



UltraTech Cement Limited

Chairman's Speech

At the

Twenty-third Annual General Meeting

Friday,

11th August, 2023 – 3.00 pm

Dear fellow shareholders'

Three years ago, the pandemic felt apocalyptic in its proportions. But the strength of our collective bounce-back is equally remarkable. At the same time, we are learning to live with a new geo-political normal that has reshaped everything from supply chains to the relative fortunes of different countries. Against this backdrop, corporations that have been anchored by purpose have overwhelmingly created stakeholder value.

Our firm belief in Leading with Purpose and Growing with Responsibility has been unwavering. The foundation of our Group rests on a rich legacy of trusteeship, which imagines corporations as institutions that drive collective prosperity.

In FY2022-23, we articulated our Group's long-held, implicit **Purpose** statement. At its heart is the commitment to enrich lives by building dynamic and responsible businesses and institutions that inspire trust. In an era marked by abundant opportunities but also rapid uncertainties, our Purpose statement stands as our guiding beacon, influencing every business decision we make.

Your Company has been founded and built on this endeavour to enrich lives. Whether it's by empowering individual home builders in realising their dream homes, championing national infrastructure development, uplifting local communities in which we operate, or delivering exceptional value to stakeholders across our operations—our Purpose remains unwavering.

Let me briefly touch upon the broader macro-economic context in which your Company is operating

Despite weaker global growth in the current year, there is room for cautious optimism about a subsequent recovery, as global financial markets have held up reasonably well.

The Indian economy presents a robust picture with strong domestic impulses outweighing negative global slowdown effects. High-frequency indicators reflect resilience in domestic economic activity, and inflation is moderating towards the Reserve Bank of India's target level. India's sound macroeconomic fundamentals provide comfort amidst global risks, with moderating inflation, easing current account deficit, and improved foreign exchange reserves. Fiscal consolidation is on track despite substantial increases in government capital expenditure. Public investments, particularly in critical infrastructure, are making the economy future-ready, while pragmatic industrial policies and production-linked incentives schemes will stimulate private capex.

These initiatives, combined with improved balance sheets of banks and corporates and the dynamism of the technology-based 'new economy,' create promising medium-

term growth prospects for the Indian economy. India today occupies a pride of place among the largest economies of the world. While the major global economies are still weighed down by stagflation, India has shown resilience in its continued growth momentum.

Your Company astutely anticipated and capitalized on the burgeoning opportunities in India. This foresight not only enabled us to navigate short-term challenges effectively but also to turn them into springboards for transformative growth. Demonstrating a robust performance in FY23, your Company is now strategically positioned to amplify its growth trajectory.

Let me elaborate on your Company's performance in FY23

Given its scale of operations, both in terms of manufacturing footprint and market reach, your Company is well poised to contribute to the Nation's development. It's growth in many ways mirrors the growth of India's infrastructure development, playing a vital role as a national champion and as a key growth engine of the Aditya Birla Group.

In FY2022-23, your Company recorded net revenues of USD 7.9 billion (Rs. 63,240 crores) and an EBITDA of USD 1.4 billion (Rs. 11,123 crores).

FY2023 marked significant milestones for UltraTech. We achieved the unique distinction of being the first Indian cement company to record over 100 million tons sales volume in a fiscal year. This achievement is even more remarkable considering that we reached a production capacity of 100+ million tons just a few years ago.

Team UltraTech consistently pushes boundaries. Your Company has doubled its grey cement production capacity from 66.3 MTPA production capacity in FY16 to 132.4 MTPA in FY23. With the collective dedication of our employees and UltraTech's unmatched project management prowess, we commissioned an additional 12.4 MTPA during FY23 and another 5.5 MTPA in FY24, elevating our total cement production capacity to 137.85 MTPA.

The strength of your Company's operations is amply exemplified by the fact that it has generated positive cash flow even after meeting all on-going capex, working capital and dividend payment requirements, and has still been being able to deleverage a bit.

Work has already commenced on our next growth phase of 22.6 MTPA additional capacity. This scorching pace of expansion is unprecedented in the sector. Completion of all the capacity expansion projects currently underway will take your Company's cement production capacity to 160+ MTPA.

But we aren't content with just that. Your Company is now targeting an ambitious goal of achieving a production capacity of 200 million tons. This will further reinforce our position as one of the largest cement companies in the world.

As we forge ahead, on this promising path, your Company is working to build a future ready business which is thoughtfully crafted to strike a balance between economic growth and its environment, social, and governance (ESG) commitments.

Your Company recognises that global leadership in the sector only enhances its responsibility to all its stakeholders. Your Company will endeavour to set benchmarks in every aspect of its business operations. It will continue to harness and build on its core strengths of manufacturing excellence and customer centricity while accelerating on its progress both in leveraging cutting-edge technologies and driving sustainability across its business value chain. UltraTech is committed to stay ahead of the curve and **lead by a mile**.

