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Ref. No. BCL/10

27th September, 2022

Corporate Relationship Department
BSE Limited
1st Floor, New Trading Ring,
Rotunda Building,
P.J. Towers, Dalal Street, Fort,
Mumbai- 400 001
Scrip Code: 500335

The 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 102nd Annual General Meeting of the Company

Please find enclosed a copy of the Speech delivered by the Chairman at the 102nd Annual General Meeting of the Company held on Tuesday, 27th September, 2022.

This is for your information and record.

Thanking you,

Yours faithfully,
For **BIRLA CORPORATION LIMITED**

MANOJ MEHTA
Digitally signed by MANOJ MEHTA
Date: 2022.09.27 23:06:56 +05'30'

(MANOJ KUMAR MEHTA)
Company Secretary & Legal Head

Encl: As above

BIRLA CORPORATION LIMITED

CHAIRMAN'S SPEECH

102ND ANNUAL GENERAL MEETING- 27TH SEPTEMBER, 2022

Good morning, ladies and gentlemen, respected directors and my dear shareholders. Thank you for taking the time to attend the 102nd annual general meeting of Birla Corporation. We are meeting in person after a two-year break, and I would like to take this opportunity to wish all of you a very healthy and safe year and pay my condolences to all stakeholders who lost near ones to Covid.

We have gathered here today to reflect upon a very difficult year, 2021-22. Coming on the back of massive Covid-related disruptions, it was one of the most challenging years for the company as well as the entire cement industry.

But at the very outset, let me assure you that these years of disruptions and difficulties have not impacted your company's long term plans to growth profitably and improve its position in the cement industry. As we have indicated in our annual report, barring unforeseen circumstances, we are committed to ramp up our production capacity to 30 million tons by 2030. That will translate into an investment of at least one billion dollars over the next eight years.

But let us start with a review of our performance in the year gone by; I will come to our growth plans shortly.

Interestingly, the year till 31st March 2022 was one of stark opposites. Whereas on one hand, we were able to scale up sales to top 14 million tons for the first time in your company's history, on the other, profitability came under immense pressure as margins for the entire cement industry contracted by 400 to 500 basis points. Input costs, which started to shoot in 2021-22, continue to impact profitability in the current year as well. Things may not look up immediately, but post Diwali, we are hopeful of a robust turnaround.

Achieving a 6% volume growth and a near 10% revenue growth over the previous year as well as a capacity utilization of 95% were significant achievements in 2021-22, given the tepid demand for cement. Your company's sales in as many as five key states were the highest ever. But even so, EBITDA for 2021-22 fell almost 16% from the previous year, largely on account of an extraordinary increase in fuel costs. And because of weak demand, cement companies were unable to raise prices until at the end of the financial year. But even that couldn't be sustained for long, and the price hike had to be rolled back.

Even in the current year, we continue to face the same headwinds of escalating power, fuel and freight costs and demand not living up to the billing of India's projected economic growth of 7.4%.

At the end of April, your company's subsidiary RCCPL Pvt. Ltd has started commercial operations at its 3.9 million ton integrated cement plant at Mukutban in Maharashtra. With it, your company's consolidated annual production capacity stands augmented to almost 20 million tons—a jump of more than 20% from its previous capacity.

The completion of the Mukutban project overcoming Covid-related disruptions was another major success in 2021-22. It was the fruit of 20 million man-hours of construction, and we pride ourselves for having completed it *without any*—and I stress—*without any* major accident. We have invested to make it one of India's most efficient and environment-friendly production facilities. Our Mukutban unit is equipped with a 40-megawatt captive power plant and a 10.6-megawatt waste recovery system.

In line with our expectations, the optimization of operations at the Mukutban unit continues, but we remain confident that as we ramp up production and improve sales, the unit will turn EBITDA-positive by the end of the current financial year. Looking beyond the initial difficulties, let me assure you that the fundamentals of the Mukutban unit are robust and in the long run it will take the company's profitability to the next level and generate resources to further scale up production capacity.

The key challenge now is to make inroads into Maharashtra, which is relatively a new market for your company.

