have brought us not just higher operating efficiencies, but has also increased the useful life of refractory, thus saving on maintenance costs and increased output due to less number of maintenance shutdowns.

We continue to adopt and deploy digital tools and applications across our plants to optimise operations and enhance productivity and efficiency.

Our sustainable progress would not have been possible, without the enthusiastic participation of our committed teams. You will be happy to know that we have been recognised as a 'Great Place to Work', yet another time. We have made it to the list of 'Top 100 India's Best Companies to Work for 2023' earning 70th position and the only cement company in the Top 100.

During the year under review, we have also made it to the small, exclusive group of 'Best Managed Companies' a recognition bestowed by the leading consulting firm Deloitte. It is indeed a matter of great honour and pride for us at Orient Cement to be identified as a 'Best Managed Company'. Each of our three manufacturing plants have received several awards from government and non-government bodies, for excellence in the field of safety, environment, and energy efficiency.

Reducing our carbon footprint remains our top priority, as we take rapid strides on our roadmap towards building a 'Net Zero Carbon Company' by 2050.

Your Company remains one of the best in the industry, with its sustained pursuit of efficiency, cost management, and innovation, which has been enhanced further during FY23. Significant savings have been achieved through the use of alternative fuels and raw materials (AFR), renewable power and improvements in various operating parameters. This has helped us partially mitigate the unprecedented inflation in energy costs and has also promoted green, clean, and sustainable development.

I thank the agile and dynamic leadership team at Orient Cement, who have demonstrated unwavering commitment to navigate through the tough times with confidence and responsibility.

Together, we are building a greener and more sustainable future. Our efforts towards the same are articulated in this year's Business Responsibility and Sustainability Report already circulated as part of the annual report like last financial year.

Amidst the rather soft global macro-economic scenario, India remains one of the fastest growing major economies of the world, registering 7.2% GDP growth during the year. This is the outcome of the Government of India and RBI's prudent fiscal and monetary policies. The government's continued focus on enhancing capital expenditure for building infrastructure and drive employment is also a welcome step in the right direction.

With the continued supportive stance of our Government, and moderating inflation and gradual pick-up in consumer demand, I am confident of our ability to deliver exceptional value to all customers and stakeholders and contribute to nation-building. Our balance sheet is strong enough to fund our growth ambitions. We will continue to prudently allocate capital to drive capacity expansion and leverage emerging opportunities as an ambitious and responsible sector player, thus building further on our rich legacy built with the trust of millions of customers, partners, shareholders, community members and other stakeholders.

On behalf of the Board of Directors, I extend my sincere gratitude to all shareholders, associates, banks, and various Government bodies for their relentless support and trust in the company. I also convey my heartfelt appreciation to all my colleagues on the Board and the entire workforce at Orient Cement, whose commitment and innovation have made Orient Cement a thriving, agile and responsible value-creator for the nation.

We deeply cherish your encouragement and support in our journey forward.