CEO'S LETTER

# Execution that moved beyond the headline numbers

Operational excellence at the plant level remained one of the clearest indicators of progress during the year. Improvements in kiln run factors, mill availability and overall equipment effectiveness reflected sustained investment in predictive maintenance, process discipline and frontline capability building.

Dear Shareholders,

FY 2025-26 reflected the quality of execution we are building across the organisation. The headline numbers were strong, with higher volumes, improved revenue and sharper operating performance. Yet, the more important story lies beneath those numbers. It lies in the way our plants performed, the way our teams responded to cost volatility, the way we strengthened customer relationships and the way we advanced technology, sustainability and people capability together.

## OUR OPERATING DISCIPLINE BECAME STRONGER

Operational excellence at the plant level remained one of the clearest indicators of progress during the year. Improvements in kiln run factors, mill availability and overall equipment effectiveness reflected sustained investment in predictive maintenance, process discipline and frontline capability building.

We continued with condition monitoring for kilns and conveyor belts and started using AI-led analytics for real-time process optimisation. These interventions matter because unplanned downtime affects cost, service reliability and customer confidence. Better equipment health and stronger process control help us produce more consistently, reduce avoidable disruptions and improve asset productivity.

Energy economics remained another major area of focus. FY 2025-26 saw a tougher external cost environment, especially around fuel and related inputs. Our response was to work across the four operating levers that matter most for cement: renewable-energy, Thermal Substitution Rate, Specific Power Consumption and Specific Heat Consumption. These are structural levers. They improve cost competitiveness over time and reduce our exposure to external volatility.

We increased the use of renewable energy, scaled alternative fuel utilisation and deployed advanced process control systems to optimise mill and kiln operations. These actions are helping reset the cost base in a more durable way. They also support our decarbonisation agenda, which is central to how we want to grow.

## WE BUILT FOUNDATIONS FOR FUTURE MARKETS

FY 2025-26 also strengthened our future growth pipeline. The commissioning of Nagaur marked our entry into North India. This is strategically important because Rajasthan, Haryana, Punjab and the NCR region present large and attractive demand opportunities, supported by infrastructure, housing and industrial growth.

Nagaur is more than a capacity addition. It gives us a platform to build brand visibility, customer relationships and channel depth in a new region. We have already seen encouraging response from dealers and customers. The next phase will involve ramping up utilisation, strengthening service reliability and building a strong position in the North.

We also progressed the foundations for future geographies. Securing the Sikilangsho limestone blocks in Assam, covering Part A and Part B, gives us an important raw material base for our proposed integrated plant in the North-East. Alongside this, we continued to progress brownfield and greenfield developments at FZC and Dolvi. These actions show that our project pipeline is being built with market logic, raw material security and execution discipline.

## PRODUCTS ARE MOVING CLOSER TO CUSTOMER NEEDS

The quality of our product and commercial portfolio improved during the year. We introduced super-premium cement and continued to grow the share of premium and blended products. We also expanded our construction chemicals portfolio. These steps are important because moving up the value chain requires coordination across R&D, manufacturing, supply chain and sales.

GGBS remains a distinctive strength for us. It offers lower $CO_2$ emissions and strong technical performance, making it increasingly relevant for institutional customers, infrastructure developers and users who value durability and sustainability. Our leadership in GGBS is aligned with the direction in which the construction sector is moving.

Customer expectations are changing. Retail customers seek dependable quality and trusted brands. Institutional customers increasingly consider performance specifications, technical support, supply consistency and sustainability credentials. Our portfolio gives us the ability to serve both. This is why product relevance will remain a key differentiator as we expand.

## DIGITAL IS NOW PART OF DAILY EXECUTION

Technology and digitalisation played a larger role across our operations during the year. We accelerated initiatives across manufacturing, supply chain, logistics, sales and enterprise functions. The impact was visible in plant reliability, faster decision-making, energy efficiency, despatch performance and customer responsiveness.

Our partnership ecosystem continued to strengthen during the year. We deepened engagement with dealers through capability building, loyalty programmes and digital enablement. We worked with around 12,500 Channel Partners during FY 2025-26. As we enter new geographies, especially the North, this network will expand further.

We deployed AI and advanced analytics for predictive maintenance, energy optimisation and process efficiency. We strengthened real-time dashboards for plant and business visibility. We advanced automation in packer operations and despatch management. We improved digital platforms for dealers and customers through application upgrades that enhance user experience and service responsiveness.

Our Digital Vision Analytics Platform supports safety monitoring, anomaly detection and process improvement. AI-led predictive maintenance uses machine learning and sensor-based analytics to detect early signs of equipment issues. These are practical use cases. They help our teams act faster, reduce unplanned stoppages and improve equipment uptime.

