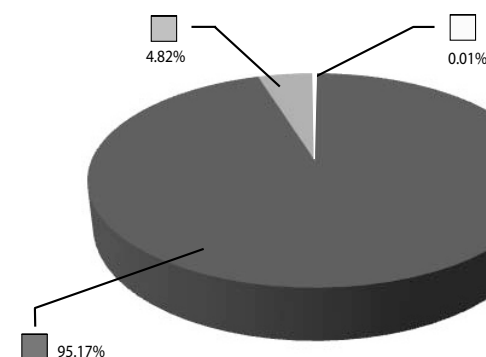
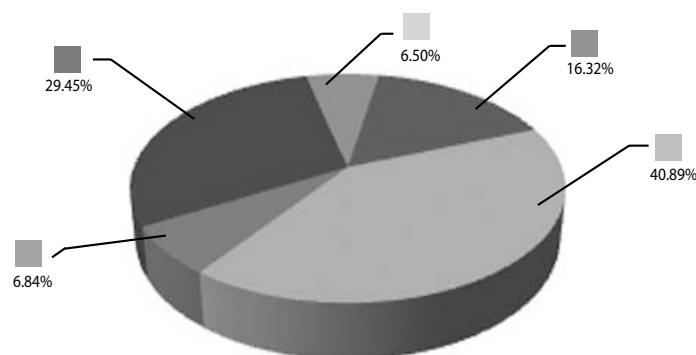


Statement of Revenue from Operations by Activities
2019-20
(₹ in Crores)


 Cement	: 6581.39 (95.17%)
 Jute	: 333.26 (4.82%)
 Others	: 1.04 (0.01%)

Revenue Distribution
2019-20
(₹ in Crores)


 Raw Materials	: 974.17 (16.32%)
 Manufacturing Expenses	: 2,440.08 (40.89%)
 Employees Benefits Expenses	: 407.88 (6.84%)
 Selling, Administration & Other Expenses	: 1,757.59 (29.45%)
 Finance Costs	: 387.67 (6.50%)

DIRECTORS' REPORT & MANAGEMENT DISCUSSION & ANALYSIS
To the Members

The Directors have the pleasure in presenting the 100th Annual Report on the business and operations of the Company together with the Audited Financial Statements of the Company and its Subsidiaries for the year ended 31st March, 2020. The Management Discussion and Analysis has also been incorporated into this Report.

FINANCIAL PERFORMANCE

The Company's financial performance (standalone and consolidated) for the year ended 31st March, 2020 and its comparison with the previous year is summarised below:

(₹ in Crore)

PARTICULARS	STANDALONE		CONSOLIDATED	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Revenue from Operations (Gross)	4746.60	4423.58	6915.69	6548.73
Total Revenue	4829.08	4504.66	7000.82	6627.20
Profit before Finance Costs, Tax, Depreciation, Amortization, Minority Interest and Exceptional items	757.53	486.60	1421.10	1027.08
Finance Costs	185.23	178.06	387.67	370.52
Profit before Tax, Depreciation, Amortization, Minority Interest and Exceptional items	572.30	308.54	1033.43	656.56
Depreciation and Amortization Expense	151.18	148.53	351.91	339.12
Exceptional items	-	-	-	-
Tax Expense (Net)	105.28	22.23	176.34	61.74
Profit for the year	315.84	137.78	505.18	255.70
Profit for the year attributable to non-controlling interest	-	-	-	0.01
Profit for the year attributable to owner of the Parent	315.84	137.78	505.18	255.69
Re-measurement of the defined benefit plans (net of tax expenses)	(6.56)	0.50	(6.98)	0.47
Finance Lease adjustment due to Ind AS 116 (net of tax expenses)	(0.52)	-	(0.97)	-
Total Surplus during the year	308.76	138.28	497.23	256.16
Surplus as per the last Financial Statements*	353.48	346.96	513.89	389.49
Appropriations:				
Debenture Redemption Reserve	17.67	21.42	17.67	21.42
Dividend paid on Ordinary Shares	57.75	50.05	57.75	50.05
Corporate Dividend Tax on Dividend	11.87	10.29	11.87	10.29
General Reserve	-	50.00	-	50.00
Net Surplus	574.95	353.48	923.83	513.89

* After adjustment of re-measurement of the defined benefit plans (net of tax expenses)

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

During the financial year 2019-2020, the Company achieved consolidated revenue of ₹7,001 crore, an increase of 5.6% as compared to ₹6,627 crore in the previous year. The Company recorded its highest ever consolidated EBIDTA and cash profit in financial year 2019-2020 at ₹1,421 crore and ₹1,033 crore, respectively, registering a growth of 38% in EBIDTA and 57% in cash profit over the previous year. Consolidated Net Profit for the year 2019-2020 at ₹505 crore was 98% higher than the previous year.

DIVIDEND

The Directors are pleased to recommend a dividend of ₹7.50 per share (i.e. 75%) on 7,70,05,347 Ordinary Shares for the year ended 31st March, 2020 aggregating to ₹57.75 crores as compared to ₹69.63 crores (including Corporate Dividend Tax of ₹11.87 crores) in the previous year. The dividend recommended is in accordance with the Company's Dividend Distribution Policy. The Dividend Distribution Policy of the Company is annexed hereto and marked as **"Annexure – A"** forming part of the Directors' Report and is also uploaded on the Company's website at <http://www.birlacorporation.com/investors/policies/dividend-distribution-policy.pdf>.

Dividend is subject to approval of Members at the ensuing Annual General Meeting (AGM). In view of the changes made under the Income Tax Act, 1961, by the Finance Act, 2020, dividends paid or distributed by the Company shall be taxable in the hands of the Members. The Company shall, accordingly, make the payment of the Dividend after deduction of tax at source as per the rules as may be applicable, at prescribed rates as per the Income Tax Act, 1961.

TRANSFERTORESERVES

The Board of Directors have decided to retain the entire amount of profit for the financial year 2019-2020 in the profit and loss account.

SHARE CAPITAL

The paid up Equity Share Capital as on 31st March, 2020 stood at ₹77.01 crores. During the year under review, the Company has not issued shares with differential voting rights nor has granted any stock options or sweat equity. As on 31st March, 2020, none of the Directors of the Company holds instruments convertible into equity shares of the Company.

FINANCIAL STATEMENTS

The Company has prepared its financial statements as per IND AS requirement for the financial year 2019-2020. The estimates and judgments relating to the financial statements are made on a prudent basis, so as to reflect, in a true and fair manner, the form and substance of transactions and reasonably present the Company's state of affairs, profits and cash flows for the year ended 31st March, 2020.

CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Company are prepared in accordance with the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 by following applicable IND AS issued by the Institute of Chartered Accountants of India and forms an integral part of this Report.

MATERIAL CHANGES AND COMMITMENTS

Material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year 2019-2020 and the date of this Report is given below:

Impact of COVID-19 on financial performance

In view of the COVID-19 pandemic, lockdown was imposed across the country by the central/state government on various dates between 22nd March, 2020 and 25th March, 2020 which affected the manufacturing and sales operations of the Company and its subsidiaries. The lockdown was further extended from time to time which interrupted the production, supply chain disruption etc. However, the operations of the Company and its subsidiaries have commenced in a phase manner since April/ May 2020 conforming to the guidelines of the regulatory authorities and having regard to social distancing norms, safety, health and wellbeing of the workers and employees at various locations/units of the Company to prevent the spread of COVID-19. The Company has considered external and internal information for developing various assumption for assessing the fair value of assets and liabilities, the impact whereof may differ from the estimates taken as on the date of this Report.

