

MESSAGE FROM THE CHAIRMAN



In its more than 76 years of operations, Grasim has successfully developed global-scale businesses by continually innovating, investing in capacity building, and pursuing new high-growth opportunities. In FY 2023-24, your Company along with its subsidiaries executed its largest-ever capital expenditure, investing over ₹20,000 crore."

Kumar Mangalam Birla
Chairman

Dear Shareholders,

In an era marked by unprecedented global challenges, the imperative for businesses to transcend conventional paradigms has never been more pressing. At Aditya Birla Group, we recognise that our success is intrinsically tied to the well-being of society and the planet we inhabit. As custodians of progress and stewards of sustainable growth, we embrace the ethos of being 'A Force For Good' in all facets of our operations. At the heart of our philosophy lies the conviction that business can and must catalyse for positive change. Beyond the pursuit of profit margins, we envision a world where economic prosperity harmonises with social welfare and environmental stewardship.

This vision guides our strategic decisions, propelling us to harness the transformative power of business to create collective prosperity. Being a force for good entails a multifaceted approach that extends across our entire value chain. Our commitment to operating responsibly is woven into our business endeavours, from enabling inclusive growth and empowering local communities to mitigating environmental impact and creating prosperity for our nation and people. It is part of our DNA and our legacy. It defines who we are.

By creating value for all stakeholders – shareholders, employees, customers, and society at large – we aim to nurture an ecosystem of mutual benefit and collective advancement. This philosophy underpins our dedication to ethical governance, transparent communication, and responsible business practices. As we navigate the complexities of a rapidly

evolving world, we remain steadfast in our commitment to being agents of positive change.

Guided by our Purpose 'To enrich lives, by building dynamic and responsible businesses and institutions, that inspire trust', and by leveraging our resources, expertise, and influence, we aspire to be a catalyst for meaningful impact, shaping a future where business serves as a force for good in everything that we touch and do.

Global Economy: Resilience in Motion

The global economy exhibited remarkable resilience and divergence during 2023, defying fears of stagflation and recession. Increased government spending, notable labour force participation, and continued household consumption growth supported global economic growth last year. Despite substantial interest rate hikes by central banks, economic activities worldwide grew steadily, buoyed by household demand fuelled by pandemic savings and supportive policies in mortgage and housing markets. These growth drivers mitigated the impact of policy rate increases. Major central banks, led by the US Federal Reserve, have likely reached their peak rate hikes. Expectations are for rate cut initiations during the latter part of 2024, signalling cautious optimism for the global economy and financial markets. Global economic growth is estimated at 3.2% in 2023 and projected to continue at the same pace in 2024 and 2025, albeit these growth rates are at historically low levels.

The US economy was a standout in 2023, with GDP growth exceeding long-run averages at 4.9% in Q3 and 3.4% in Q4, driven by robust services growth and a resurgence in manufacturing activity. Simultaneously, as the Fed raised rates and supply constraints eased, inflation declined to 1.7% in Q4, undershooting the 2% target. This 'miracle' of strong growth and low inflation defied the recessionary predictions of most economists.

In contrast, Europe slowed to just 0.4% GDP growth in 2023, weighed down by reduced household spending from elevated energy costs tied to the Russia-Ukraine conflict and tighter monetary policy. Prospects for 2024 remain subdued at 0.8% growth, constrained by strained fiscal positions limiting any growth impetus.

China experienced a 5.2% growth rate in 2023 and is projected to expand by 5% in 2024 and 4.5% in 2025, bolstered by policy support measures. However, a protracted property crisis remains a major drag on growth.

Global economic prospects have improved as major economies have averted a severe downturn, reducing inflation without raising unemployment. However, the outlook remains cautiously optimistic. Persistent challenges include prolonged high interest rates, debt sustainability issues, ongoing geopolitical tensions, and escalating climate risks, all of which continue to impede growth.

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Birla Pivot, the B2B E-commerce business for Construction Materials, has crossed a milestone of ₹1,000 crore revenue in its first year of operations. With successful deliveries to over 200 cities across 25 states, it has established a robust network of suppliers and logistics providers, facilitating seamless operations, and ensuring a Pan-India reach."

India: Leading the Way

For India, the picture is promising amidst a globally uncertain macroeconomic environment. India's economy has shown resilience, with real GDP growth of 8.2% in 2023-24, making it the fastest-growing major economy and the fifth-largest globally. Structural reforms and domestic household demand are key drivers of India's growth. Inflation has eased, supported by monetary policy actions and supply-side interventions. India is expected to grow at 7.2% in FY 2024-25.

