

Manufactured Capital

Ramping up Responsibly

Managing our facilities based on the principles of operational excellence and a strong dedication to quality, we use advanced technology to optimise productivity and improve efficiency. At Grasim, we prioritise continuous process improvements to maximise output and effectiveness. With consistent capacity expansion and process enhancements, we have become a leader in multiple global segments, setting ourselves apart from competitors.

STAKEHOLDERS IMPACTED

- Employees
- Suppliers and Value Chain Partners
- Customers
- Shareholders and Investors

MATERIAL ISSUES

- Resource Efficiency
- Raw Material Sourcing and Product Carbon Footprint
- Responsible Supply Chain
- Occupational Health and Safety
- Product Stewardship
- Energy Consumption and GHG Emissions Management

KEY RISKS

- Strategic Risk
- Operational Risk
- Compliance Risk

ALIGNMENT WITH SDGs



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FY23 Highlights

711

Viscose Staple Fibre (VSF) (KTPA)

1,145

Caustic Soda (KTPA)

88%

Capacity Utilisation (Caustic Soda)

60%

Chlorine Integration

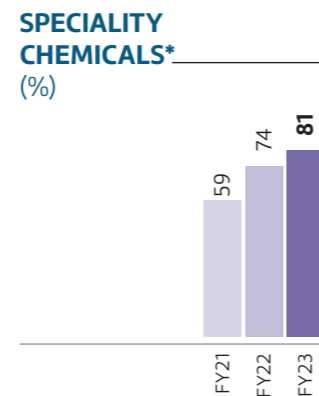
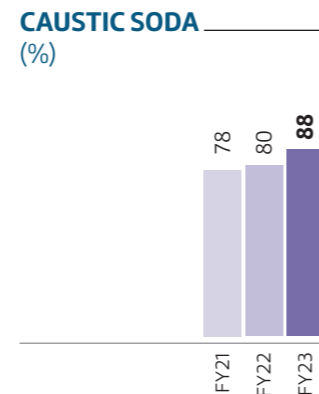
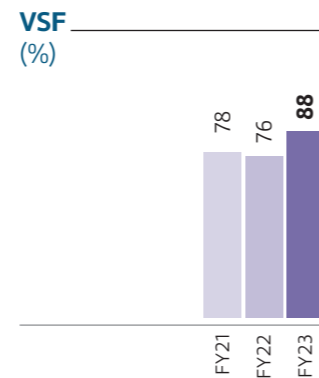
OUR APPROACH

At Grasim, we deliver exceptional products by seamlessly integrating industry leading practices and state-of-the-art technology, enabling us to evolve sustainable manufacturing principles. Our focus on sustainability ensures that our manufacturing processes are environmentally responsible, while promoting safe working conditions across all our facilities, which proudly hold ISO 14001:2015 certification. It is a testament to our stringent environmental standards. Furthermore, we actively work towards enhancing our Higg Facility Environmental Module (FEM) score to minimise our environmental impact and optimise resource utilisation.