KEY FINANCIAL RATIOS

The key financial ratios of the Company showing financial performance for the financial year ended 31st March, 2020, are given herein below:

Sl. No.	Financial Ratios	2019-2020	2018-2019
1.	Debtors Turnover	25.39	24.99
2.	Inventory Turnover	40.56	47.29
3.	Interest Coverage ratio*	4.09	2.73
4.	Current Ratio	1.49	1.62
5.	Debt Equity Ratio	0.46	0.54
6.	Operating Profit Margin (%)*	14.22 %	9.17%
7.	Net Profit Margin (%)*	6.65 %	3.11%
8.	Return on Net Worth *	8.96 %	4.05%

*Interest Coverage Ratio, Operating Profit Margin, Net Profit Margin and Return on Net Worth are higher for the year ended 31st March, 2020 due to higher EBITDA.

CHANGE IN NATURE OF BUSINESS

There has been no change in the nature of business of the Company during the financial year 2019-2020.

CEMENT DIVISION

(a) INDUSTRY STRUCTURE AND DEVELOPMENTS:

Demand for cement in India witnessed a robust growth of around 13 per cent in fiscal 2018-2019. At least 338 million tons (mt) of cement was consumed during 2018-2019, up from 299 mt in the previous year. At the beginning of 2019-2020, it was expected that demand for cement would continue to grow at a compounded annual rate of at least 4 per cent over the next few years, balancing out capacity addition. But fiscal 2019-2020 failed to live up to its expectations.

The year started with unavoidable disruptions in the economy due to the General Election. Cement demand was impacted as construction activities slowed down. Most cement companies reported low capacity utilisation in the first few quarters. But even with the country voting for a stable government at the Centre, things did not look up as the economy went into an unanticipated tailspin.

Estimates for growth of India's Gross Domestic Product (GDP) at 6.8 per cent at the beginning of fiscal 2019-2020 were revised downward at least twice during the year by multiple agencies — to 5 per cent and to 4.1 per cent eventually — even before the country went into a lockdown in the wake of the COVID-19 pandemic towards the end of March.

India's cement consumption in fiscal 2019-2020 is estimated to have contracted by at least 2 per cent from the previous year to 331 mt. At the same time, India continued to add production capacity, which, coupled with weak demand, impacted capacity utilisation in a big way.

It was estimated at the beginning of fiscal 2019-2020 that India would expand its cement production capacity at an annual compounded rate of 3.8 per cent to reach 410 mt by fiscal 2023-2024. Plans for capacity addition will likely be altered due to the COVID-19 pandemic and its impact on India's cement demand.

(b) REVIEW OF OPERATIONS AND PERFORMANCE:

During fiscal 2019-2020, the Company managed to beat competition on several parameters — most notably, in sales growth and capacity utilisation. On a consolidated basis, the Company managed to sustain a sales growth by volume of around 6 per cent through the first 11 months of fiscal 2019-2020 despite weak demand, resulting in a full-year capacity utilisation of 91 per cent — one of the highest in the industry. Capacity utilisation during fiscal 2019-2020 on a consolidated basis was up two percentage points over the previous year.

In absolute terms, the Company's sales for the full-year on a consolidated basis was flat compared to the previous year, at 13.4 mt. In line with the trend witnessed across the industry, the Company lost sales volume in March 2020 due to the lockdown. In the fourth quarter, the Company's sales by volume dropped 13 per cent year-on-year.

Production of the Company (BCL Standalone):

The details of production of clinker and cement of the Company are as follows:-

Particulars	2019-2020 (Lakh Ts.)	2018-2019 (Lakh Ts.)	Change %
Clinker production	52.62	51.82	1.54
Cement production	89.96	88.72	1.40

Production of RCCPL Private Limited (RCCPL) (formerly known as Reliance Cement Company Private Limited), wholly owned subsidiary of the Company:

The details of production of clinker and cement of RCCPL are as follows:-

Particulars	2019-2020 (Lakh Ts.)	2018-2019 (Lakh Ts.)	Change %
Clinker production	32.46	34.19	(5.06)
Cement production	51.06	49.42	3.32

Sales:

During the year under review, the Company has registered a decrease of 0.85% in cement sales on standalone basis and 0.06% on consolidated basis. In absolute terms, the sale of cement on standalone basis has decreased to 88.35 lakh tons compared to 89.10 lakh tons in the previous year.

RCCPL has sold 49.86 lakh tons of cement during the year.

Power Plant:

The details of power generated at various plants are as under:

Particulars	2019-2020 (Lakh Units)	2018-2019 (Lakh Units)	Change %
Thermal Power Plant	3820.37	3313.74	15.29
WHRS	1210.39	1224.62	(1.16)
Solar Power	52.31	25.45	105.54

Cost and Profitability:

On a consolidated basis, the Company achieved its highest ever EBITDA and cash profit during fiscal 2019-2020, up 38 per cent and 57 per cent respectively, over the previous year.

In fiscal 2019-2020, sales of premium cement by volume grew 8 per cent year-on-year and its share within the trade segment rose four percentage points to 41 per cent, indicating that the Company's sustained investments into its brands and distribution assets together with its continuous drive to offer high quality products to the customers are paying off. High-yielding blended cement accounted for 93 per cent of sales by volume as against 89 per cent in the previous year — a payback for the Company's strategy of focusing on brand-conscious individual home-builders.

Also, increase in sale in blended cement implies higher absorption of fly ash, which reduces clinker consumption, and, in turn, boosts profitability.

Despite muted market conditions, the Company was able to raise price realisation during the year by as much as 5.70 per cent to ₹4,811 per ton through judicious adjustment of geographic focus and product mix aimed at increasing the share of premium and blended cement within its brand portfolio aided by high quality of the products.

Amid weak prices in the eastern region and Madhya Pradesh, the Company consolidated its share in key markets by continuing to focus on premium and blended cements. Sales of the premium slag brand, MP Birla Cement Unique (sold in eastern India markets), grew 18 per cent year-on-year. Among new launches, the super-premium Ultimate Ultra brand with water-repellent properties has made its mark in Madhya Pradesh. Samrat Advanced, a premium variant of the Company's heritage MP Birla Cement Samrat brand, gained significant grounds in key markets of eastern Uttar Pradesh.

Despite operational headwinds, the Company continued to rationalise costs under two key heads: power and fuel, and logistics. During the year, the Company managed to reduce its power and fuel costs on account of several initiatives, which include scaling up of captive coal production from Sial Ghogri captive coal mine, power generation from newly installed solar power units and Waste Heat Recovery System.

During the year, the Company concluded the installation of the 11-megawatt Waste Heat Recovery System at Maihar and solar power plants with aggregate generation capacity of 12 megawatt at Maihar, Satna and Chanderia.

Alongside, your Company concluded during the year the construction of the railway siding facility at Kundanganj in Uttar Pradesh, where RCCPL has a grinding unit. This facility, which is now fully operational, helped bring down freight cost. The Company also benefited from rationalisation in road freight. Over and above increase in realisation, these cost rationalisation initiatives led to higher earnings for the year.

The financial benefits of the projects concluded in fiscal 2019-2020 will be fully realised in the years ahead, even as the Company continues to focus on cost rationalisation to cope with new challenges. In view of the uncertainty in the economy in the wake of the COVID-19 pandemic, the Company will take steps to conserve cash and has kept planned capacity expansion project at Kundanganj on hold.