The banking sector has seen improvements in earnings, governance, and balance sheets. Non-banking financial companies (NBFCs) also show sound performance, contributing to credit growth in the private sector. Prudent policies and regulatory measures aim to safeguard financial stability in India. The Indian Rupee has managed relative stability supported by improved external balances, including a moderation in the current account deficit and robust forex reserves. Increased services exports have been supportive of the external balance. India's FinTech ecosystem, supported by initiatives like the Unified Payments Interface (UPI), has transformed financial services, promoting inclusion and digitisation.

Hence, despite global challenges, the Indian economy is poised for sustained growth. We believe collective actions and focused measures by the government have helped overcome past challenges and will realise India's growth potential in the future. To summarise, the Indian economy has demonstrated resilience, supported by reforms, low core inflation, and a sound financial sector. Continued focus on reforms will see India emerge as a key global growth engine.

Aditya Birla Group: In Perspective

Amid this economic backdrop, the Aditya Birla Group's strong performance in FY 2023-24 stands as a testament to our commitment to purpose-driven growth, driving sustained value creation for stakeholders across our diverse business portfolio.

This success is underpinned by our exceptional talent pool, whose dedication and entrepreneurial spirit are the true catalysts for our sustained achievements.

This year, we have advanced our purpose-driven approach to business by integrating our purpose in every stage of the employee life cycle: hiring, induction, learning, performance appraisal and continuous employee connect.

Being the Force for Good for ABGites by enabling employees to develop capabilities and achieve their true potential. 186 learning events covering 4,700+ ABGites were held by Gyanodaya, our Learning and Leadership Development Centre. In addition, 14,000+ ABGites were covered through outreach programmes, done closer to the employees in our units/offices all over the globe. Robust digital learning, enabled 81% of the employees to learn at their convenience on topics of interest and need.

Our leaders play a crucial role in strengthening the succession pipeline. Through Business and Functional Talent Councils, they set the vision for their respective areas, identify the future capabilities needed for success, review the availability of talent, and agree on actions to enhance the talent pipeline. This year, over 12,000 employees (99% of the eligible population) underwent potential assessments, enabling us to identify high-potential talent across all levels and prepare them for leadership succession. As a result, 56% of critical mid and senior-level positions were filled through our internal pipeline. Additionally, the internal and external hiring ratio for senior management roles has improved from 59:41 to 75:25 over the past three years.



During the last five financial years, from FY 2019-20 to FY 2023-24, your Company has added nearly ₹56,000 crore in consolidated revenues, recording a compounded annual growth rate (CAGR) of 15%. This growth has come with the highest-ever operating profit, registering a CAGR of 11%."

Our strong employer brand enabled us to attract high-quality talent for three new businesses built grounds-up: Birla Opus, Birla Pivot and Novel Jewels. We hired 14,800+ employees across levels in the management cadre, 75% of whom are millennials and Gen Z.

We have maintained our focus on strengthening gender diversity, ensuring more women are in mainstream roles and leading strategic responsibilities across various functions and regions. Currently, women make up 15.6% of our management cadre, with 277 women holding senior and top leadership positions. We are also making a special effort to increase the representation of women in technical roles. For example, we have appointed our first female unit head for the battery enclosure plant, enrolled 25 women in a one-year apprenticeship programme in core mining who will be placed in UltraTech, and have women serving as Territory Sales Managers at Birla Opus.

We strive to enrich the lives of our employees through integrated healthcare solutions that focus on their physical and emotional well-being, as well as that of their families. Our Digital Health and Well-being app, AB Multiply, has enrolled 26,000 employees for holistic wellness services. Additionally,

over 9,000 employees have benefited from company-sponsored annual physical health checkups. We have made significant efforts to reduce the stigma associated with mental health, ensuring that employees and their families can access professional and confidential counselling services when needed. Last year, over 1,000 employees or their family members sought help, marking an increase of more than 25%.

The results of ABG Vibes 2023, our annual engagement survey, reflect our commitment to being a force for good for our employees. The scores have improved in all areas across employee segments compared to the previous cycle: 91% of employees are proud to be associated with the Group, 93% would recommend the Group as a great place to work, and 87% see themselves working with the Group two years from now (an 8% increase from the last cycle). Additionally, 89% of employees find a sense of meaning and purpose in their work, and 91% are optimistic about the future of the business.

Indeed, the Aditya Birla Group stands at an exciting juncture. Many of our businesses are poised for transformational growth, while new ventures are emerging with a lot of promise. We are not just expanding in size but also diversifying in scope across various industries and regions.

