



Orient Cement Limited

Annual Report 2019-20

Forward-looking statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

WE ARE

GREAT PLACE TO WORK - CERTIFIED™

Building and sustaining High-Trust, High-Performance Culture™



Contents

Chairman Overview.....	02
Managing Director's Review	04
Our Board of Directors	06
Notice.....	07
Directors' Report.....	21
Management Discussion and Analysis Report.....	51
Corporate Governance Report.....	62
Business Responsibility Report	92
Financial Section.....	105

Corporate Information

BOARD OF DIRECTORS

1. **Mr. Chandrakant Birla**, Chairman
2. **Mrs. Amita Birla**
3. **Mr. Rajeev Jhawar**
4. **Mr. Rabindranath Jhunjhunwala**
5. **Mr. Janat Shah**
6. **Mr. Swapan Dasgupta**
7. **Mr. I.Y.R. Krishna Rao**
8. **Mrs. Varsha Vasant Purandare**
9. **Mr. Desh Deepak Khetrpal**, Managing Director & CEO

KEY MANAGERIAL PERSONS

1. **Mr. Desh Deepak Khetrpal**, Managing Director & CEO
2. **Mr. Sushil Gupta**, Chief Financial Officer
(resigned w.e.f. 29th Jan, 2020)
3. **Mr. Soumitra Bhattacharyya**, Chief Financial Officer
(appointed w.e.f. 29th Jan, 2020)
4. **Mrs. Nidhi Bisaria**, Company Secretary

STATUTORY AUDITORS

M/s. S.R. Batliboi & Co. LLP,
Chartered Accountants,
22, Camac Street, Block C, 3rd Floor, Kolkata - 700016

REGISTERED OFFICE

Unit-VIII, Plot No.7, Bhoingar, Bhubaneswar - 751012
(Odisha)

CORPORATE IDENTIFICATION NO.

L26940OR2011PLC013933

MANUFACTURING PLANTS

Devapur:

P.O. Devapur Cement Works, Dist. Adilabad - 504218
(Telangana)

Jalgaon:

Nashirabad, Dist. Jalgaon (Maharashtra)

Chittapur:

Village Itaga, Malkhaid Road, Taluka Chittapur,
Dist. Kalburagi, Karnataka - 585292

REGISTRAR & SHARE TRANSFER AGENT

KFin Technologies Private Limited
(formerly Karvy Fintech Private Limited)

Unit: Orient Cement Limited

6F-025, 6th Floor, Selenium, Tower B,
Gachibowli, Financial District, Nanakramguda,
Hyderabad - 500032

Toll Free No.: 1800-3454-001

Email: einward.ris@kfintech.com

BANKERS

State Bank of India

HDFC Bank Limited

Indian Bank

ICICI Bank Limited

EXIM Bank of India

Punjab National Bank

9TH ANNUAL GENERAL MEETING

(through Video Conferencing /Other Audio Visual Means)

Date: 31st day of July, 2020

Day: Friday

Time: 11:00 A.M.

BOOK CLOSURE FOR AGM

Saturday, 25th day of July, 2020 to
Friday, 31st day of July, 2020
(Both days inclusive)

WEBSITE

www.orientcement.com

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Chairman's Overview



At Orient Cement, we have built our Company around a distinctive spirit.

This spirit has focused consistently on operational and execution excellence, irrespective of the challenges posed by the business environment.

This spirit was most visible during the last financial year when the Indian cement industry de-grew for the first time in years.

Your Company responded to the challenges of a demand slowdown with a sense of passion. Your Company enhanced focus on factors of competitiveness and efficiency within its control. Fixed costs as well as variable costs per ton were contained and kept flat at the previous year levels, despite the usual impact of inflation on inputs like domestic coal, diesel and other resources. This was the result of a deepening commitment to placing 'How differently can we perform?' over the conventional 'How much more can we produce or sell?'

Besides, your Company continued to focus on marketing superior cement possessing a distinctive USP. The proportion of sales derived from its super premium brand 'Birla A1 StrongCrete' has been consistently increasing. This is helping us strengthen our market position in a competitive environment. It is also helping us counter the price challenges faced in the PPC segment in our markets, strengthening our overall realisations.

Your Company continues to believe that for a business to be sustainably profitable, it does not just need to report robust revenues and surpluses; the business needs to adopt the highest standards of health, safety and environment integrity. During the last financial year, your Company took these standards ahead, underlining its overall commitment to the health of people, communities and the environment.

Your Company continued to recruit, train and retain high quality talent with vigour and excitement. This differentiation was validated when your Company was recently certified as a Great Place To Work by GPTW Institute. The workplace continues to be charged with innovative ideas and new ways of doing business. Your Company continues to play the role of an 'opportunity enabler' that provides talent a platform to conceive, connect, collaborate and achieve more in an effective way.