Marketing Initiatives:

The Company has in fiscal 2019-2020 emerged as a significant player in its key markets, benefiting from its clearly differentiated brand offerings in each region and its sustained focus on scaling up sales of its premium brands such as Perfect Plus, which grew from strength to strength. For the full year, premium brands accounted for 41 per cent of sales by volume within the trade segment, up eight percentage points over the previous year. Sales of Ultimate Ultra could be ramped up and the brand has now established itself as one of the most premium in Madhya Pradesh.

Continuing to invest in its Cement-Se-Ghar-Tak strategy of supporting and earning the trust of individual home-builders, the Company has created service teams to provide on-ground support to consumers. To boost the capability and reach of

these teams, the Company has fielded young, energetic experts who can reach remote areas on their own motorcycles.

After establishing its brand architecture in fiscal 2018-2019, the Company continued to invest in its brand platform with clearly segregated offering of premium and popular products. Above the line advertising through high visibility television properties such as the General Election, cricket tournaments and popular Hindi news and general entertainment channels has improved top-of-the-mind awareness about MP Birla Cement brands.

Even as the Company focused on its flagship brand Perfect Plus in its marketing initiatives during the year, it drove sustained localised campaign for its regional champions such as Unique, Samrat, Samrat Advanced, Ultimate and Chetak brands.

Wall putty and construction chemicals launched during the year under the Perfect Plus franchise in select markets have been received well and have even started to make a modest contribution to the Company's profitability. The Company plans to scale up the business and expand profitability by adding new products to the range and by optimising the supply chain.

Mining operations at Chanderia:

The Mining Operations (through blasting) at the Chanderia plant had been suspended since August, 2011 owing to the Order of Jodhpur High Court (Rajasthan), which was challenged by the Company before the Hon'ble Supreme Court. As a partial relief, the Supreme Court had allowed mining operations beyond two kms from the Chittorgarh Fort by using heavy earth moving machinery. The Hon'ble Supreme Court had further directed the Central Building Research Institute (CBRI) to submit a report after comprehensive study of all relevant aspects and facets relating to full-scale mining operations and its impact, if any, on the Chittorgarh Fort. The report of CBRI has concluded that vibrations and air pressures induced by the mine of Birla Cement Works and adjoining mines are well within safe limits as per national and international standards and there is no damage to the Fort due to the mining operations. The Company has filed an Interim Application seeking Interim Relief for blasting at the existing working pit. The matter is in the final stage of hearing.

The Principal Bench of the National Green Tribunal (NGT) on 8th March, 2019 had ordered to stop all mining activities which are being carried out within the municipal limits of Chittorgarh City and within 10 km of Bassi Wildlife Sanctuary or within the eco-sensitive zone of Bassi Wildlife Sanctuary, if finally notified. The Company has taken effective steps to ensure that no mining activity takes place in the area falling within the restrictions prescribed in NGT's Order.

The Company does not anticipate any material impact of the said Order on the current operations as it has sufficient reserves in areas outside the limits covered by the Order. The matter is pending for hearing.

(c) RISK AND CONCERNS:

The Company has been slowly scaling up production at all its units, but revival and sustenance of demand remains the key red herring. At the time of writing this report, fresh cases of COVID-19 were still on the rise, and workers remained displaced from construction sites.

Across the world, commercial properties as an asset class are the worst affected within the real estate sector. At almost all existing properties, tenants are behind on rents, and new projects are expected to be delayed. People's income has been impacted and it is feared that demand for cement even among individual home builders may remain subdued for some time.

Much depends on infrastructure spending by the government and revival of low-cost housing projects. The Centre has announced a multi-pronged booster package to strengthen the Indian economy, but tax revenues are under severe pressure. It is, however, still expected that government spending on infrastructure will kick off the first phase of recovery.

The extent of the impact of the pandemic on demand will depend on how fast the lockdowns are lifted and normalcy returns. For some quarters, it is apprehended that cement makers may have to cope with lower than normal capacity utilisation, which may impact profitability. As a measure of caution, the Company will for now focus on conserving cash and consolidating its position in key markets.

(d) THREATS AND OPPORTUNITIES:

The COVID-19 pandemic has turned the world upside down with little visibility into the future. The Indian economy is projected to contract in fiscal 2020-2021 in line with other major economies. In the given scenario, cement demand in India is bound to be impacted, the extent of which will depend on the ease of lockdown and return of normalcy.

However, the Company is better geared to cope with the challenges because of its focus on northern and central India markets, which are more consolidated than the rest of the country and the capacity utilisation levels are higher than the pan-India levels.

(e) OUTLOOK:

Due to the global slowdown in demand, commodity prices have corrected sharply and are expected to remain soft in fiscal 2020-2021. This should reduce variable costs such as pet coke, diesel, fly ash and slag. But the benefits of reduced variable costs will likely be neutralised by poor absorption of fixed costs due to low capacity utilisation.

The Company's gross term loans at the end of fiscal 2019-2020 stood at ₹4,226 crore as against ₹4,049 crore a year earlier. Net debt at the end of March stood at less than ₹3,500 crore, which

is approximately 2.5 times the Company's EBITDA in 2019-2020. This includes bank loans of ₹543 crore taken for the under-construction cement plant at Mukutban in Maharashtra.

The Company has chosen not to take the moratorium on loan servicing offered by the Reserve Bank of India in the wake of the COVID-19 pandemic. In view of the challenges, the Company is taking several initiatives such as deferring capital expenditure to protect profitability, guard financial metrics and conserve liquidity. These measures have been taken despite securing financial closure for all outstanding projects.

The Company is going ahead with the construction of a 3.9 mt cement plant at Mukutban in Maharashtra with the aim of commissioning it by June 2021. Till the end of fiscal 2019-2020, the Company has spent ₹1,085 crore on the under-construction factory.

The Company will conclude in fiscal 2020-2021 its project to expand the kiln capacity of its Chanderia unit by around 400,000 tons. Of the total outlay of ₹150 crore for the project, the Company has spent around ₹70 crore till the end of March.

However, it has been decided to put on hold the project to expand the Kundanganj unit, which was estimated to cost ₹285 crore. The decision was taken to restrict debt and conserve liquidity. The project will be taken up on normalisation of business environment.

JUTE DIVISION

(a) INDUSTRY STRUCTURE AND DEVELOPMENTS:

The jute industry is concentrated in eastern India and plays a key role in the state economy of West Bengal. It supports at least 4 million people, including factory workers, farmers and those dependent on it indirectly. The industry is heavily dependent on government orders for procurement of food grains under the Jute Packaging Materials Act. The industry's dependence on government orders has increased over the years: government orders currently account for about 70 per cent of installed production capacity.

(b) PERFORMANCE:

The division has reported an EBITDA of ₹23.37 crore in fiscal 2019-2020 as against ₹20.20 crore in the previous year, registering a growth of 15.70 per cent. Production during the year at 35,718 metric tons (37,308 metric tons in the previous year) was impacted by the lockdown at the end of the March. Eight working days were lost which translates into a production loss of around 959 metric tons.

The Company's constant thrust on value-added products has led to a 33 per cent growth in exports in fiscal 2019-2020. Revenue from exports during the year was at ₹39.08 crore compared with ₹29.44 crore in the previous year. Growth in exports has helped cope with cost pressure and improve the division's profitability.

