



**Birla Corporation Limited**

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5th September, 2023

Corporate Relationship Department  
BSE Limited  
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Mumbai- 400 001  
**Scrip Code: 500335**

Manager  
Listing Department  
National Stock Exchange of India Limited  
'Exchange Plaza', C-1, Block G,  
Bandra-Kurla Complex, Bandra (East),  
Mumbai- 400 051  
**Scrip Code: BIRLACORPN**

Dear Sir(s),

**Sub: Chairman's Speech at the 103rd Annual General Meeting of the Company**

Please find enclosed a copy of the Speech delivered by the Chairman at the 103rd Annual General Meeting of the Company held on Tuesday, 5th September, 2023 at 10.30 a.m.

This is for your information and record.

Thanking you,

Yours faithfully,  
For **BIRLA CORPORATION LIMITED**

**(MANOJ KUMAR MEHTA)**  
**Company Secretary & Legal Head**

**Encl:** As above



## **BIRLA CORPORATION LIMITED**

### **CHAIRMAN'S SPEECH**

#### **103RD ANNUAL GENERAL MEETING- 5TH SEPTEMBER, 2023**

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Good morning, ladies and gentlemen, Board of Directors and dear shareholders. Welcome to the 103<sup>rd</sup> Annual General Meeting of Birla Corporation Limited.

India today stands at the cusp of breaking out into the league of major economic powers in the world. As a country, we have demonstrated our innate capacity to deal with adversity by emerging stronger from one of the worst crises. In many ways, the journey of your Company through this period was a microcosm of the India story.

Barely had the world recovered from the impact of the Covid pandemic when it was plunged into the Russia-Ukraine conflict, which had major ramifications on the global economy and commodity prices. Most affected were power and fuel prices and, in particular, the cost of imported pet coke, which dealt a body blow to profitability of the cement industry.

After a promising start to the year, the industry had to take a serious hit to its bottom line because it was unable to pass on these cost increases to the market which was still suffering from the post-Covid overhang. Although fuel prices began to cool from the end of the third quarter, we remain cautiously optimistic because there are still no signs of de-escalation in the Russia-Ukraine conflict.

I can state with a great deal of satisfaction that thanks to our capabilities and competencies, built over years across functions, your Company was able to navigate through these turbulent times with resolve and resilience and, on many counts, performed better than its peers. This gives us the confidence in our core strengths to deal with challenges in the future.

Undoubtedly, the commissioning and ramping up of our subsidiary RCCPL Pvt. Limited's Mukutban unit was one of our biggest learnings as well as achievements of the past few years. Soon after we started the construction of the plant in Yavatmal district of eastern Maharashtra, we were hit by the pandemic. Amravati, which is next to Yavatmal, where we are located, was the epicentre of the Covid-19 in Maharashtra.

Throughout the lockdown, we looked after our entire project team and more than 2,500 construction works providing them with a safe and secure environment, with Covid specific infrastructure, to enable them to continue working on the project. Thereafter, we adopted several health and safety measures to resume construction at the earliest. Though some delay and disruption were inevitable, we were able to minimise it under the exceptional circumstances and completed the project in 39 months (23.01.2019 to 30.04.2022) despite the disruptions and that too with no major accidents and casualties— a huge feat for the entire team. We are proud of them.

The extended project completion time resulted in the project cost going up by about Rs 300 crore, primarily on account of interest during construction and some other Covid-related additional costs.

No sooner than the plant was commissioned in April 2022, we ran into the headwinds of exorbitantly high power and fuel prices, triggered by the Ukraine-Russia war. Increase in diesel prices also bumped up logistics costs. Macro changes in the industry, arising out of a spate of mergers and acquisitions, kept

prices of cement depressed throughout the year and manufacturers were unable to pass on the impact of input cost increase to consumers.

This required us to recalibrate the ramp-up strategy for Mukutban. Despite the constraints, we were able to cross the run rate of 1 lakh tons per month by January 2023 and turned EBIDTA positive in March 2023. We consider this a decent performance for a new entrant in a market with well-entrenched competition from leading national brands.

