

Staying Committed for the Long-term

Dear Stakeholders,

“The future depends on what we do in present” – Mahatma Gandhi

I am delighted to present to you the Annual Integrated Report of Grasim Industries Ltd. for FY23. With our eyes firmly set on the future, Grasim Industries Limited entered a new phase of growth as it celebrated its distinguished journey of 75-years of existence last year.

The last year, my first full year as managing director of Grasim Industries, saw the Company scale new heights across various businesses. The consolidated revenue crossed a historic milestone of ₹1 trillion, reaching ₹1,17,627 crore. The Standalone revenue for the year at ₹26,840 crore was also at highest ever, driven by a robust performance in Viscose and Chemicals businesses.

Our key subsidiaries also posted robust operational performance achieving multiple milestones during the year. UltraTech Cement achieved its highest ever sales volumes crossing milestone of 100 MTPA, a first by any company in India. It has been instrumental in building some of India's critical infrastructure

and remains committed to contribute towards nation building. Aditya Birla Capital clocked its highest ever revenue of ₹27,416 crore, recording growth of 23% y-o-y. The Group's finance arm, Aditya Birla Finance AUM grew by 46% y-o-y at ₹80,556 crore. Aditya Birla Renewables has increased its peak renewable power capacity at 744 MW which is targeted to reach ~2 GW in FY24.

Our illustrious legacy is firmly anchored in the ability to create global-scale businesses propelled by a synergistic combination of purpose, values, innovation, capacity building, and strategic insights. We feel very proud as independent India's first few organisations continuing to contribute towards India's industrial development with a sense of responsibility for 'Atmanirbhar Bharat'.



We feel very proud as independent India's first few organisations continuing to contribute towards India's industrial development with a sense of responsibility for 'Atmanirbhar Bharat'!

While your Company maintains its leadership position in its existing businesses—Viscose, Chemicals and Linen and Wool textiles, entry into new high growth businesses namely Paints and B2B e-commerce are new value creating endeavours for all stakeholders.

STABILITY IN THE WORLD OF VOLATILITY

According to certain predictions, the majority of the risks associated with COVID-19 lockdowns and macro instability have passed. Post-pandemic opening up and geopolitical events led to high inflation across globe, leading to tightening of monetary policies. This is resetting future world order around low demand, and low growth rates. Clean energy transition and new trade measures are other key aspects in the new world order.

Over these years, stable Government regime and strong policy framework ushered India towards acceleration of growth and investments into manufacturing sector. India is currently undergoing a fundamental shift in income and consumption structure whereby there are expectations of per capita income more than doubling from current ~\$2,500 to \$5,500 levels by 2030. This would be largely driven by aspirations of young population gradually moving from low to middle income to upper and high-income levels.

The truly diversified nature of Grasim qualifies it as a 'Stronglomorate'. Backward integration and synergies within the segments help in handling the volatile global market conditions. Additionally, the countercyclical nature of these businesses gives profitability the much-needed stability. Every single one of our standalone businesses, including viscose, chlor-alkali, speciality chemicals and textiles, has consistently demonstrated higher levels of capacity utilisation. The consistency also exhibits deep understanding on demand supply situation in each of these sectors leading to timely undertaking of expansion plans.

STRENGTHENING OUR CORE BUSINESSES

Viscose



Our Viscose Staple Fiber (VSF) segment witnessed significant growth, driven by increased demand for sustainable and eco-friendly fibres. In FY23, our VSF segment recorded highest ever sales volumes of ~711,000 MT, growth of 18% y-o-y, driven by strong underlying growth in domestic markets. However, there was softness in the international markets due to poor global demand resulting higher inventories in the textile value chain. Such demand supply mismatch led to volatility in realisation further added by: i) steep decline in cotton prices and ii) imports from FTA countries. Inverted duty structure on VSF also impacted margins.

Viscose, regenerated cellulosic sustainable fibre, is the fastest-growing

fibre in India as well as globally, compared to cotton and polyester. We have developed strong set of capabilities through our dedicated Research & Development. The R&D team has developed multiple indigenous breakthroughs developing improved variants of Viscose making it a truly 'Make in India' and 'Big in India' segment. The tremendous success of our brand 'LIVA' can be attributed to our relentless focus on customer centricity. Our new brand 'Navyasa' for premium category sarees, luxuriously soft and extremely light weight, crafted with nature-based eco-friendly fabrics from 'LIVA' is well accepted by the discerning customers. VSF is a preferred textile fibre in the fashion industry now looking to be a part of circular economy. However, we would need to carefully navigate raw material, energy and policy related uncertainties.

