



CK Birla - Chairman

Dear Shareholders,

A very warm welcome to all of you at 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 good health amid these unprecedented times.

The Annual Report of your Company for the year ended 31st March, 2022 has already been circulated and are already with you, and with your permission, I take these as read.

I would like to quickly summarise the year under review in a few highlights.

Even as I speak, our macro environment continues to be uncertain. While the impact of Covid-19 pandemic appears to have moderated, thanks to our government's continued thrust on faster coverage of the country's population through vaccination, the external environment remains volatile. The ongoing Russia-Ukraine situation is having cascading impact on businesses and economies worldwide, with energy shortages, rising commodity prices, market volatility and supply chain disruptions. These disruptions are causing record inflation levels in countries worldwide, deepening the macro-economic challenges.

Amidst these circumstances, your Company has delivered a robust performance during the financial year 2021-22 by leveraging its DNA of 'Agility'.

Our responsive strategy and agile execution capabilities enabled Orient Cement to capitalise on the few windows of opportunity that emerged during the year and maximize value-creation for all its stakeholders through its internalised strengths and capabilities.

The team at Orient Cement worked to not only meet the challenges created by the external macroenvironmental shocks, but also undertook several long-term initiatives to drive quality sales.

Consolidation of customer base and channel partners, optimising costs, and marketing prudently with right product mix has helped us deliver a stand out performance. The sustained and successful initiatives include optimisation of

costs while pushing the envelope of innovation, circularity and sustainability.

From replacement of conventional fuel with all viable alternatives, to de-bottlenecking for enhanced capacity – the examples of agility demonstrated by the team are captured in the Annual Report. 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.

Cement, as everyone knows, is an energy intensive industry with power, fuel and logistics accounting for over half of the total costs. The various disruptions in the energy sector resulted in an intense pressure on the input costs of the entire cement industry- a situation that still persists. 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 Rs. 2735 crore, growing from Rs. 2342 crore in the previous fiscal. 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 EBIDTA for the year improved to Rs. 601 crore in FY22, compared with Rs. 569 crore in the previous year. The Company kept using the accompanying robust cash flows to prepay the debt on its books.

During the year, the Company prepaid Rs. 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 cost. As a result, the debt on our balance sheet as on March 31, 2022 is a mere Rs. 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 YoY.

I am 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 offsite – including Covid-19 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 is reflected in Orient Cement being certified a 'Great Place to Work' for the third year in a row. This year's certification is special, because it has been supported through a much higher participation from our employees, including workmen at our plants and with a vastly improved trust score.

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

We can't over-emphasize 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 power.

Among the many operational achievements during the year, I am especially proud of our aggressive efforts towards reducing our carbon footprint. We are making steady progress towards our roadmap of building a 'Net Zero Carbon Company' by 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 nearly 50% of its power needs.

We have begun the construction of our 10 MW Waste Heat Recovery (WRH) system at our Chittapur plant, which will reduce our fossil fuel

requirements and make significant contributions towards conservation of natural resources. Our capacity expansion plans include further addition of similar power generated without burning any fuel. We are 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 industrial and social activities. Apart from these, at micro level, the team is working closely with numerous smaller ideas that are making visible impact towards building a greener tomorrow.

Our efforts and commitment towards such matters 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 macro-economic 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 5-6 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.

On behalf of the Board of Directors, I would like to extend sincere gratitude to all shareholders, associates, banks, and the respective Government bodies for their continuous support and trust in the Company.

My appreciation also goes out to all my colleagues on the Board and the entire workforce at Orient Cement, whose contributions continue to build a stronger and agile Company, in a sustainable manner.

Once again, my best wishes to all of you and your families for good health, progress and happiness.