During this period, it has been our endeavour to work on cost reduction on one hand, while implementing our “go to market” strategy on the other, by expanding our sales and distribution network and logistics infrastructure, to increase market footprint. We have achieved a dramatic reduction in costs by increasing operational efficiencies and installing systems like Waste Heat Recovery System. We will be able to further rationalise cost at Mukutban substantially on account of savings on raw material and increase in the capacity utilisation of the unit. Within a short time, Mukutban is expected to be one of the lowest cost cement producer, not only within the Company, but also within the industry at large. We are happy to report that cement produced at Mukutban is regarded to be of the highest quality by our channel partners and end-users. As a result, our premium flagship brand Perfect Plus has already been well accepted in the market.

Over the years it has been our endeavour to build a strong foundation based upon our Group philosophy of Heart & Strength – a Company that does business with a conscience and, at the same time, remains strongly competitive and competes successfully with the best in the industry. We have, under a carefully crafted strategy, created strong asset verticals that have held us in good stead through difficult times and made us future-ready for taking the next leap forward. These assets can be broadly classified under the following heads: Industrial, Commercial, People, ESG, IT and Digitisation. I would now like to briefly dwell upon some of these.

Let me start with the first vertical, industrial: As mentioned earlier, setting up a state-of-the-art cement plant at Mukutban, which is regarded by industry experts as one of the finest cement manufacturing facilities in the country, has reaffirmed the technical and project management capabilities of the Company. All our other plants are operating at near-100% production capacity, delivering the finest quality cement across regions.

With the commissioning of Mukutban we have virtually ring-fenced our core market of Central India – which we can service seamlessly from our six plants, namely Maihar, Satna, Kundangunj, Raebareli, Chanderia and, now, Mukutban. The strategic location of these plants and standardisation of product quality allows us to interchange source of supplies to maximise realisation and serviceability for our customers.

Alongside, we have been working relentlessly on cost reduction and efficiency improvement. The recently launched Project Shikhar is one such initiative. It is an inclusive drive which is being pursued with inputs and feedback from people on ground. Under Project Shikhar, we received as many as 4,800 ideas to improve efficiency and optimise costs, and from among this huge pool of ideas, we have shortlisted 249 projects and prioritised them into four categories. The initial results of Project Shikhar are very encouraging. According to our estimates, Project Shikhar contributed 30 rupees per ton in the June quarter, and should contribute another 50 rupees per ton in the current financial year.

#### Raw Material and Energy Security

Your Company has been working on a plan to achieve Raw Material and Energy Security to make its operations sustainable. Apart from expediting operations from the Mukutban Mining Concessions, we have made strategic acquisitions and agreements which will substantially add to our limestone reserves.

On the energy front, we have in the past financial year, scaled up production from our Sial Ghoghri captive coalmine to the peak rated capacity and reduced dependence on imported coal from 41% previously to 29% at present. We have also been allotted captive coalmines of Bikram and Marki Barka, and we are working to start production from these as well. While the mining at Bikram is expected to start later in this financial year, Marki Barka is expected to become operational in the financial year 2025-26. Once operational, these mines will not only lead to savings in fuel cost but also provide a high degree of fuel security to the company. With the commissioning of these coalmines, we would have one of the highest source of captive fuel for kiln (more than 55%) in the industry – insulating us from the vagaries of the market.

We have been steadily investing into sustainability. We have been stepping up generation of renewable power. During the June quarter, we commissioned a 5-megawatt solar power plant at Satna and raised our solar power generation to 41.2 megawatt. Renewables accounted for 23% of total power consumption in the June quarter—a record high. Our total WHRS capacity stands at 43.45 MW presently and we are examining ways to optimise this further. Our thermal power plants at Satna, Chanderia and Mukutban are air-cooled and not water-cooled. Even our WHRS units at Mukutban and Maihar are air-cooled. This helps us conserve huge amount of water.

Your Company was one of the first to develop a segmented Brand Architecture, which is beginning to pay-off. Through sustained investment in national media properties, such as cricket, Perfect Plus has now been established as our Premium Flagship brand across all geographies in which we operate. It is supported by our heritage brands such as MP Birla Cement Samrat and Chetak which have strong regional equity.