Let me now briefly touch upon your Company's performance in Q1FY24

Your Company continued to deliver strong growth, quarter after quarter, achieving a 20% volume growth during Q1FY24, reflecting its strong position in the domestic market. Net revenue was Rs.17,737 crores vis-à-vis Rs.15,164 crores over the corresponding period of the previous year. Profit before interest, depreciation and tax was Rs.3,223 crores compared to Rs.3,204 crores. Profit before tax was Rs.2,267 crores, and Profit after tax was Rs.1,688 crores compared to Rs.2,293 crores and Rs.1,584 crores, respectively.

Moving on to Dividend

Your Directors' have recommended a dividend of Rs. 38 per equity share for the year ended 31st March, 2023, which entails a cash outgo of Rs.1,097 crores. The recommended dividend is in line with your Company's dividend policy.

Let me now focus on your Company's Sustainability Agenda

Your Company believes that as a leading cement manufacturer its responsibility goes beyond delivering quality products to customers. It understands the importance of creating a sustainable future for all and strives to build meaningful connections with its employees, suppliers, customers, regulators, investors, and the communities it operates in.

Sustainability is at the core of your Company's business and continues to guide its strategic choices. Your Company's strong commitment to sustainable growth is visible in its actions. It has aligned itself with the climate goals set in the Paris agreement. Your Company's GHG emission reduction targets are validated by the Science Based Targets Initiative (SBTi). Your Company has also adopted the recommendation of the Task Force on Climate-Related Financial Disclosure (TCFD), and has integrated its findings into risk management, business planning and strategy.

Your Company prioritises its environmental impact and continuously invests in low-carbon practices beyond compliance requirements. As India's largest cement and concrete company, UltraTech is committed to Net Zero by 2050.

Your Company has made great strides in continuously decarbonizing its operations across the value chain. In FY23, the Scope 1 net carbon intensity decreased by 12% with base year of 2017, which is in line with the target to reduce carbon intensity by 27% by 2032. Your Company has 555 MW of Green Energy capacity, which includes 210 MW of WHRS installed capacity and 345 MW of contracted renewable energy. Cumulatively, this translates to about 19% of UltraTech's current energy requirements. Your Company's green energy share is planned to be increased threefold to 60% of its total energy requirements by FY26.

Your Company has also increased its contribution to the circular economy during the year. UltraTech has cumulatively utilised over 29 million tonnes of waste in cement production. This includes industrial waste as alternative materials, municipal waste as alternative fuels, and recycled materials. This has helped your Company to not only reduce its carbon footprint but also reduce societal burden for landfill for disposal of this waste.

Your Company recently showcased an innovation by utilising both sea and inland waterways to transport phosphogypsum from Paradip port in Odisha to UltraTech's jetty in Kovaya, Gujarat. The phosphogypsum, which is a byproduct of fertiliser industry, will be used in cement manufacturing, further strengthening your Company's contribution to the circular economy.

Your Company has similarly made significant progress on its other sustainability focus areas during the year. For example, UltraTech is now 4.17 times water positive and 2.44 times plastic negative.

On the back of its sustained efforts, Your Company has been ranked 6th in the prestigious Global Sectoral ranking of the S&P Global Dow Jones Sustainability World Index (DJSI). UltraTech is the only Indian company in the top 10 in the Construction Material sector for the second year in a row. Your Company has been assessed with an overall score of 80 by DJSI for the financial year 2021-22. Furthermore, your Company's commitment to addressing climate change was recognised by the Global Non-Profit Organisation, The Carbon Disclosure Project (CDP). In their FY2022 disclosure, they awarded your Company an A- score placing us in their leadership category. The A- score is a significant improvement from its previous score of B in FY21.

Your Company prides itself in Being a Caring Corporate Citizen

Your Company actively contributes to the social and economic development of the communities in which it operates. This is done through focused interventions across education and capacity building, infrastructure, healthcare, and social reforms to transform life and livelihood opportunities, in sync with the major United Nations Sustainable Development Goals ("SDG").

Conclusion

It is the continued goodwill of all stakeholders and the dedication of every employee that enables any company to achieve sustained success. As a company, UltraTech is strongly driven by an enabling and empowering purpose to enrich lives — not just with our products and services, but also with our actions.

I would like to express my gratitude to each one of you for your continued trust in the path that we have chosen to deliver sustainable growth. We look forward to your continued support as UltraTech embarks on its ambitious goal of achieving 200 million tons of production capacity. On behalf of the Board, I wish to also express our gratitude to our institutional partners like banks, financial institutions, business associates, state, and central governments and all other stakeholders who have enabled us to create this environment of trusteeship.

I am confident that your Company will continue its strong growth momentum and deliver on the trust reposed by each one of you.

Thank you very much.

Kumar Mangalam Birla