Production & Dispatch

Particulars	2019-2020	2018-2019	Change %
Production of Jute Goods (MT)	35718	37308	-4.26
Dispatches of Jute Goods (MT)			
a) Domestic	31421	35136	-10.57
b) Export	3650	2955	23.52

Sales

Particulars	2019-2020 (₹ in Lakh)	2018-2019 (₹ in Lakh)
Net Sales		
a) Domestic	29068.05	29747.11
b) Export	3907.64	2944.13
FOB Value	3814.46	2892.73

(c) OPPORTUNITIES AND THREATS:

Due to the lockdown starting in March, the volume of raw jute being carried over to the next year will be substantially higher than in fiscal 2019-2020.

Jute sowing typically starts in mid-March and goes on till the end of April. Sowing in India this year has been above normal, estimated at 110 per cent, due to the abundant supply of farm workers. With expectations of a normal monsoon, the crop in 2020 is expected to be good.

In Bangladesh, however, sowing has been poor because of disruption in the supply of seeds from India. The crop in Bangladesh may contract by as much as 20 per cent in 2020. As a result, Bangladesh will likely face a shortage of raw jute whereas in India, raw jute prices will remain weak. Both should augur well for Indian jute mills.

With growing awareness about the benefits of using a natural fibre as packaging material, demand for jute goods is expected to improve in the years ahead. Significant export opportunities are presenting themselves as jute gets more extensively used in shopping bags, floor covering and geotextile products.

(d) RISKS AND CONCERN:

Indian jute mills face a huge challenge from Bangladesh where production costs are much lower and subsidized. Cheaper supplies from Bangladesh are a major stumbling block for Indian jute mills looking to scale up exports. Even in the domestic market, Indian jute mills are losing ground to duty-free exports from Bangladesh.

At the same time, availability of labour in Indian jute mills is increasingly becoming a major threat to productivity. Jute mills in West Bengal were heavily dependent on migrant workers from neighbouring states, but they are in short supply. Because

of availability of alternative employment closer to their homes, workers from neighbouring states have stopped coming to West Bengal.

Being a labour intensive industry, shortage of labour has started to impact capacity utilisation at Indian jute mills.

(e) OUTLOOK:

To cope with operational headwinds such as competition from Bangladesh, shortage of labour and sustained increase in the price of raw jute, the Company has taken several initiatives to improve efficiency. Investments have been made into plants and machinery to reduce dependence on manpower and to diversify product range beyond traditional packaging material.

At the same time, the Company is looking to reduce its dependence on government orders and is actively scouting for export opportunity for value-added products such as shopping bags, floor covering and furnishing material among others.

But at the same time, it is feared that the industry could continue to lose its traditional market within India because of the widening gap between jute and synthetic packaging materials.

VINDHYACHAL STEEL FOUNDRY

Vindhyachal Steel Foundry produces iron & steel castings primarily for internal consumption. The total production of castings during the year has been 493 Ts. as against 591 Ts. in the previous year. The total sale of castings during the year was 526 Ts. (including 465 Ts. within the company) as against 552 Ts. (including 402 Ts. within the company) in the previous year.

ALLOCATION OF COAL MINES

During the year, the Government of India, Ministry of Coal had approved allocation of 2 (two) Coal Mines to the Company as under:

Sl. No.	Name of Coal Mine	State	Extractable Reserves (MT)	Grade	PRC (MTPA)	Final Price (₹ per tonne)
1	Bikram	Madhya Pradesh	9.44	G-8	0.36	154
2	Brahampuri	Madhya Pradesh	12.343	G-6	0.36	156

Once operational, the above Coal Mines are expected to provide fuel security and cost optimization to the Company.

CAPITAL EXPENDITURE

The details of various Capital Expenditure and Projects of the Company and its material Subsidiary during the financial year 2019-2020 are as follows:

Birla Corporation Limited
Projects Completed:

- Installation of 3 MW Solar Power Plant at Chanderia unit and 1 MW Solar Power Plant at Satna unit.

Project under implementation:

- Expansion project of New Chanderia Cement Works (NCCW) plant at Chanderia to increase capacity clinker production capacity from 3600 TPD to 5500 TPD.

RCCPL Private Limited (Wholly Owned Material Subsidiary Company)
Projects Completed:

- Commissioned 12.25 MW Waste Heat Recovery System at Maihar unit.
- Commissioned 7.7 MW Captive Solar Power Plant at Maihar unit.

Projects under implementation:

- Second phase expansion of existing capacity of grinding cement plant at Kundanganj unit by installing a third line with a capacity of 1.20 million tons per annum with cement mill, packing plant, wagon loading and permanent connectivity with railway etc. at an estimated cost of ₹285 crores was approved.

However, it has been decided to keep it in hold for the time being to restrict debt and conserve liquidity due to uncertainty created by COVID-19 pandemic.

- Setting up of a 3.90 million ton Greenfield Integrated Cement Plant at Mukutban (Maharashtra) with 40 MW Captive Power Plant and 10.60 MW Waste Heat Recovery System at an estimated cost of ₹2,450 crore is in advance stage of implementation.

However, Commissioning of the project is likely to be delayed due to lockdown and uncertainty created by COVID-19 and is expected to be commissioned in the year 2021-2022.

EXTRACT OF ANNUAL RETURN

The extract of Annual Return in Form MGT-9 as required under Section 92 of the Companies Act, 2013 and Rules framed thereunder, is annexed hereto and marked as “Annexure – B” forming part of the Directors’ Report and is also uploaded on the Company’s website at <https://www.birlacorporation.com/annual-return.html>.

COMPOSITION, NUMBER AND DATES OF MEETINGS OF THE BOARD AND COMMITTEES

The details of the composition, number and dates of meetings of the Board and Committees held during the financial year 2019-2020 are provided in the Report on Corporate Governance forming part of this Annual Report. The number of meetings attended by each Director during the financial year 2019-2020 are also provided in the Report on Corporate Governance. The Independent Directors of the Company have held a separate meeting during the financial year 2019-2020 details of which are also provided in the Report on Corporate Governance.

DIRECTORS’ RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, the Directors state that:

- in the preparation of the annual accounts for the year ended 31st March, 2020, the applicable accounting standards have been followed with proper explanation relating to material departures, if any;
- the accounting policies adopted in the preparation of the annual accounts have been applied consistently except as otherwise stated in the Notes to Financial Statements and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year 2019-2020 and of the profit for the year ended 31st March, 2020;
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the annual accounts for the year ended 31st March, 2020, have been prepared on a going concern basis;
- proper internal financial controls were in place and that the financial controls were adequate and were operating effectively;
- systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013, are given in the Notes forming part of the Standalone Financial Statements.

CREDIT RATING

CRISIL has reaffirmed its ratings on short term debt including Commercial Paper (CP) to the extent of ₹300 crores as “A1+” and for the Long term Non-Convertible Debentures of the Company of ₹130 Crores has reaffirmed its rating as “AA” with revision in the Outlook to Stable from Negative.

ICRA has also re-affirmed its rating of “AA” for Long Term Non-Convertible Debentures of the Company of ₹400 Crores. It has also revised the Outlook to Stable from Negative.

Further, CARE has reaffirmed its rating on Long Term Facilities as “CARE AA” (Outlook Stable) and “CARE A1+” (Outlook Stable) for the Company’s Short Term/Long Term Bank facilities aggregating to ₹2245.16 crores. The rating Committee of CARE has reaffirmed as “CARE AA” (Outlook Stable) for the outstanding Non-Convertible Debentures of ₹530 Crores.

