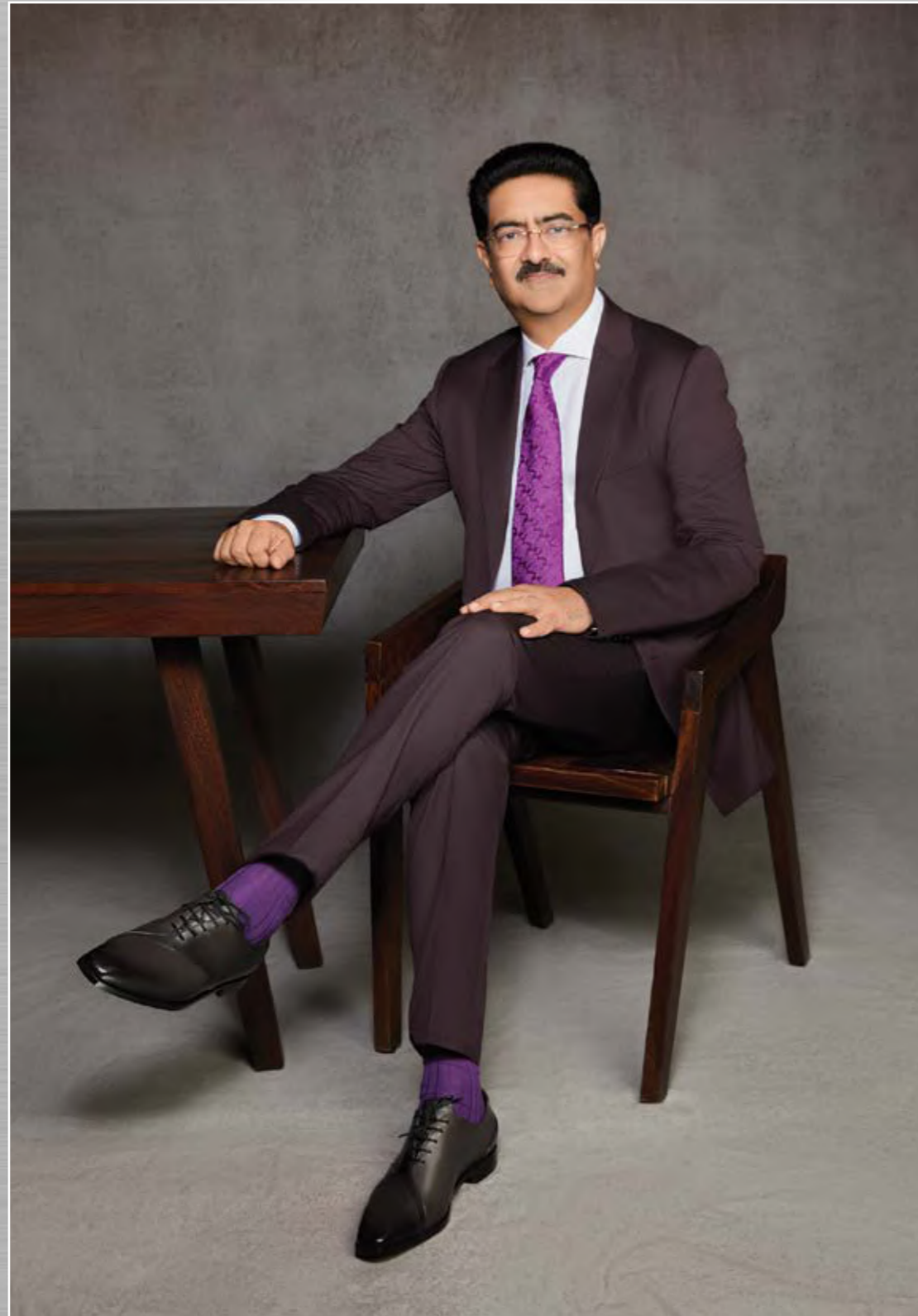


# Message from the Chairman



## Dear Shareholders,

Our Group's foundation rests upon a trusteeship philosophy, which imagines corporations as institutions that drive collective prosperity. This philosophy has played an integral role in shaping our actions for generations, guiding our quest to enrich lives. Over the years, this purpose, though unstated, has been our unwavering anchor.

In FY2022-23, we formally put to words our Group's purpose statement. At its heart is the commitment to enriching lives by building dynamic, responsible businesses and institutions that inspire trust.

We strive to honour this commitment daily through our brands, products, services, solutions, actions, relationships, and institutions.

Our purpose statement stands both timeless and fresh against the backdrop of our extensive history. In a world of increasing opportunity and accelerating uncertainty, our purpose statement is meant to act as a talisman and remain at the core of our business decisions.

Our purpose offers us a unique lens through which to view the world, bring perspective, and thrive in it. Guided by this unique perspective, we navigate the evolving global landscape with resilience and foresight.

As we turn our attention to the current state of the global economy, it is evident that we are charting a course through a 'new normal'.



Our enduring success amidst global uncertainties stems from our unyielding commitment to purpose, anchored in principles that are much more than words.