With a premium brand share of 55% in our trade sales, we are a unique Company which has equal presence in both premium and value segments, allowing us to profitably straddle the market at both ends. This has helped us consolidate our position in key markets such as Uttar Pradesh and Madhya Pradesh, despite intensifying competition in those regions.

Marketing and Branding is one of our key differentiators and we would endeavour to stay ahead of competition by continuous evolution and innovation. Simultaneously, we are also investing in R&D. Our super-premium water-repellent cement, Rakshak, is gaining acceptance and we intend to scaling up its production in the coming months.

We dialled down our entry into Value Added Building Materials of Construction Chemicals and Wall Putty during the pandemic. Having gone through the initial learning curve we intend to accelerate our play in this segment. During the past year, we also started a pilot project in Ready Mix Concrete with our first plant in Lucknow, Uttar Pradesh. The initial results are encouraging and we are evaluating next steps.

Logistics remains a key focus area. We have been systematically digitising our logistics operations with the help of Information Technology, by introducing automated Vehicle Tracking and Integrated Logistics Management at our plants. These initiatives are expected to yield significant benefits in the coming months.

Over the years, the “Employer Brand” of Birla Corporation has enhanced significantly, enabling us to attract best talent. This is reflected in the increased leadership bench strength and depth of management. To sustain the momentum, we have introduced modern HR and Performance Management Systems such as OKR. These are beginning to show good results by way of increasing alignment and commitment of our people to organisational goals, with a result delivery mindset.

During FY 22-23, our net debt went up from Rs. 3,398 crore rupees to Rs. 3,659 crore rupees, largely on account of borrowing of Rs. 358 crore rupees for Mukutban. Our average interest cost for the year was 7.20% against 7.15% the previous year, which represents an increase of five basis points against a policy rate increase of 149 basis points.

Let me now turn to jute. The journey of Birla Corporation began more than a hundred years ago with the first Indian owned jute mill at Birlapur. So, jute remains very close to our heart. Unfortunately, this was not the best of years for the jute business. Especially the profitable export business suffered due to the impact of the Ukraine-Russia conflict, particularly in Europe. However, we believe the future of jute, as an environment friendly fabric is bright. So, as a pioneer of the industry, we remain committed to developing more value-added products and shall continue to invest in product and market development to take the business to the next level.

Our founders believed that the path for a “Strong” future has to be built with a heart. All the group companies and founders were already heavily invested in service to society. We always strive to keep the well-being of the communities, where we operate, in our mind, both for existing operations and new projects.

At Mukutban, we collaborated with Cotton Connect and work with 4,000 cotton farmers on their livelihood. More than 7,000 farmers are benefitted from our agri- based livelihood intervention in different locations.

In Healthcare, more than 30,000 patients were treated and 6,194 cataract surgeries done. We have developed 104 Anganwadi centres as model in villages in different locations. At Kundanganj, Maihar & Mukutban units, our Arogya Sakhis (health volunteers) are providing better health services to the communities in 43 villages.

In education, we are promoting girls education and reducing dropout rates in govt. schools. We are supporting 112 govt. schools and more than 22,042 students are benefitted.

In the skill-based training programme, 545 youths (both boys and girls) are employable and contributing to their family income. In the women empowerment programme, 50 self-help groups and 249 micro enterprises have been developed in villages. These are just a few of the initiatives being taken by us.

Besides, as you are aware, the MP Birla Group runs 12 hospitals and as many schools and knowledge centres across India. All of these run with the primary objective to serve society, especially the less fortunate people. We plan to expand our footprint in these fields substantially in the future.

As a responsible corporation, we are working on a road map for meeting Sustainable Development Goals. We manufacture one of the highest proportion (85%) of eco-friendly blended cement in the industry. Our cements are engineered to minimise water consumption during construction. We are already three times water positive and plan to raise it to four times by 2025.

Traditionally, the cement industry had a low proportion of women employees. The Company has undertaken a conscious programme for gender inclusivity, creating a supportive environment for career growth of high potential women professionals in the organisation.

In conclusion, I would like to say that 2022-23 created the platform for the next phase of growth for the Company. The current year will be one of consolidation.

It is our firm conviction that the India Growth Story is now unstoppable and your Company is well placed to be part of that journey.

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