MD'S LETTER

Building for the next order of scale

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.

Dear Shareholders,

In cement, scale creates value when market reach, cost strength, execution reliability, customer trust and balance sheet discipline move together. This belief shaped our priorities during FY 2025-26. We expanded our footprint to support the shift from a strong regional player to a pan-India cement business. We improved operating performance through sharper execution and continued building the systems, processes and capabilities required for a larger enterprise.

Our listing during the year added a new dimension to our responsibility. We now report to a broader shareholder base and operate under greater public-market scrutiny. This brings sharper accountability, stronger governance expectations and a deeper commitment to delivering on our promises. We will continue to pursue profitable growth through prudent expansion, a stronger operating model and an organisation built to perform consistently through cycles.

Infrastructure-led demand continued to underpin cement consumption in FY 2026, supported by sustained public investment. The Central Government's capital expenditure stood at ₹ 10.96 lakh crore (RE) in FY 2026, while the FY 2027 Union Budget increased the allocation to ₹ 12.20 lakh crore, reaffirming the Government's continued focus on infrastructure development. Backed by robust spending on roads, railways, urban infrastructure and housing, India's cement demand grew by approximately 6% YoY to ~500 MTPA in FY 2026. With an installed capacity of ~732 MTPA (capacity utilisation of ~68%), the industry remains well-positioned to support future demand growth through ongoing capacity expansion. Energy, fuel, freight and packaging costs require constant attention. Customers are expecting better quality, faster service and more sustainable products. This sets the context where our strategy is being executed.

STRATEGIC TRANSITION OF CAPEX CYCLE

Each of our capex interventions served operational priorities. Some projects deepen our position in markets where we already have scale. Some strengthen our ability to serve GGBS demand. Some help us enter regions where long-term cement consumption is expected to grow faster. This is why our expansion is being pursued in a phased and disciplined manner.

The commissioning of the Nagaur integrated plant in Rajasthan marked our entry into North India and gave us a platform to serve Rajasthan, Haryana, Punjab and the NCR region. This matters because North India offers a large and attractive demand pool, led by infrastructure, housing and industrial growth. Our immediate priority is to ramp up the plant, complete the remaining capex at the site and build profitable volumes in the region.

We also strengthened our presence in Eastern India through a grinding unit at Sambalpur and continued laying the foundation for future expansion. Looking ahead, our roadmap to reach 35.25 MTPA by 2028 and our longer-term ambition to grow to 46 MTPA are anchored in market demand, raw material security and execution-readiness. Our proposed expansion into Central India and our intended presence in the North-East through Assam are part of this broader logic.

Execution will remain inherent to this journey. We take pride in commissioning facilities quickly and at competitive cost. That discipline must continue as we scale. Land acquisition, approvals, construction, equipment ordering, commissioning and ramp-up must move in a coordinated manner. Growth creates value only when projects are delivered on time, at the right cost and with the ability to reach meaningful utilisation.

A LARGER BUSINESS NEEDS A STRONGER OPERATING ENGINE

As our footprint expands, the quality of our operating engine becomes just as important as the size of our capacity base. During the year, we focussed on improving asset effectiveness, reducing lead distances, strengthening logistics, enhancing despatch reliability and improving the cost structure across plants and markets.

Our cost agenda is built on structural levers rather than short-term responses. Renewable energy, thermal substitution rate, specific power consumption and specific heat consumption are the four areas that will command sustained management attention. The reason is simple. Energy is one of the largest cost lines in cement, and volatility in coal, pet coke, power and diesel can quickly affect margins. A stronger energy mix gives us better control over cost and carbon.

Fuel flexibility has therefore become a priority. We engaged more domestic suppliers for fuel and raw materials. Our clinker units increased the use of domestic coal and domestic pet coke from local refineries. These relationships have strengthened over the past two years and have helped improve supply reliability. We also increased the use of alternative fuels and identified reliable, cost-effective sources for AFR materials through longer-term arrangements.

This progress matters because the external environment is uncertain. Geopolitical tensions can affect imported fuel, diesel and packaging material costs. We cannot control those variables. We can control how prepared we are. Procurement discipline, domestic sourcing, energy optimisation, alternative fuels, logistics efficiency and plant productivity are the levers that help us absorb volatility better.

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.

DIGITAL MUST IMPROVE DECISIONS ON THE GROUND

Our digital agenda is focussed on practical improvements across plants, supply chains, sales teams and decision-making forums. During the year, we accelerated several technology-led interventions across manufacturing, supply chain, logistics, sales and enterprise functions. The objective was to improve visibility, reliability, efficiency, safety and speed of decision-making.

AI-led initiatives also moved from concept to use cases. At Dolvi, we deployed an AI-based energy forecasting and optimisation model to improve energy planning and consumption efficiency. At Nandyal, the Model Digital Plant initiative used AI and advanced analytics for process optimisation, quality consistency and operating stability. We also expanded our Digital Vision Analytics Platform for safety monitoring, anomaly detection and process improvement.

Predictive maintenance is another important area. Machine learning and sensor-based analytics are helping us monitor critical equipment, detect early signs of failure and reduce unplanned downtime. These are practical improvements. Higher uptime, better safety compliance, more stable operations and faster decisions together make our plants more reliable and our teams more effective.