Chemicals



Chemicals business has also made commendable progress, capitalising on emerging opportunities and addressing customer needs with innovative solutions. FY23 was a strong year for our Chemicals business registering strongest ever revenue growth of 32% y-o-y posting its highest ever revenue and EBITDA of ₹10,422 crore and ₹2,271 crore, respectively. The growth was largely driven by Chlor-Alkali segment which experience stable demand and strong pricing trends. Speciality Chemicals, which

Milestones Achieved in FY23

Revenue

117,627

Consolidated (₹ crore)

26,840

Standalone (₹ crore)

Segmental Revenue

10,422

Chemicals (₹ crore)

2,293

Textiles (₹ crore)

Sales Volumes

711

VSF Volumes (KT)

1,145

Caustic Soda Volumes (KT)



Sustainability is an integral part of our strategy across our businesses. The Company remains aligned to ABG's commitment of becoming Net Zero by 2050. However we are building our strategy and evaluating methods on how sooner we could aim for the same."

include Epoxy resins and curing agents, as well as Chlorine derivatives, experienced normalising trends. Our capacity expansion plans across all these three sub-segments are on track. While we are doubling our capacity in our speciality Chemicals segment, majority of the capital expenditure is targeted to improve Chlorine integration. The new capacities would further solidify our leadership position as one of the largest players in the Diversified Chemicals segment.

Textiles



Our textile segment also delivered its best ever annual financial results in FY23 with the highest-ever revenue and EBITDA of ₹2,293 crore and ₹240 crore, respectively. Our Linen, Wool and Premium Cotton fabric manufacturing capabilities are taking strides under well-known brands like 'LINEN CLUB';

'SOKTAS' and 'GIZA HOUSE'. As of the year-end, our textile brands were present at 210 Exclusive Brand Outlets (EBOs) and 8,500 Multi-Brand Outlets (MBOs). The business ventured into e-commerce as a new channel, which saw 120% growth in business over two years ago, along with the launch of Brand.com (LinenClub.com) making us a D2C brand and increasing consumer touchpoints. These specialised brands are able to create their own niche and are ripe for accelerated scale through omni-channel presence across length and breadth of the country. Additionally, the business would be expanding products categories targeted across Men's and Women's categories.

SETTING THE TONE FOR THE FUTURE

For Grasim, market leadership reflects quality of business and benefits of scale. It also reflects the brand pull which we have created across various segments. We continue to add capacities which adds strength to leadership in the core standalone businesses. However, last year, we identified two scalable, high-growth opportunities in which your Company would be able to leverage its strengths. The cash flows from strong, stable and sustainable standalone businesses will enable setting up of two new businesses, namely Decorative Paints and B2B e-commerce for building materials.

Over the past two years we have invested ₹2,600 crore and have commitments to further invest ₹10,000 crore spread across both these businesses over the next two years. These investments and businesses at full scale would provide Grasim additional levers of growth with high quality earnings and healthy return profile.

FOCUSED SUSTAINABILITY

Sustainability is an integral part of our strategy across our businesses. Our pulp and fibre business has secured highest category of 'Dark Green Shirt' in Canopy's Hot Button Report, for the third consecutive year. This achievement highlights our relentless efforts on improving sustainable wood sourcing practices and traceability across the value chain. Your Company remains aligned to ABG's commitment of becoming Net Zero by 2050. However, we are building our strategy and evaluating methods on how sooner we could aim for the same. Lower water and power intensity, increase usage of renewable power, controlled waste and emission factor are some of the targets aligned to long-term incentives of the management. For FY22, your Company was honoured with multiple awards for demonstrating our dedication towards Sustainability.



As we look ahead and beyond the near term, we see strong growth opportunities in our existing core Viscose and Chemicals businesses, with a focus on the Speciality products. The new high-growth businesses viz. Paints and B2B e-commerce will take your Company to newer heights with better quality of earnings."

TECHNOLOGY AND INNOVATION

Grasim recognises the importance of technology and innovation in driving long-term growth. We have focused on digitisation initiatives, leveraging advanced analytics, automation, and artificial intelligence to enhance our operations and improve customer experiences. Our commitment to innovation has enabled us to stay ahead of market trends and deliver value-added solutions.

LOOKING AHEAD AND BEYOND

We anticipate a dynamic business environment with its own set of challenges and opportunities. Grasim Industries is well-positioned to navigate through these uncertainties and capitalise on emerging trends. We will continue to focus on operational excellence, technological advancements, and sustainable practices to drive growth and create long-term value for our shareholders. As we look ahead and

beyond the near term, we see strong growth opportunities in our existing core Viscose and Chemicals businesses, with a focus on the Speciality products. The new high-growth businesses viz. Paints and B2B e-commerce will take your Company to newer heights with better quality of earnings. I am sure we are well positioned to be a key player in the country's growth journey and to create value for its stakeholders, in line with our legacy.

I would like to express my sincere gratitude to our esteemed shareholders for their unwavering trust and encouragement. I would also like to thank our customers, bankers, media, and our vendor partners for their support. I extend my appreciation to the board of directors, management team, and all our employees for their dedication and hard work in achieving these remarkable results.

As we move forward, we remain committed to value creation for all stakeholders, transparency, and sustainable growth. I invite you to read the complete Annual Report, which provides a comprehensive overview of our business performance and initiatives during the FY23.

Thank you for your continued confidence in Grasim Industries.

Onwards and upwards!

Best regards,

Harikrishna Agarwal
Managing Director