I am optimistic that the complement of these attributes will make it possible for your Company to counter the current downtrend and recover fastest when conditions revive. I continue to believe that we are engaged in an exciting journey where we expect to add attractive long-term value in the hands of those associated with our Company.

CK. Birla, Chairman

Orient Cement's spirit has focused consistently on operational and execution excellence, irrespective of the challenges posed by the business environment.

Managing Director's Review



I am communicating with you during an unprecedented, unpredictable and extremely challenging phase for the entire world, both at the humanitarian as well as economic / business fronts.

The economic slowdown of the last couple of years, compounded by the pandemic-induced lockdown, has resulted in extreme uncertainty. This uncertainty is not merely limited to

business outlook but is at a far larger humanitarian level.

At Orient Cement, we have consistently celebrated the power and potential of the spirit of our Company. During the last few years, our annual reports to shareholders have showcased the outperformers of our Company. The individuals who we selected were a representation of a larger Orient

Cement spirit where the good needed to be made better, where urgency was the preferred currency and where we embraced the new, complex and challenging with a smile and an uncompromising commitment to a culture of excellence.

During the pandemic, there was a premium in protecting this distinctive spirit. At our Company, the most effective way of doing so lay in ensuring that each employee and associate remained completely safe during the pandemic. At a time when the risks of infection were extensive, the over-riding management priority was to place the well-being of our people at the apex of our strategic pyramid. If our people remained safe, everything else would be achievable.

At Orient Cement, we articulated this priority to reach the last person within. We emphasised the virtues of staying safe over being adventurous; we highlighted the need to maximise control over all the variables that affected our safety. The result is that even before the lockdown had been enforced from 25 March 2020, the Company had implemented an emergency-preparedness plan to comprehensively protect the interests of employees, assets and associates. This plan was not cast in stone; it was organic enough to accommodate emerging priorities and developments. This deepened a culture of adaptive preparedness (over which we would have control) over the predictive (over which we had no control).

The three elements of our preparedness were Hyper-vigilance, Agility and Empathy.

At Orient Cement, an over-riding culture of hyper-vigilance was our insurance in protecting our people from the pandemic whose spread could not be predicted. The Company made an extensive use of the Aarogya Setu app (launched by the government to track the virus spread) among employees and associates (including truck drivers). The question that we asked everyone at the start of every virtual interaction was 'What *more* have you done to keep yourself safe?' followed by business reviews. In doing so, we extended the subject of safety from just another box that needed to be ticked to hyper-vigilant approaches that we needed to implement to enhance our collective and individual well-being. We made work from home mandatory for all employees through the lockdown; even after the authorities permitted offices to re-open, the permission to attend office to take care of some urgent work needed to be pre-cleared by the topmost management level.

Besides, the Company created multiple operating scenarios that took into account varying numbers of workers, transportation fleet and quantities to be dispatched. This blueprint (which kept getting updated) served as our evolving framework of how we would respond with speed and safety to opportunities as they presented themselves.

The second feature of our response was reflected in a sense of agility. At a time when we were locked into our homes, we stepped up our planning and made it inclusive. Our bottom-up cross-functional planning and preparedness was reflected in our

agility a month later in April 2020 when Orient Cement emerged amongst the first cement companies in the country to commence dispatches after having been permitted by the government, with comprehensive, detailed SOPs for safety and operations.

The third feature that underscored our spirit was empathy. The extent of concern for collective safety that went out across employee teams emphasised what we have always believed – that Orient Cement is a family engaged in a larger life purpose. Our teams provided cooked meals and groceries to communities living in the catchment areas of our manufacturing facilities; we addressed the various needs of migrant labour; the wives of

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our senior executives at plants cooked meals for the truck drivers reaching our plants after a long journey to collect cement dispatches when roadside eateries were closed.

This complement – hyper-vigilance, agility and empathy – enriched our spirit. Our manufacturing facilities emerged as oases of security and compassion during some of the most challenging days.

I must go back to some lines that I had written in my previous communication to you: '... that one attribute that makes the difference between success and

failure... is collaboration. The better a cement company collaborates with its stakeholders, the more effective it becomes...We made this virtually central to all our communication within that the strength of the wolf was the strength of the pack (and vice versa); that we would only be as strong as the weakest link in our chain; that when we collaborate, the sum of the constituents would always be larger than their respective standalone value... this spirit of collaboration represents a multiplier that we believe will enhance value in a substantial way for all our stakeholders across the foreseeable future.'