FINANCE

The Company efficiently manages its surplus funds by investing in highly rated debt securities, fixed deposits and debt schemes of mutual funds considering safety, liquidity and return. It monitors the borrowings on a continuous basis for opportunities to refinance or prepay its loans in order to reduce borrowing costs and foreign exchange exposure.

The Company has timely repaid its outstanding Non-Convertible Debentures along with interest on 30th March, 2020 for ₹150 crores. Further it has prepaid its External Commercial Borrowing (ECB) instalment of USD 10 Mns. on 30th March, 2020 which was due in the financial year 2021-2022.

CORPORATE GOVERNANCE

The Company is committed to maintain the good standards of Corporate Governance and adheres to the Corporate Governance requirements set out by the Securities and Exchange Board of India ('SEBI'). The Company has complied with the Corporate Governance Code as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A separate section on Report on Corporate Governance, along with certificate from the auditors confirming the compliance of conditions of Corporate Governance, is annexed and forms part of the Annual Report.

RELATED PARTY TRANSACTIONS

All transactions entered with Related Parties during the financial year 2019-2020 were on an arm's length basis and in the ordinary course of business and the provisions of Section 188 of the Companies Act, 2013 are not attracted. Further, during the year under review, there are no materially significant related party transactions which may have a potential conflict with the interest of the Company at large. Accordingly, the disclosure required under Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 in Form AOC-2 is not applicable to the Company.

All Related Party Transactions are placed before the Audit Committee for approval. Prior omnibus approval of the Audit Committee is obtained for the transactions which are of a foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted, along with a statement giving details of all related party transactions, are placed before the Audit Committee.

The policy on Related Party Transactions, as approved by the Board, is uploaded on the Company's website and may be accessed at the link <http://www.birlacorporation.com/investors/policies/related-party-transactions-policy.pdf>.

The details of the transactions with related parties pursuant to IND AS during financial year 2019-2020 are provided in the accompanying financial statements.

Transaction with person or entity belonging to the promoter/promoter group which hold(s) 10% or more shareholding in the

Company have been disclosed in the accompanying financial statements.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Pursuant to the provisions of the Companies Act, 2013 and Rule 8(3) of Companies (Accounts) Rules, 2014, details relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are given in "Annexure – C", which is annexed hereto and forms part of the Directors' Report.

RISK MANAGEMENT

Risk Management is the process of identification, assessment, and prioritisation of risks followed by coordinated efforts to minimise, monitor and mitigate/control the probability and /or impact of unfortunate events or to maximise the realisation of opportunities. In compliance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013, the Board has constituted a Risk Management Committee and 1 (one) Meeting of the Committee was held during the year.

The Company has adopted a comprehensive Risk Management Policy which is reviewed by the Risk Management Committee and the Audit Committee and approved by the Board from time to time. These procedures are reviewed to ensure that executive management controls risk through means of a properly defined framework. The major risks have been identified by the Company and its mitigation process/measures have been formulated in the areas such as raw materials and fuel, quality, market, safety, litigation, logistics, community relations, intellectual property, project execution, financial, human resources, fraud, environment, information technology and statutory compliance.

AWARDS & RECOGNITIONS

The details of various awards and recognitions received by various units of the Company during the financial year 2019-2020 are as follows:

- ❖ Satna Unit of the Company won CSR Platinum Award 2019.
- ❖ Durgapur Unit received one Gold award and two Silver awards at Quality Circle, Durgapur Chapter Convention.
- ❖ Chanderia Unit received the following Awards:
 - 2nd Award For fly ash utilization during "fly ash utilization conference 2020" by Mission Energy Foundation in February, 2020.
 - Rajasthan Energy Conservation Award-2019 under cement category for excellent efforts in energy conservation by Government Energy Department, Jaipur in December, 2019.
 - Power Plant Performance Award under category LIFE TIME ACHIEVEMENT AWARD for prolong continuous efforts in NTPP and WHRS presented by M/s. Mission Energy at Delhi on 28th June, 2019.

- BHAMASHAH Award – 2019 for effective contribution in the field of education under CSR Presented by District Administration, Chittorgarh.
- Birla Cement Works, Chanderia has received the award with "Shiksha Shree" for the support provided to Govt. Education under CSR.

OCCUPATIONAL HEALTH & SAFETY

Employees of the Company play an important role in operations and growth, and are considered the most valuable assets. Their personal and professional development along with health and safety are among the top priorities of the organization.

The Company complies with all statutory provisions as required under the Factories Act. Competent persons carry out compulsory testing/examination of lifting tools, pressure vessels, cranes, safety belts etc. as per statutory requirement. For effective accident prevention, we routinely investigate and analyse all serious and fatal accidents, and obtain recommendations/remedial measures to prevent similar accidents. Near-miss situation/incident with no injury is accorded serious consideration for planning of preventive measures. With a view to strengthen the safety competencies and to raise safety standards, the Company has been working with a reputed Risk Consulting Group to make the workplace more safe and secure.

As a part of safety measures, we are ensuring almost 100 per cent use of Personal Protective Gear by educating workers the need to use them. Various periodical health check-ups are conducted from time to time to monitor health hazards, if any.

Safety posters, slogans are widely displayed inside our factories — at shop floors, canteen and plant gates — to continuously remind everyone about safe working practices and environment so as to inculcate a culture of safety among workers. Safety day/week celebration is organized every year with a view to improving consciousness amongst workers.

CORPORATE SOCIAL RESPONSIBILITY

In line with the provisions of the Companies Act, 2013, the Company has framed its Corporate Social Responsibility (CSR) policy for the development of programmes and projects for the benefit of weaker sections of society and the same has been approved by the CSR Committee and the Board of Directors of the Company.

The Corporate Social Responsibility (CSR) policy of the Company provides a road map for its CSR activities. The purpose of CSR Policy is to devise an appropriate strategy and focus its CSR initiatives and lay down the broad principles on the basis of which the Company will fulfill its CSR objectives. As per the said policy, the Company continues the strategy of discharging part of its CSR responsibilities related to social service through various trusts/societies, in addition to its own initiatives and donations made to other non-government organizations.

The CSR Policy has been uploaded on the Company's website and may be accessed at the link <http://www.birlacorporation.com/investors/policies/csr-policy.pdf>

Pursuant to the provisions of Section 135 of the Companies Act, 2013 and Rules made thereunder, a Report on CSR activities and initiatives taken during the year in the prescribed format is given in "Annexure – D", which is annexed hereto and forms part of the Directors' Report.

The Company is actively associated with various social and philanthropic activities undertaken on its own as well as by different Trusts and Societies. As a constructive partner in the communities in which it operates, the Company has been taking concrete action to realize its social responsibility objective. The Company has been playing a pro-active role in the socio-economic growth and has contributed to all spheres ranging from health, education, empowerment of women, rural infrastructure development, environment conservation etc. In the past ten decades, the Company has supported innumerable social initiatives in India, touching the lives of lakhs of people positively by supporting environmental and health-care projects and social, cultural and educational programs.

Health, Educational and Social Initiatives:

The Company provides active assistance, finance as well as managerial, to various hospitals and educational and philanthropic institutions set up by trust and societies.

The Company has provided financial as well as administrative support for setting up a hospital in Chittorgarh namely Birla Hospital and Research centre, where the Company has two cement plants.