In terms of borrowings, we managed the Mukutban capital expenditure quite well. The company's total debt stood at 4,208 crore rupees at the end of March, only marginally higher than a year earlier despite fresh borrowings of 462 crore rupees on account of Mukutban. Your company has managed to consistently reduce borrowing costs, and at the end of June, overall interest rate stood at 6.68%. This is 65 basis points lower than a year earlier.

Even amid rising inflation, our finance minister has recently reiterated that India's economy is on track to grow at 7.4% in the current financial year. That's more than double the World Bank's estimated global economic growth of 2.9% in 2022. Such extraordinary growth would require huge investments into infrastructure and job creation. We are hopeful that to support its population of 1.4 billion people, India will step up public spending and sustain this growth momentum.

India accounts for about 8% of global cement consumption, second only after China, which alone accounts for 57%. Both countries have comparable populations, but if you look at per capita cement consumption, India is far behind China with 242kg per person versus 1,667kg in China. This gap is bound to reduce with time, and that gives us the courage to embark on a capacity expansion drive even as we streamline operations at all our units to make them more efficient and resilient to external shocks.

The company's next leg of growth will come from setting up small grinding units and debottlenecking of existing capacities. Our aim is to scale up our production capacity by at least 2 million tons through these initiatives, which will be spread across the central and eastern Indian markets. In the phase that follows, we will look to augment capacity at Maihar and Chhattisgarh with the medium term aim of scaling up to at least 30 million tons by 2030. This roadmap for growth has been drawn up based on projections that cement demand will expand the most in the central and eastern Indian markets over the next few years.

Simultaneously, we are going to step up our efforts to optimize cost to shore up profitability. We have taken a wide variety of initiatives; I will touch upon only a few here.

You are aware that your company's subsidiary RCCPL Pvt. Ltd has an operating coal mine in Madhya Pradesh and two more are under development. In 2021-22, production from the Sial Ghoghri coal mine was scaled up to 2.05 lakh tons, which is at least 20% higher than its labelled capacity. Extraction from another mine currently under development, Bikram, is expected to start by the end of the current financial year. Your company is working to reduce its coal dependency on vagaries of the market and working towards that plan. This is expected to add significantly to reduction in costs, thereby increasing the profitability and competitiveness of the company. The same could be said about our limestone mines as well: we currently have six operating limestone mines, which contribute about 94% of our limestone requirement.

In order to make our operations sustainable, we have set for ourselves a target that even as we expand our mining operations, we will create more and more green cover to protect the environment. For regulatory compliance, your company is required to provide land to the forest authorities for compensatory afforestation wherever it clears forests. In Maharashtra alone, we have provided 467 hactares, or around 1,100 acres, for compensatory afforestation. In addition, your company has undertaken a substantial plantation programme, which will be scaled up over time.

With focus on paring back consumption of fossil fuels, your company has set up waste heat recovery system at several of its units. It is one of the most efficient ways of generating power in cement plants. Currently, we generate 34.75 megawatt of power from WHRS, and are looking to expand it substantially. Similarly, we are investing in solar power generation capacity. Our current solar power generation capacity is 33.62 megawatt. Projects to increase generation by 8 megawatt are under implementation. In 2021-22, consumption of solar power doubled from the previous year.

We are committed to increasing the share of renewables in total power consumption, and in 2021-22, we were able to raise the share of renewables to 21.8% as against 18.8% in the year earlier.

At the same time, your company is stepping up the usage of Alternative Fuel and Resources, which means we are burning more industrial and agriculture waste as fuel in our kilns. In 2021-22, the share of alternative fuel was 7% in total thermal power consumption by our kilns as against 4% in the previous year. Significant jump in usage of alternative fuel is expected in the current financial year.

Aside from these, the company routinely consumes flyash and slag, which are sourced from power and steel plants and blended with cement. As we maintain the share of blended cement in our total sales by volume at 90% and expand overall sales, your company's consumption of these industrial wastes is also going to go up substantially. Together, these initiatives will make a lasting difference not only to our financial performance but also to the environment.