## Global Economy: Finding a New Normal

The global economy continues to pull itself out of the pandemic-triggered shock. It does so amid a complex environment marked by the ongoing conflict in Ukraine, geo-economic fragmentation, soaring interest rates, and looming risks of a banking contagion.

Reflecting these concerns, the International Monetary Fund (IMF) expects global economic growth to dip from 3.4% in CY22 to 2.8% in CY23. Developed countries are predicted to experience a more pronounced deceleration, their aggregate growth stumbling to just 1.3% in CY23 – the slowest pace in a decade, excluding the pandemic-impacted CY20.

On the brighter side, China's economy marches towards normalisation after lifting its Covid-related restrictions. Both China and India are set to significantly contribute to global economic growth in CY23, providing a much-needed stimulus as developed economies grapple with challenges.

Meanwhile, global supply chain pressures have largely normalised, helping ease commodity prices and peak inflation levels in most economies. Central banks, led by the US Federal

Reserve, are nearing the end of their rate-hiking phase, signalling cautious optimism for the global economy and financial markets.

However, vigilance remains crucial in the face of potential risk events in this fragile environment.

## India: The Shining Star

India's economic narrative paints a much brighter picture. With a government-led push to infrastructure investments and pragmatic policies such as the production-linked incentives scheme, private capex has seen a surge.

This rise triggers a multi-year boom, providing valuable support to economic growth in the face of softening global demand.

A decadal reshaping of supply chains is underway. As global corporations start to look at countries across Asia as part of their China + 1 strategies, India is well-positioned to benefit. The dynamism of its tech-based 'new economy' enterprises and the expanding digitisation across sectors supports India's growth momentum.

The Reserve Bank of India (RBI) projects India's economy to grow 6.5% in FY24, demonstrating the nation's resilience amidst subdued global economic conditions. Inflation has peaked

# Message from the Chairman



Driven by purpose, the fiscal year 2022-23 is a testament to the breadth and scope of entrepreneurial ventures we have embarked upon. We are exploring uncharted territories, backing our conviction with capital and talent.

globally and in India. Easing inflation, robust foreign exchange reserves, and improving bank assets' quality provide a cushion against potential destabilising events in global markets.

A vital component of the rise of any industrial ecosystem is the presence of a confident and skilled workforce. This year, India surpassed China in population and already has the largest and youngest working-age population globally. The lessons learnt from the transformations of other economies through the last few decades point to the importance of this demographic dividend.

In the grand theatre of global economic evolution, India is not a mere spectator but a charismatic lead.

## Aditya Birla Group in Perspective

As India takes centre stage in this grand narrative, the Aditya Birla Group finds itself in a unique position to contribute to this monumental journey. Our enduring success amidst global uncertainties stems from our unyielding commitment to purpose, anchored in principles that are much more than words.

And therefore, the articulation of our Purpose was just the first step. We cultivated a deep understanding of our Purpose across the depth and breadth of the Group, including the last mile. To transform Purpose from a concept to an embodied experience, approximately

600 of our senior leaders and managers took the initiative to receive training and facilitate introspective dialogues on Purpose. This strategy enabled their teams to internalise, personalise, and actualise our Purpose in a manner that was both unique and authentically representative of their roles within our dynamic Group.

Driven by purpose, the fiscal year 2022-23 represents the breadth and scope of entrepreneurial ventures we have embarked upon.

We are exploring uncharted territories, backing our conviction with capital and talent. Our robust platform is a launch pad for new initiatives, allowing us to tap into opportunities across traditional and sunrise sectors.

This year, we've emphasised the implementation of our 3-year HR Strategy, guided by our Purpose Principles. This approach has enabled us to build enduring bonds with our stakeholders, including crucial employee segments like early professionals, and attract high-quality talent across traditional and digital businesses.

As we continue to expand, our employer brand has empowered us to attract over 11,000 employees in FY2022-23 – a diverse pool of new skills and capabilities.

Furthermore, our commitment to diversity is evident in the increasing representation of women in our workforce. Culture champions have fostered an inclusive and collaborative environment where every employee feels heard, valued, and respected.

Amidst shifting market dynamics, Learning and Leadership Development remains a key pillar, helping us equip over 35,000 employees with the skills necessary to drive business outcomes. Over 400 senior leaders, including CEOs, CXOs, and Unit heads, have bolstered their capabilities in geopolitical analysis, interpretation of complex megatrends, inspirational leadership, and agile leadership methodologies. Our adaptability was made apparent in our diverse learning approaches, both in terms of design and implementation. Beyond the traditional classroom environment, we provided learning in various accessible forms – including bite-sized modules, self-paced curricula, and certification courses – thereby benefiting 87% of our management cadre employees.

With two-thirds of our workforce under 35, we focus on equipping early-career employees to fulfil their evolving aspirations and needs. Through a unique program titled 'CareerAbility', these employees have engaged in self-guided learning bytes, self-assessments, psychometric evaluations, and leadership-led career guidance sessions. This diverse range of resources has been utilised more than 40,000 times.