This is a State-of-the-Art multi-speciality hospital, which has diagnostic and treatment facilities for Emergency, General Medicines, Cardiology, Orthopaedics, Gynaecology, Childcare (NICU & SCBU), General Surgery, Urology, Nephrology, Neurology, Ophthalmology, Radiology including CT scan & Colour Dopplers, Dental, ENT, Dermatology, Pharmacy and Physiotherapy amongst others. The hospital has in-house modern medical & pathological laboratories. The hospital also has Modular Operation Theatres and advanced Intensive Cardiac Care Unit, Intensive Care Unit and Intensive Therapy Unit. Blood Bank is operational now and the Hospital has also been registered with Employees State Insurance. Currently, in the "In-Patient Department" approximately 115 beds are operational and best medical services are provided to patients at a nominal cost.

The hospital has been registered under **Bhamashah Swasthya Bima Yojana**, thereby enabling poor people to get the benefit of the services provided by the hospital. The initiative has helped people in and around Chittorgarh to avoid travelling to nearby cities like Ahmedabad and Udaipur to get themselves treated. The 200,000 sq. ft hospital has capacity to hold up to 200 beds. The hospital building consists of basement, ground and four floors. The separate housing wing is made up of ground and four floors, which are used as residence by doctors, nurses and paramedical staff.

This apart, the CSR activities undertaken include:

01] **Health Care Activities:**

The Company provides various health care facilities like free medical check-up, free medicines and treatments for needy people. Organised medical check-up camps, free eye camps, speciality Health camps. Apart from this the Company conducted adolescent health awareness camp and provided baby kits to new born babies to improve maternal and child health. The company also donated gowns for mothers and infants under “Kangaroo Mother Care Scheme” launched by the UP Government with a view to give proper and better care to mother and infants.

02] **Educational Initiatives:**

In addition to financial and institutional support provided the schools located close to the Company's plant, the company organised various competitions involving students. School dresses, bags and stationaries copies are also provided free to underprivileged students. Foods and sweets were distributed in villages near our plants on Independence Day and Republic Day. Under “Swachh Bharat” mission Company renovated toilets for girls and boys and provided water tank for drinking water. For better computer skills of students the Company provided teachers to impart basic training in computers.

03] **Empowerment of Women:**

Empowerment of women is one of the Company's long term initiatives. With the aim of imparting women the skills to get jobs, the Company has taken various initiatives (sewing & stitching, embroidery works) to promote skill development. The Company also supports schemes that generates employments for women in villages surrounding its factories and mining areas. Necessary training and support are provided to Self-Help Groups (SHG) under various projects to make them self-reliant.

04] **Livestock Development and Improved Agriculture Practices:**

Livestock development program provides an opportunity for farmers to improve their livestock based livelihoods by improving productivity of the progeny through breed improvement and dissemination of improved animal husbandry practices. The programme provided extensive services, including breeding, fodder propagation and training of farmers to different villages. Our Sustainable Agriculture programme attempts to de-risk farmers from erratic weather events through the promotion of climate-smart agriculture premised on dissemination of relevant package of practices, adoption of appropriate mechanisation and provision of institutional services.

05] **Horticulture Development:**

The Company has developed orchards in its mining lease areas, where beneficiaries have started accruing income on regular basis.

06] **Promotion on rural sports:**

Program encourages rural sports and activities by financial supporting state-level competition in which rural youths participate.

07] **Other Social Initiatives:**

The Company has undertaken various other programs including social welfare activities and rural development projects such as providing drinking water facilities, strengthening village infrastructure in the plant's neighbourhood villages. The Company has made contribution towards various art and cultural programmes and has helped with the upkeep of *Sitamata Wildlife Sanctuary*. Various awareness program has also been organised on Road & driver safety and the importance of voting in elections. Promoted Social forestry in the common and private land in the neighbourhood villages. The Company also contributed to the renovation of important historical and religious sites.

08] **Village Adoption Programme:**

During the year, the Company has initiated a programme named 'Village Adoption Programme' with the objective to develop that particular village as model where the community will have access to all necessary infrastructures including health and water related facilities, a school with all facilities including infrastructure as well as quality education for children, support for progressive farmers and livelihood sources for landless and poor families. The Company is prioritizing Village adoption where the team with an experienced NGO and in co-operation with Village authorities are surveying to carry out the development activities.

09] **Environmental Sustainability:**

The Company is well aware of its responsibility towards sustainable development and environment. Various initiatives have been taken for Clean Development Mechanism (CDM) and pollution prevention.

Eco-friendly plantations have been created in and around the plants. Equipment for pollution control is kept under regular inspection and emission levels are monitored to ensure that the same remain within statutory limits. Concerns for environment and sustainable development are integral to the Company's business decisions.

Interventions such as Bag Dust Collectors and water spray system in dust generation areas have significantly reduced pollution. SO₂ & NO_x gas analyzer in kiln stack has been installed for close monitoring. Sheds have been constructed for maintaining good housekeeping inside plants. Measures have also been taken for conservation of limestone reserves. Water tankers, pumps, rain guns and water spray system have been provided for pressurized spraying to control dust pollution around mining areas and connecting roads.

The Company is using Alternative Fuel and Raw Material Feeding System (AFRS) for higher use of alternative fuel on continuous basis at its clinker manufacturing units. This move ensures availability of alternative fuel throughout the year and has resulted in reduction of fuel costs and also helped in reducing the carbon footprint.

The Waste Heat Recovery System at Satna and Chanderia plants of the Company uses the hot gases coming out of the pre-heater and clinker cooler to generate substantial power, thereby reducing Greenhouse Gases (GHG) emissions. Grinding aid is introduced in all the units to improve consumption of fly ash and slag. Further, to protect the environment, the Company has consumed substantial quantity of fly ash during 2019-2020 at various cement plants. This has resulted in reduction of clinker usage, which in turn reduced GHG emissions at our plants, without compromising on the quality and the strength of our cement.

With a view to promote renewable energy and also to produce energy through cleaner and greener sources the Company has installed Solar Power Plants at its Satna and Chanderia Cement Plants.

A Waste Heat Recovery System and Solar Power Plant were installed at Maihar plant of RCCPL Private Limited, Wholly Owned Subsidiary Company.

BUSINESS RESPONSIBILITY REPORT

The Business Responsibility Report as required under Regulation 34(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 form an integral part of this Annual Report.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Retirement by Rotation:

Shri Harsh V. Lodha (DIN: 00394094) Director, who retires by rotation at the ensuing Annual General Meeting (AGM) and being eligible offers himself for re-appointment.

Appointment:

Shri Pracheta Majumdar (DIN: 00179118) was appointed as the Chief Executive Officer of the Company w.e.f. 2nd August, 2019. Consequently, Shri Majumdar has been re-designated as Wholtime Director & Chief Executive Officer of the Company w.e.f. 2nd August, 2019.

During the year under review, in terms of the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, approval of the Members was accorded by way of postal ballot on 11th June, 2019 for continuation of Directorship of Smt. Shailaja Chandra (DIN: 03320688) as an Independent Director of the Company till the expiration of her first term i.e. upto 4th February, 2020, on attaining the age of seventy five years.

Further, at the last Annual General Meeting of the Company held on 13th August, 2019, Smt. Shailaja Chandra (DIN: 03320688) was re-

appointed as an Independent Director of the Company for a second term of five consecutive years w.e.f. 5th February, 2020. The Board is of the opinion that Smt. Shailaja Chandra, Independent Director possesses requisite qualification, experience, expertise and holds high standards of integrity.