When these words were written I had no idea that within less than a year, this collaborative spirit would be tested and validated. While the outlook continues to be uncertain, we are cautiously optimistic of our response to emerging developments.

We expect that the combination of hyper-vigilance, agility and empathy should translate into our collective safety and outperformance in the coming months.

Deepak Khetrpal,
Managing Director & CEO

Our Board of Directors

MR. CHANDRAKANT BIRLA

(CHAIRMAN)

Date of appointment: 23rd July, 2011

DIN: 00118473

Qualification: Bachelor of Arts

Occupation: Industrialist

Expertise in specific functional areas: Industrialist having rich business experience in managing diversified industrial enterprises

MR. DESH DEEPAK KHETRAPAL

(MANAGING DIRECTOR & CEO)

Date of appointment: 2nd April, 2012

DIN: 02362633

Qualification: Honours degree in Business & Economics and Master's degree in Business Administration in Marketing and Finance from the Delhi University

Occupation: Service

Expertise in specific functional areas: Professional business leader with a track record of leading and transforming large and diversified organizations, across various Industries including services, industrials, consumer and retail businesses.

MRS. AMITA BIRLA

(NON-EXECUTIVE DIRECTOR)

Date of appointment: 27th March, 2015

DIN: 00837718

Qualification: GCE-A Level

Occupation: Industrialist

Expertise in specific functional areas: Management and Operation of diverse nature of business.

MR. RAJEEV JHAWAR

(INDEPENDENT DIRECTOR)

Date of appointment: 9th August, 2014

DIN: 00086164

Qualification: Commerce Graduate and Management Development Course from London Business School

Occupation: Industrialist

Expertise in specific functional areas: Industrialist having rich business experience in managing diversified industrial enterprises

MR. JANAT SHAH

(INDEPENDENT DIRECTOR)

Date of appointment: 30th April, 2014

DIN: 01625535

Qualification: Fellow of IIMA (equivalent to PhD) in Operations Management, B. Tech (Mechanical) from IIT Mumbai

Occupation: Service

Expertise in specific functional areas: Operations Strategy and Supply Chain Management

MR. RABINDRANATH JHUNJHUNWALA

(INDEPENDENT DIRECTOR)

Date of appointment: 9th August, 2014

DIN: 00050729

Qualification: B.A., LL.B (Hons) from National Law School of India University, Bangalore

Occupation: Partner in Khaitan & Co.

Expertise in specific functional areas: Corporate Laws- domestic and cross border mergers & acquisitions, private equity investment, foreign investments advisor (both inbound and outbound)

MR. SWAPAN DASGUPTA

(INDEPENDENT DIRECTOR)

Date of appointment: 4th August, 2015

DIN: 07113693

Qualification: PhD from the School of Oriental & African Studies (London) and a former Fellow of Nuffield College, Oxford

Occupation: Writer, broadcaster, public policy analyst and Member of Parliament

Expertise in specific functional areas: Writing and public policy analysing

MR. I.Y.R KRISHNA RAO

(INDEPENDENT DIRECTOR)

Date of appointment: 5th May, 2017

DIN: 00481367

Qualification: M.A.(Economics)

Occupation: Retired IAS-Chief Secretary, Andhra Pradesh

Expertise in specific functional areas: Administration, Economics & Finance

MRS. VARSHA VASANT PURANDARE

(INDEPENDENT DIRECTOR)

Date of appointment: 8th February, 2019

DIN: 05288076

Qualification: Bachelor of Science (Chemistry), Diploma in Business Management

Occupation: Retired Banker

Expertise in specific functional areas: Credit, Forex, Treasury, Capital Markets, Investment Banking and Private Equity Businesses

Orient Cement Limited

CIN:L26940OR2011PLC013933

Registered Office: Unit VIII, Plot No. 7, Bhoinagar, Bhubaneswar, Odisha-751 012

Tel: 0674-2396930 | Fax No. 0674-2396364

Corporate Office: Birla Tower, 3rd Floor, 25, Barakhamba Road, New Delhi-110 001

Tel: 011-42092100, 011-42092190

investors@orientcement.com | www.orientcement.com

Notice

NOTICE is hereby given that the 9th Annual General Meeting of the Members of Orient Cement Limited will be held on Friday, the 31st day of July, 2020 at 11:00 a.m. through Video Conferencing (VC) / Other Audio Visual Means (OAVM), to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Financial Statements of the Company for the financial year ended March 31, 2020, including the audited Balance Sheet as at March 31, 2020, the Statement of Profit & Loss and Cash Flow Statement for the financial year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To declare a final dividend of ₹0.75/- per equity share of face value of ₹1/- each for the financial year ended March 31, 2020.
3. To appoint a Director in place of Mrs. Amita Birla (DIN 00837718), who retires by rotation under the provisions of the Companies Act, 2013 and being eligible, offers herself for re-appointment.