We have taken multiple initiatives to reduce carbon dioxide emission and I am happy to share with you that your company has for the past three financial years consistently ranked among the top three cement producers in India judged from the standpoint of carbon-dioxide emission. The study was conducted by PricewaterhouseCoopers. You would be also happy to know that your company is water-positive. Rainwater harvested by your company is more than three times the water consumed by it.

Further, to reduce our carbon footprint, we are conducting a pilot project with the ultimate aim of switching to electric vehicles for road transportation. We are also increasing the use of specialized BTAP wagons to transport flyash. Your company is the only one in India which has the capacity to unload BTAP wagons, which ensure the most efficient and environment-friendly transportation of flyash with almost zero discharge of particulate matter in air.

For years, we have been using information technology to improve efficiency. It has helped us streamline our sales, logistics and marketing functions, and now we have turned to operations, with pilot projects starting at Kundanganj and Chanderia. At Kundanganj, we are looking to use artificial intelligence and machine learning to boost output, whereas at Chanderia, we are using AI for early detection of anomalies in plant performance.

Let us now turn to the year ahead. Over the past few weeks, we have seen a healthy correction in pet coke prices, which should bring down the cost in future. On the demand front, good monsoon this year should aid rural demand, which has been the focus area for the company due to better realisations. Demand from infrastructure continues to be good.

The key challenge for all cement companies is to pass on the increase in input costs through price hikes, but given the inflationary pressure on the common man, raising prices may not be easy. We, however, remain cautiously optimistic that post-Diwali we will witness a massive jump in demand. It will create opportunities for cement companies to raise prices, but may not be sufficient to mitigate the cost pressure.

Let us now turn to jute. 2021-22 was yet another impressive year for the company’s jute division. Its cash profit more than doubled from the previous year to 46 crore. Overcoming disruptions in supply of raw jute, the division was able to raise production to 30,800 metric tons, up almost 24% over the previous year. The division has invested heavily into production of value-added products, and it has helped shore up exports of shopping bags and other jute products. Your company is scouting for more export opportunities in countries such as the UK, US and France. In 2021-22, your company exported more 3.5 million shopping bags, and going forward, this market is expected to strengthen even further.

However, for the jute division, the start of the current year has been rather indifferent. The price of raw jute shot up sharply by about 11.5% in the June quarter, which led to a 5.6% cost escalation over last year. Despite rationalizing conversion costs, the division couldn’t fully mitigate the cost pressure, resulting in a dip in profitability for the first time after many quarters.

As you are aware, the MP Birla Group is committed to serve society as much as to creating value for all stakeholders. It was the vision of our founders, Pujya Shri Madhav Prasad Birla and Shrimati Priyamvada Devi Birla, that we create assets and institutions to serve the society at large. This pursuit is embedded in the unique structure that they had created for this group. In line with their vision, the MP Birla Group today runs 12 hospitals and as many schools and knowledge across India.

We have been investing to expand the activities of the group's independent trusts and societies and we are happy that we could start a state-of-the-art nursing school in Kolkata, Priyamvada Birla Nursing Institute. Housed in a 15-storey property in New Town Rajarhat, it has capacity to train up to 500 nurses a year.

We have in the recent past expanded our Belle Vue Clinic, which today has 304 beds. Combined with the adjoining Priyamvada Birla Aravind Eye Hospital, we today have a 350-bed healthcare facility in the heart of Kolkata. In 2020-21, operations of the eye hospital was hugely disrupted by Covid, but things have slowly turned back to normal in 2021-22. In the current year, our aim is to scale up the operations of our eye hospital in a big way.

We are happy to report that we have raised the capacity of our Chanderia hospital is growing and extending its service to more and more people, and has enlisted itself under the Ayushman Bharat scheme to provide treatment to underprivileged patients. The hospital is doing well in terms of patient footfall, and we are looking to add ENT and ophthalmology to our specialties. Our Satna hospital is doing exceedingly well: its emergency and critical care units have been running at full capacity all year round and its recently commissioned a neurosurgery department is doing excellent work for the local community.

Finally, I would like to once again thank all our stakeholders and well-wishers for their continued guidance and support, and would like to convey my best wishes of the season to all of you and your families.

Thank you,

Harsh V. Lodha
(Chairman)
27th September, 2022