Cessation:

Shri Bachh Raj Nahar (DIN: 00049895) ceased to be the Managing Director of the Company w.e.f. 3rd August, 2019 in view of completion of his tenure. He also ceased to be the Director of the Company w.e.f. 13th August, 2019 due to retirement. The Board placed on record its appreciation for the valuable contribution and guidance provided by Shri Nahar during his tenure as Executive Director of the Company.

The following are the Key Managerial Personnel of the Company:

1. Shri Pracheta Majumdar: Wholtime Director & Chief Executive Officer.
2. Shri Aditya Saraogi: Chief Financial Officer.
3. Shri Girish Sharma: Company Secretary.

DECLARATION BY INDEPENDENT DIRECTORS

Shri Vikram Swarup, Shri Anand Bordia, Shri Brij Behari Tandon, Shri Dhruva Narayan Ghosh, Dr. Deepak Nayyar and Smt. Shailaja Chandra are Independent Directors on the Board of the Company. The Independent Directors hold office for a fixed term of five years and are not liable to retire by rotation.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Further, declaration has been received from all the Independent Directors confirming compliance with Rule 6(3) of the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended by Ministry of Corporate Affairs (“MCA”) Notification dated October 22, 2019, regarding the requirement relating to enrollment in the Data Bank created by MCA for Independent Directors. In terms of the amended Section 150 of the Companies Act, 2013 read with Rule 6(4) of the Companies (Appointment & Qualification of Directors) Rules, 2014, the Independent Director(s) unless otherwise exempted in terms of the prescribed Rules shall undertake online proficiency self-assessment test in due course within a period of 1 (one) year from the date of inclusion of their names in the Databank.

COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

The Board of Directors of the Company, based on the recommendation of the Nomination and Remuneration Committee, had formulated a Nomination and Remuneration Policy in terms of

Section 178(3) of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. During the year, the Nomination and Remuneration Policy was revised by the Board of Directors of the Company based on the recommendation of the Nomination and Remuneration Committee, to further streamline the process of appointment and removal of Key Managerial Personnel and Senior Management Personnel and payment of remuneration to them.

The Nomination and Remuneration Policy of the Company, inter alia, includes the aims and objectives, principles of remuneration, guidelines for remuneration to Executive Directors and Non-Executive Directors, fixed and variable components in the remuneration package, criteria for identification of the Board members and appointment of senior management.

The criteria for identification of the Board Members, including those for determining qualification, positive attributes, independence etc. is summarily given hereunder:

- A Director should possess high level of personal and professional ethics, integrity and values. He/she should be able to balance the legitimate interest and concerns of all the Company's stakeholders in arriving at decisions, rather than advancing the interests of a particular constituency.
- A Director must be willing to devote sufficient time and energy in carrying out his/her duties and responsibilities effectively. He/she must have the aptitude to critically evaluate management's working as part of a team in an environment of collegiality and trust.
- Independent Directors shall be a person of integrity and possess expertise and experience and/or someone who the Committee/Board believes could contribute to the growth/philosophy/strategy of the Company.
- In evaluating the suitability of individual Board members, the Committee takes into account many factors, including general understanding of the Company's business dynamics, global business, social perspective, educational and professional background and personal achievements. Factors like eligibility criteria, independence, term and tenure of a Director shall be in accordance with the provisions of the Act and the Listing Regulations for the time being in force.
- The Committee evaluates each individual with the objective of having a group that best enables the success of the Company's business and achieve its objectives.

The Nomination and Remuneration policy as approved by the Board is uploaded on the Company's website and may be accessed at the link <https://www.birlacorporation.com/investors/nomination-and-remuneration-policy.pdf>.

BOARD EVALUATION

The Nomination and Remuneration Committee pursuant to the powers delegated to it by the Board, has carried out an annual

evaluation of the performance of the Board, the Directors individually as well as the evaluation of the functioning of various Committees. The Independent Directors of the Company has also reviewed the performance of the Chairman, Non-Independent Directors and Board as a Whole. Further, the Board has carried out the performance evaluation of Independent Directors of the Company.

CRITERIA FOR EVALUATION OF DIRECTORS

For the purpose of proper evaluation, the Directors of the Company have been divided into 3 (three) categories i.e. Independent Directors, Non-Independent Non-Executive Directors and Executive Directors.

The criteria for evaluation include factors such as engagement, strategic planning, vision and direction for growth and development, team spirit and consensus building, effective leadership, domain knowledge, ensuring best practices in governance, financial management and operations, evolving short term and long term goals for the company and roadmap for achieving them, management qualities, team work abilities, result/achievements, understanding and awareness, leadership qualities, motivation/commitment/diligence, integrity/ethics/values and openness/receptivity.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES:

During the year under review, considerable efforts have been made by the Management for improving the operational efficiency of RCCPL Private Limited (formerly Reliance Cement Co. Pvt. Ltd.), wholly owned material subsidiary of the Company, which has led to significant improvement in all parameters across the board. The operations of RCCPL Private Limited have stabilized and it is achieving operating parameters that are among the best in the industry.

As on 31st March, 2020, the Company has 7 (seven) subsidiary companies namely RCCPL Private Limited, Lok Cement Limited, Talavadi Cements Limited, Birla Jute Supply Company Limited, Budge Budge Floorcoverings Limited, Birla Cement (Assam) Limited and M.P. Birla Group Services Private Limited. 2 (Two) subsidiary companies, namely Thiruvaiyaru Industries Limited and Birla Corporation Cement Manufacturing PLC, Ethiopia, are under the process of voluntary winding up. In view of the aforesaid, these subsidiaries have not been considered in preparing the Consolidated Financial Statements.

No Company has become or ceased to be the Company's Subsidiaries, Joint Venture or Associate Company during the financial year 2019-2020.

The "Policy on 'Material' Subsidiary" is available on the Company's website and may be accessed at the link <https://www.birlacorporation.com/investors/policies/policy-on-material-subsiary.pdf>.

Pursuant to Section 129(3) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014, a statement containing salient features of the financial statements of Subsidiaries/Associate Companies/Joint Ventures in Form AOC-1 forms part of the consolidated financial statement and hence not repeated here for the sake of brevity. Further, pursuant to the provisions of Section 136 of the Companies Act, 2013, the Annual Financial Statements of each of the Subsidiaries are available on the Company's website at www.birlacorporation.com.

DEPOSITS

During the year under review, the Company has not accepted deposits from the public falling within the ambit of Section 73 of the Companies Act, 2013 and the Rules framed thereunder.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS, COURTS AND TRIBUNALS

No significant and material order has been passed by the regulators, courts, tribunals impacting the going concern status and Company's operations in future.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has adequate internal control procedures commensurate with its size and nature of business. The objective of these procedures is to ensure efficient use and protection of the Company's resources, accuracy in financial reporting and due compliance with statutes, corporate policies and procedures.

Internal Audit is conducted periodically across all locations by Chartered Accountant/(audit) firms who verify and report on the efficiency and effectiveness of internal controls. The adequacy of internal control systems are reviewed by the Audit Committee of the Board periodically.

INTERNAL FINANCIAL CONTROL SYSTEM

The Company has a robust and comprehensive Internal Financial Control system commensurate with the size, scale and complexity of its operations. The system encompasses the major processes to ensure reliability of financial reporting, compliance with policies, procedures, laws, and regulations, safeguarding of assets and economical and efficient use of resources.