On the customer side, we are exploring Agentic AI-led tools for feet-on-street teams. The objective is to make field engagement more contextual, personalised and responsive. In cement, the quality of relationship at the last mile matters. Better digital tools can improve how our sales teams engage dealers, contractors and customers.

## PARTNERSHIPS BECAME MORE STRATEGIC

Our partnership ecosystem continued to strengthen during the year. We deepened engagement with dealers through capability building, loyalty programmes and digital enablement. We worked with around 12,500 Channel Partners during FY 2025-26. As we enter new geographies, especially the North, this network will expand further.

Institutional customers also remained central to our growth. We strengthened our engagement with large infrastructure developers, government agencies and EPC contractors. These segments are directly linked to India's public infrastructure momentum. In these markets, GGBS has found strong acceptance because performance and sustainability are increasingly important procurement criteria.

Logistics partners also became part of our efficiency agenda. Rising diesel and fuel costs have a direct impact on delivered cost. We worked with partners to improve modal mix, increase rail-based despatches where feasible, rationalise lead distances and improve route planning. These improvements are operational in nature, but their impact is commercial. Better logistics improves service reliability and cost competitiveness.

## PEOPLE CAPABILITY SUPPORTED SCALE

Growth into new geographies and larger operations requires a deeper talent base. During the year, we focussed on people development across levels. Structured job rotation gave internal talent exposure to new roles, locations and ecosystems. This is important for a growing organisation because future leaders must understand the business from multiple vantage points.

We extended executive coaching to senior leaders and launched Aarohan, our Entrepreneurial Leadership Development Journey, for identified high performers. We also strengthened the performance management process to improve fairness, transparency and retention. These initiatives support our ability to build leaders from within and prepare teams for the next phase of scale.

Culture matters deeply in execution. As we grow across regions, plants and customer segments, we must stay aligned on safety, quality, cost, customer focus and responsibility. Our progress during the year shows that we are building that cohesion.

## RESPONSIBILITY BEGINS AROUND OUR PLANTS

We view community development as integral to the way we operate. During FY 2025-26, our CSR programmes reached 6,66,842 beneficiaries across education, health, livelihood, rural development and sanitation. We exceeded the statutory requirement of ₹9.45 crore, with a CSR budget of ₹10.80 crore and near-complete utilisation.

Our work covered all our locations. Partnerships with government bodies, NABARD, NGOs and local communities helped us widen the impact of our programmes. Against total convergence spending of ₹ 14.95 crore, our contribution of ₹ 6.23 crore helped mobilise additional support from partners and communities.

Our initiatives covered digital classrooms, STEM learning, scholarships, career counselling, school retention, mobile medical camps, PHC support, TB nutrition support, maternal and newborn care, malaria prevention and menstrual hygiene awareness. We also supported women-led livelihood initiatives, farmer producer organisations, income-generation programmes, solar streetlights, roads, drainage, RO water plants, borewells and community bus services. These efforts build trust beyond business and connect us with the communities that host us, work with us and grow with us.

## OUR DIFFERENTIATION IS BECOMING MORE INTEGRATED

Looking ahead, our confidence comes from the way our strengths are beginning to reinforce one another. Greener products, operating efficiency, digital capability, customer relevance, brand trust and a wider manufacturing presence are coming together as one integrated advantage.

Our environmental performance is a key part of this differentiation. Our Scope 1 intensity stood at 242 kg tonne of cementitious material, compared with the Indian industry average of 530 kg $CO_2$ per tonne. Our clinker factor of 51%, blended cement portfolio of 65%, TSR of 13%, Specific Heat Consumption of 745 kcal per kg of clinker and clean energy portfolio of 24% show that sustainability is embedded in our operating model.

Looking ahead, our confidence comes from the way our strengths are beginning to reinforce one another. Greener products, operating efficiency, digital capability, customer relevance, brand trust and a wider manufacturing presence are coming together as one integrated advantage.

This is relevant as customers, regulators and investors place greater emphasis on lower-carbon construction. It is also commercially important. Lower clinker usage, better energy efficiency and higher alternative fuel consumption support emissions reduction and cost competitiveness. Our multi-location manufacturing footprint across Andhra Pradesh, West Bengal, Odisha, Karnataka, Tamil Nadu, Maharashtra and Rajasthan adds further flexibility, improves supply resilience and enables better plant-to-market allocation as volumes grow.

I thank our employees, customers, dealers, institutional partners, suppliers, logistics partners, communities and shareholders for their continued trust. We are building a company that is ready to serve India's construction growth with quality, responsibility and discipline. The opportunity ahead is significant, and we are prepared to pursue it with focus.

Warm regards,

**Nilesh Narwekar**

Chief Executive Officer