Your Company's Performance

Your Company has achieved an exceptional milestone with the highest-ever annual revenue of ₹1,30,978 crore for the financial year FY 2023-24, surpassing \$15 billion in consolidated revenues. During the year, Grasim recorded revenue growth of 11% YoY, adding an incremental revenue of over \$1.2 billion. The Company has also achieved its highest-ever consolidated EBITDA of ₹20,837 crore. Cement and Financial Services businesses contributed to strong growth, complemented by stable performance from Cellulosic Fibres and Textiles. Your Company achieved record sales volumes in Cement, Cellulosic Fibres, Chlor-Alkali, and Speciality Chemicals businesses. The Financial Services business under Aditya Birla Capital achieved the highest ever combined (NBFC + HFC) loan book of ₹1,24,059 crore and the highest ever AUM of ₹4,36,442 crore in FY 2023-24.

During the year, your Company commenced trial runs at three paint plants, while construction work for the remaining three plants remains on schedule. All six plants will be operational in FY 2024-25, positioning Birla Opus as the second largest player, by capacity, in the Indian decorative paints industry.

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Your Company has announced its ambition to reach a revenue target of ₹10,000 crore in paints and break even within the first three years of full-scale operations.

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facilitating seamless operations, and ensuring a Pan-India reach. The business aspires to achieve an annual revenue of \$1 billion in three years.

The Company's Renewables business, Aditya Birla Renewables, is poised to capitalise on the economy's green transition and the rising demand for sustainable solutions. The Aditya Birla Renewables project portfolio has reached ~1GW capacity and is expected to double to ~2GW by CY 2024.

Growth Capex to Fuel India's Future

In its more than 76 years of operations, Grasim has successfully developed global-scale businesses by continually innovating, investing in capacity building, and pursuing new high-growth opportunities. In FY 2023-24, your Company along with its subsidiaries executed its largest-ever capital expenditure, investing over ₹20,000 crore. In the last five years, your Company and

its subsidiaries have allocated over ₹50,000 crore in capital expenditure, with 77% directed towards growth capex. This investment has been largely driven by consistent free cash flow from core businesses, supplemented by proceeds from a rights issue and optimised financial leverage.

For your Company, Building Materials is a key segment expected to be on a high growth trajectory given the growing demand for housing and infrastructure in India. We remain committed to playing a pivotal role in fulfilling India's infrastructure growth aspirations and being future ready. The capacity expansion would further strengthen our businesses in India.

Our new growth engines, the decorative paints business under the brand 'Birla Opus' and the B2B E-commerce business under the brand 'Birla Pivot' are poised to offer differentiated business solutions and lead the way in meeting India's infrastructure development needs, a true testament to being A Force for Good.

Value Creation-led Strategy

During the last five financial years, from FY 2019-20 to FY 2023-24, your Company has added nearly ₹56,000 crore in consolidated revenues, recording a compounded annual growth rate (CAGR) of 15%. This growth has come with the highest-ever operating profit, registering a CAGR of 11%. This growth is reflected in our market capitalisation crossing

the milestone of ₹1,50,000 crore, adding over ₹45,000 crore value and generating over 40% returns for investors during the year. The year also earmarked a milestone event for your Company with fundraising of ₹4,000 crore by way of a rights issue which was oversubscribed by nearly two times. My special thanks to all our shareholders for the trust you have reposed in us. Your continued faith and support in our transformational journey is truly appreciated.

Your Company has constantly demonstrated growth amidst dynamic macroeconomic conditions, driven by a cohesive strategy based on five pillars— Leadership, Innovation, Sustainability, Capital allocation and Cost leadership. These pillars of strategies are synchronous across the Company's diversified business segments fostering an ecosystem that promotes long-term value creation. Such value creation is enabled by Grasim's structure of managing a portfolio of companies comprising businesses and offerings that are closely linked to India's growth mega-trends of infrastructure and housing demand, increasing financialisation, aspirational consumption, focus on manufacturing growth, fast-growing renewable energy sector and a growing digital economy. Your Company, which derives a majority of its revenues from the domestic market, commands a leadership position across these key components of a growing economy.

Sustainability

Your Company has a long track record of building sustainable practices, developing communities, building partnerships, and initiating various sustainability efforts even before they were mandated by law. The Company has implemented robust processes for ESG reporting and assurance, ensuring the comprehensive capture and accountability of non-financial data to achieve environmental and social targets effectively. In FY 2023-24, we have strengthened our efforts to combat climate change by developing a comprehensive net zero roadmap with defined strategies to reduce our carbon footprint. By leveraging our technical expertise, investing in research and development, and collaborating with stakeholders across the value chain, we aim to drive innovation and accelerate the transition to a low-carbon future.

Conclusion

Your Company's multidimensional achievements underscore what has been a foundational philosophy of our group that true corporate success is measured by the enduring value we create for all our stakeholders. And that is our legacy, our promise, and our future.

Yours sincerely,



Kumar Mangalam Birla
Chairman



Mr. Kumar Mangalam Birla at the Birla Opus launch