The controls were tested during the year and no reportable material weaknesses either in their design or operations were observed.

The policies and procedures adopted by the Company ensures orderly and efficient conduct of its business and adherence to the company's policies, prevention and detection of frauds and errors, accuracy in the record-keeping and timely preparation of reliable financial information.

The Internal Auditors and the Management Audit Department continuously monitor the efficacy of Internal Financial Control

system with the objective of providing to the Audit Committee and the Board of Directors an independent, objective and reasonable assurance on the adequacy and effectiveness of the organization's risk management measures with regard to the Internal Financial Control System.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has adopted a Vigil Mechanism/Whistle Blower Policy for Directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy, if any. The policy provides for adequate safeguard against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee.

During the year, the Vigil Mechanism/Whistle Blower Policy was amended by the Board of Directors based on the recommendation of the Audit Committee to incorporate reporting of instances of leak or suspected leak of Unpublished Price Sensitive Information in terms of Regulation 9A of the SEBI (Prohibition of Insider Trading) Regulations, 2015. The Vigil Mechanism/Whistle Blower Policy has also been uploaded on the website of the Company.

DETAILS RELATING TO REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND EMPLOYEES

Disclosure pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is marked as "Annexure – E" which is annexed hereto and forms part of the Directors' Report.

In terms of the provisions of Section 197(12) of the Companies Act, 2013 and Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement comprising the names of top 10 (ten) employees in terms of remuneration drawn and every person employed throughout the year, who were in receipt of remuneration exceeding the prescribed limit, forms an integral part of Directors' Report.

The above Annexure is not being sent along with this Annual Report to the Members of the Company in line with the provision of Section 136 of the Companies Act, 2013. Members who are interested in obtaining these particulars may write to the Company Secretary at agm@birlacorp.com. The aforesaid Annexure is also available for electronic inspection by Members at the Registered Office of the Company, 21 days before and up to the date of the Annual General Meeting. Members seeking to inspect such documents can send an email at agm@birlacorp.com.

Commission to Non-Executive Directors:

In view of the adverse business environment prevalent in the country, the Board decided to give a token amount of ₹1 as Commission to the Non-Executive Directors for the financial year 2019-2020.

HUMAN RESOURCE DEVELOPMENT AND INDUSTRIAL RELATIONS

Employees are the core strength of the Company. Therefore, at all times, we focus on creating the right workplace environment that provides opportunities for our employees to improve their performance. Robust and up to date Human Resource (HR) Policies are in place for proper evaluation of performances, which is the key to building future leaders.

HR functions in the organization have witnessed a paradigm shift and evolved to bring together modern day practices with proper use of technology and automation. This has had a profound impact on the morale and motivation of the employees who are the prime-movers. The Company has succeeded in fostering a relationship with its employees which will help transform the organization.

There is a well-calibrated mechanism to reward meritocracy. Learning and development initiatives for our employees are geared to enable all-round performance, both as individuals and as teams.

Encouraging cordial working relation and maintaining good industrial relations have been the philosophy and endeavour of the HR Department. On the whole, industrial relation scenario has been good. Statutory compliances related to labour laws have been followed with due emphasis.

The Company had 7412 permanent employees on its rolls at the close of business hours on 31st March, 2020. Industrial relations continued to remain cordial throughout the year at all the units. Suspension of Operation continues at Soorah Jute Mills, Auto Trim Division, Birlapur, and at Birla Vinoleum, Birlapur.

PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE

In order to provide women employees with a safe working environment at workplace and also in compliance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder, the Company has formulated a Policy on 'Prevention of Sexual Harassment of Women at the Workplace'. The said Policy has been uploaded on the internal portal of the Company for information of all employees.

The Company has complied with the provisions relating to constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Internal Complaints Committee comprises of three employees and one outside member. One of the Senior female employee of the Company is the Presiding Officer of the said Committee.

No complaint pertaining to sexual harassment of women employees from any of the Company's locations was received during the financial year ended 31st March, 2020.

MAINTENANCE OF COST RECORDS

The Company is required to maintain cost records as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 and accordingly such accounts and records are made and maintained by the Company.

AUDITORS & AUDITORS' REPORT

Statutory Auditors:

M/s. V. Sankar Aiyar & Co., Chartered Accountants (Firm Registration No.109208W), were appointed as the Statutory Auditors of the Company at the 97th Annual General Meeting held on 31st July, 2017 for a term of five consecutive years commencing from the conclusion of the 97th Annual General Meeting till the conclusion of the 102nd Annual General Meeting of the Company to be held in the year 2022.

The notes on accounts referred to in the Auditors' Report are self-explanatory and, therefore, do not call for any comments.

Cost Auditors:

The Board of Directors on the recommendation of the Audit Committee had appointed M/s. Shome & Banerjee, (Firm Registration No.000001), Cost Accountant, as the Cost Auditors of the Company for the financial year 2020-2021 for auditing the cost records relating to cement, jute goods and steel products manufactured by the Company. The remuneration proposed to be paid to the Cost Auditors is subject to ratification by the Members of the Company at the ensuing Annual General Meeting.

M/s. Shome & Banerjee has confirmed that they are free from any disqualifications specified under Section 141(3) and proviso to Section 148(3) read with Section 141(4) and all other applicable provisions of the Companies Act, 2013 and their appointment meets the requirements of Section 141(3)(g) of the Companies Act, 2013. They have further confirmed their independent status and arm's length relationship with the Company.

The Company submits its Cost Audit Report with the Ministry of Corporate Affairs within the stipulated time period.

Secretarial Auditors:

The Board of Directors on the recommendation of the Audit Committee had appointed M/s Mamta Binani & Associates, Company Secretaries, to conduct secretarial audit of the Company for the financial year 2019-2020. The Secretarial Audit Report for the financial year ended 31st March, 2020 is annexed herewith and marked as **"Annexure - F"**. The Report is self-explanatory and do not call for any comments.

Further, the Board on the recommendation of the Audit Committee has appointed M/s Mamta Binani & Associates, Company Secretaries, to conduct secretarial audit of the Company for the financial year 2020-2021.

There are no audit qualifications, adverse remarks or disclaimer in the respective reports of the Statutory Auditors and Secretarial Auditors for the year under review.

None of the Auditors of the Company has reported any fraud as specified under the second proviso of Section 143(12) of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force).

COMPLIANCE WITH SECRETARIAL STANDARDS

The Company has complied with all the applicable provisions of Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, issued by the Institute of Company Secretaries of India.

CAUTIONARY STATEMENT

Statements in this Report, particularly those which relate to Management Discussion & Analysis, describing the Company's objectives, projections, estimates, expectations or predictions may be 'forward looking statements' within the meaning of applicable laws or regulations. Actual results could however differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and domestic demand-supply conditions, finished goods prices, raw materials and

fuels cost & availability, transportation costs, changes in Government regulations and tax structure, economic developments within India and in the countries with which the Company has business contacts and other factors such as litigation and industrial relations.

APPRECIATION

We wish to place on record our appreciation for the continued support and co-operation received by the Company from the Government of India, State Governments, Financial Institutions, Banks, Dealers, Customers and last but not the least, from our Members.

For and on behalf of the Board of Directors

Harsh V. Lodha
Chairman
(DIN: 00394094)

Pracheta Majumdar
Wholtime Director &
Chief Executive Officer
(DIN: 00179118)

Place: Kolkata

Dated, the 22nd day of May, 2020