Our commitment to the identification and cultivation of talent has remained resolute. We have recognised over 900 pivotal roles within our Group for which a robust succession pipeline is firmly in place.

Consolidated turnover\*

₹ 2,23,202 Crore

Consolidated EBITDA

₹ 24,131 Crore

We have undertaken an avant-garde learning journey to equip our future C-suite leaders, encompassing roles such as CFOs, CMOs, CIOs, and CHROs, with the skills and insights required for leadership in a rapidly evolving business landscape. This focus has significantly enhanced our internal versus external hiring ratio for leadership positions.

Our integrated approach to talent identification, development, and internal mobility facilitates this shift.

Over the past three years, 14% of our employees and 27% of our talent pool members have transitioned into new roles, bringing our vision of 'A World of Opportunities' to life and fostering enduring bonds within our organisation. This approach represents our steadfast commitment to talent growth and mobility, which is crucial for building a resilient and adaptive organisation.

## Your Company's Performance

Your Company delivered a resilient financial and operational performance in FY2022-23 in a challenging business environment.

This performance was driven by record results by the copper business, the highest-ever EBITDA by India's aluminium downstream business, and steady performance by Novelis.



Hindalco added one more feather to its cap as 'Great Place to Work' certified Hindalco amongst India's 40 Best Workplaces in Health & Wellness category.

Despite headwinds, your Company registered a consolidated EBITDA of ₹24,131 Crore on a turnover of ₹2,23,202 Crore in FY2022-23.

Your Company's aluminium business in India and Novelis delivered a resilient financial performance in the face of tough market conditions arising from inflationary challenges and higher input costs. All the plants operated at their designated capacities during the year in the aluminium and copper businesses.

Your Company's copper business delivered an exemplary performance backed by the highest-ever copper rod production and sales. Cathode production was 407 Kt in FY2022-23 versus 359 Kt in the previous year, and Continuous Cast Rod production was 347 Kt versus 259 Kt. Copper metal sales stood at a record 439 Kt in FY2022-23 versus 405 Kt, while CCR sales were also at a record 347 Kt this year versus 262 Kt in the previous year.

Novelis reported shipments of 3,790 Kt, an adjusted EBITDA of \$1.8 Billion, and an adjusted EBITDA/tonne of \$478 in the reporting year.

Novelis continued to improve its product mix with the share of beverage can sheets at 58%, automotive body sheets at 19%, specialities at 20% and

aerospace at 3% in FY2022-23. Novelis retained its position as the world's largest aluminium recycler, reporting a 61% share of recycled content.

Since announcing its capital allocation plan in 2021, your Company has demonstrated financial prudence, allocating free cash flow towards growth projects, deleveraging, and dividend distribution.

As part of the capital allocation strategy, we have deleveraged significantly, with consolidated Net Debt-to-EBITDA lower than 2x at the end of the financial year 2022-23.

Enabled by a strong balance sheet, your Company has embarked on a transformational growth phase at Novelis and our India business. Your Company has announced a total capital expenditure of \$4.43 Billion for India and Novelis to be spent over the next five years.

All these investments are directed at organic growth through expansion in the downstream businesses. Novelis is pacing its growth capex spends, prioritising \$3.3 Billion of growth projects already underway.

\*The details provided are for FY2022-23.

# Message from the Chairman

Your Company is on a path to advance from a manufacturing company to a manufacturing solutions provider by moving further down the value chain and co-creating solutions with customers.

In the India business, your Company has announced organic growth investments of around \$1.13 Billion that shall primarily be allocated to high-growth downstream projects in EVs, e-mobility, packaging, batteries, building and construction, consumer durables, and resource securitisation through the acquisition of captive coal mines.

An unwavering dedication to responsible business practices matches your Company's commitment to value-enhancing growth.

Your Company has, for the third year in a row, achieved the highest ESG Score in the aluminium industry in the S&P Global Corporate Sustainability Assessment (ESG Score of 83/100 in 2022).

These affirmations propel your Company to devise more ground-breaking solutions that would pave the way to achieve carbon neutrality by 2050.



In the India business, your Company has announced organic growth investments of around \$1.13 Billion that shall primarily be allocated to high-growth downstream projects in EVs, e-mobility, packaging, batteries, building and construction, consumer durables, and resource securitisation through the acquisition of captive coal mines.

## Conclusion

In conclusion, our Purpose broadens our perspective, enabling us to pursue even greater horizons. The bedrock propels us towards the future, emboldening us to venture into more significant commitments and pursuits.

As we grow, we expand our capacity to receive by enhancing our absorption of talent, technology, and capital. Indeed, with each stride in growth, we deftly weave in more threads of insights and capabilities, enriching the tapestry of our collective endeavour. This philosophy, in turn, enables us to increase our ability to give back, create impact, and improve lives. This virtuous cycle is at the heart of being a successful purpose-driven organisation.

Your Company doesn't just pride itself on being a purpose-driven entity— it embodies it, living out this ethos in every endeavour, every relationship, and every venture. This commitment to purpose continues to steer us towards an even brighter, more impactful future.

**Kumar Mangalam Birla**  
Chairman