We are also exploring Agentic AI-led interventions for our feet-on-street teams. Sales in cement depends on relationships, service, market intelligence and timely action. Better digital tools can make customer conversations more contextual, more responsive and more personalised. Over time, this can improve the productivity of our field teams and deepen customer engagement.

CAPITAL DISCIPLINE WILL GUIDE THE GROWTH CYCLE

Every growth decision is being evaluated through the lens of capital efficiency, financial resilience and long-term returns. During FY 2025-26, revenue from operations increased 12.0% to ₹ 6,512.5 crore, while operating EBITDA grew 43.6% to ₹ 1,240.3 crore. Operating EBITDA per tonne improved to ₹ 888 in FY 2025-26, reflecting the benefits of volume growth, operating leverage and cost discipline. This improvement gives us a stronger base to fund growth while maintaining financial flexibility.

This matters because cement is a capital-intensive business. We will fund capex through a mix of internal accruals and debt, with clear leverage guardrails. As of March 31, 2026, our net debt stood at ₹ 3,635 crore, with Net Debt to TTM EBITDA at 2.72x and Net Debt to Equity at 0.56x. These metrics remain within our stated comfort zone and reinforce our ability to pursue capacity expansion without weakening the balance sheet. Our approach is to align capex with market demand, raw material security, cost advantage and execution capacity.

Financial discipline also gives us resilience. It allows us to keep investing through cycles, respond to opportunities and manage external shocks. During the year, finance costs reduced 16.0% to ₹ 378.0 crore, while adjusted profit after tax stood at ₹ 667.6 crore after adjusting for the non-cash fair value expense related to CCPS conversion.

SUSTAINABILITY INGRAINED IN THE BUSINESS MODEL

Sustainability is a strategic priority for us because it directly affects how we manufacture, use resources, manage energy and how customers and investors view our business. We operate in a hard-to-abate sector, and that reality demands serious action rather than broad statements.

Our business model has long been shaped by circularity. The use of slag and other industrial by-products enables us to reduce dependence on virgin raw materials and lower clinker intensity. Our leadership in GGBS and blended cement supports this direction. It also strengthens our relevance with customers looking for durable, high-performance and lower-carbon construction materials.

During the year, our CO-CREATE framework continued to guide execution across sustainability priorities. We made strong progress in areas such as freshwater intensity, community reach, new product development, use of alternative raw material in clinker manufacturing, biodiversity management plans, air emission compliance, human rights assessments across sites, EV transition and safety performance. These achievements show that sustainability is becoming more operational and measurable across the organisation.

We also recognise areas where we must do better. Progress on CO_2 emissions intensity was affected by slower movement on some decarbonisation levers, especially TSR and clean energy contribution. While we improved waste-derived resource use i.e., TSR and clean energy share against our baseline, the opportunity for improvement remains significant. We will continue to pursue this with urgency and discipline.

Our long-term direction is aligned with the Global Cement and Concrete Association (GCCA) 2050 Roadmap to net-zero concrete. We are also linked to the development of GCCA India's roadmap for the Indian cement industry, which targets net-zero emissions by 2070, with an interim goal aligned to Viksit Bharat by 2047. In 2025, our interim FY 2035 CO_2 intensity reduction targets across Scope 1, Scope 2 and Scope 3 Category 1 emissions were validated by the Science Based Targets initiative.

We have also committed to 2030 targets across green energy portfolio, TSR and water positivity, along with additional KPIs introduced during the reporting year. The next phase will require deeper stakeholder engagement, stronger baselines and a realistic view of technology pathways.

Our work on low-clinker products, renewable energy, alternative fuels and carbon capture utilisation pilots reflects this approach. We are exploring collaboration with the Department of Science and Technology, Government of India, including work on carbon capture and possible industrial AI platforms. These efforts are early, but they point towards the kind of future-ready capabilities that the sector will need.

FY 2025-26 gives us confidence as we continued to deliver important milestones while navigating a dynamic environment. We commissioned strategic assets, improved operating performance, advanced digital initiatives, strengthened sustainability execution and continued building the foundation for a pan-India presence.

THE NEXT PHASE WILL TEST OUR DEPTH

The coming years will require us to do many things at the same time. We must ramp-up new capacities, enter new markets, raise utilisation, strengthen the GGBS franchise, improve cost competitiveness, grow premium products, deepen digital adoption and accelerate sustainability actions. Each priority matters and we will pursue all of them without losing focus on execution quality.

This is where organisational capability becomes decisive. We are investing in people, systems, governance, safety, customer-facing teams and cross-functional processes. A growing business needs leaders who can operate with ownership, speed and discipline. It also needs a culture that keeps improving, questions inefficiency and stays close to the customer.

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Our next phase will be larger and more demanding. It will also be full of opportunity. India's growth story needs cement companies that can scale responsibly, produce efficiently and support lower-carbon construction. We are building ourselves for that role.

I thank our teams for their commitment, our customers and channel partners for their trust, our suppliers and lenders for their support, our communities for their goodwill and our shareholders for their confidence. We enter the next year with clarity, discipline and a strong sense of responsibility.

Warm regards,

Parth Jindal

Managing Director