SPECIAL BUSINESS

Item No. 4- Re-appointment of Mr. Swapan Dasgupta (DIN 07113693) as an Independent Director

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013, and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule IV to the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Swapan Dasgupta (DIN 07113693), whose term as an Independent Director would expire on August 3, 2020, be and is hereby re-appointed as an Independent Director of the Company for another term of five years to hold the office from August 4, 2020 upto August 3, 2025, not liable to retire by rotation."

Item No. 5- Fixing the remuneration of Mr. Somnath Mukherjee, Cost Auditor of the Company

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of section 148(3) and all other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the Cost Audit fees amounting to ₹85,000/- (Rupees eighty five thousand only) plus out of pocket expenses to be paid to Mr. Somnath Mukherjee, Cost Accountant in Practice (M.NO.-F5343), appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the financial year 2020-21, required to be audited under the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), be and is hereby ratified and approved."

Item No. 6- Approval of the terms of remuneration of Mr. Desh Deepak Khetrpal, Managing Director & CEO (DIN 02362633)

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 ("Companies Act") and the rules, circulars, orders and notifications issued there under (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act and subject to the approval of Central Government and/ or approval of other Government/ regulatory authorities/ agencies, as may be necessary, the consent of the shareholders be and is hereby accorded for the re-appointment of Mr. Desh Deepak Khetrpal (DIN 02362633) as Managing Director & Chief Executive Officer of the Company with effect from April 1, 2020 for a period of 2 (two) years on the below mentioned terms & conditions including remuneration:

A. Tenure of Re-appointment

From April 1, 2020 to March 31, 2022

B. Remuneration

From April 1, 2020 to March 31, 2021

Particulars	P.M. (Rupees)	P.A. (Rupees)
Basic Salary/ Basic Pay	30,00,000	3,60,00,000
Personal Allowance/ Pay	12,00,000	1,44,00,000
Special Allowance/ Pay	11,88,608	1,42,63,296
Medical Allowance/Reimbursements	10,000	1,20,000
LTA	2,50,000	30,00,000
Gross Salary	56,48,608	6,77,83,296

- C. In addition to the above, the Managing Director & Chief Executive Officer shall be provided suitable Company leased accommodation/ House Rent Allowance of ₹4,00,000/- per month and Company car (fully maintained and chauffeur driven) for official use.
- D. Mr. Khetrpal shall also be entitled to an Annual performance linked variable pay of up to ₹1,12,29,500/-. The performance linked variable pay can be paid up to 120% of ₹1,12,29,500/- on achieving certain additional performance criteria as specified by the Nomination & Remuneration cum Compensation Committee of the Company from time to time.
- E. Entitlement to shares of the Company in accordance with the Employees Stock Option Scheme as adopted by the Company.
- F. Contribution to provident fund, gratuity and superannuation fund will be as per the Rules of the Company.
- G. Encashment of un-availed leave at the end of the tenure or at specified intervals will be as per the Rules of the Company and does not form part of the abovementioned compensation.
- H. Appointment will be terminable by either party by giving three months' notice or salary in lieu thereof.

RESOLVED FURTHER THAT the re-appointment of Mr. Desh Deepak Khetrpal shall not be subject to retirement by rotation.

RESOLVED FURTHER THAT the aggregate salary, perquisites, bonus, benefits, allowances and other payments payable to Mr. Desh Deepak Khetrpal shall be subject to the limits prescribed under Section 197 and other applicable provisions of the Companies Act and the rules, circulars, orders and notifications issued there under (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act for the time being in force.

RESOLVED FURTHER THAT the aggregate salary, perquisites, bonus, benefits, allowances and other payments paid to Mr. Desh Deepak Khetrpal shall be subject to revision w.e.f. April 1, 2021.

RESOLVED FURTHER THAT notwithstanding anything to the contrary herein contained, in the event of loss or inadequacy of profits in any financial year during his tenure, the Company will subject to applicable laws and such sanctions and approvals as may be required, pay remuneration to Mr. Desh Deepak Khetrpal as provided in this resolution, as minimum remuneration even if it exceeds 5 (five) percent of the net profits of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company and the Company Secretary be and are hereby authorized to do all such acts, deeds, matters and things as may be necessary, expedient or desirable including seeking approvals/ sanctions of the Government and/ or other authorities/ agencies as may be applicable and to settle any question or doubt that may arise in relation thereto, in order to give effect to the foregoing resolution."

By order of the Board of Directors

Place: New Delhi
Date: May 22, 2020

Nidhi Bisaria
Company Secretary
(M.No.FCS-5634)