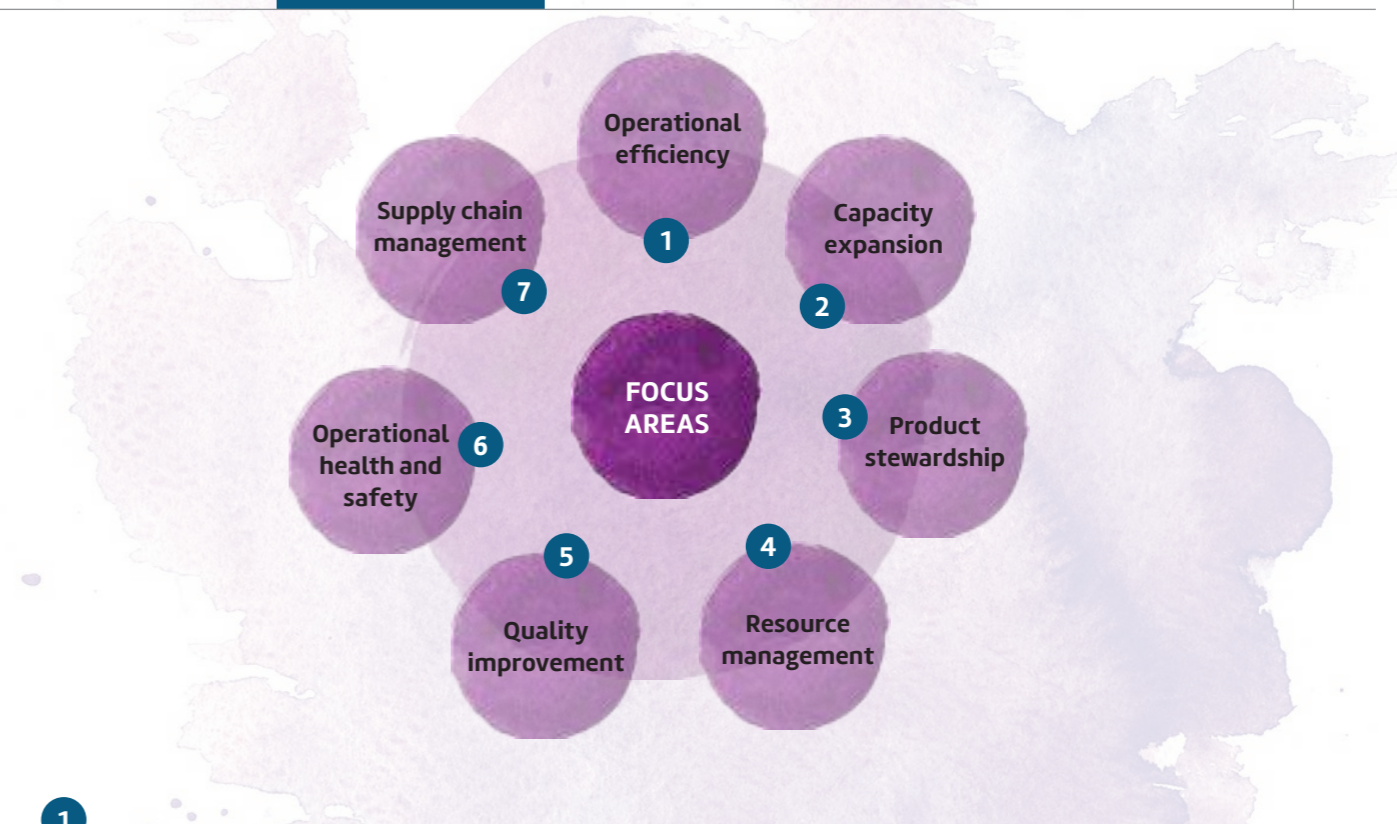
Striving Continuous Operational Excellence

Our cutting-edge facilities and advanced technology ensure maximum output and efficiency. Through continuous process improvements and de-bottlenecking, we expand our capacities across various businesses, establishing ourselves as industry leaders. Our commitment to innovation and optimisation allows us to deliver exceptional products that surpass global environment and quality standards.

PRUDENT CAPACITY ADDITIONS – CONSISTENTLY HIGHER UTILISATIONS



*Net basis



1 OPERATIONAL EFFICIENCY

Operational efficiency is a fundamental pillar of our success and a vital component of our business strategy enabling us to maintain a competitive edge and drive sustainable growth. Our goal is to optimise and improve our processes, to enhance efficiencies. This facilitates the delivery of top-quality products, helping us to maintain our market leadership position across segments.

With a significant presence in several segments, we can boast a large production capacity to cater to high-growth markets and industrial sectors.

Interventions

- In VSF business, we are committed to improving the mix of Speciality Fibres from the current 19%.
- In our Chemicals business, we are strategically focusing on enhancing our chlorine integration, with a target of reaching 72% integration, post the commissioning of our ongoing projects.
- In Speciality Chemicals, we are increasing our focus on the unique applications of Epoxy polymers and curing agents.

2 CAPACITY EXPANSION

Our commitment to capacity expansion is further solidified as we maintain our position as the top player in India's Viscose and Chemicals sector, with the largest production capacity of VSF, VFY, and Caustic Soda in the country. We are enhancing our operations by making significant investments in modernising our existing facilities and establishing new production units, leveraging advanced technologies, and embracing sustainable practices to ensure our continued success in the industry.

Interventions

- The demand for Caustic Soda is on a rapid and steady rise, fuelled by escalating demand from various industries. Recognising this growth potential, we have set our sights on achieving a capacity of 1,530 Metric Tonnes Per Annum (MTPA) by FY24. This will enable us to effectively cater to the growing needs of our diverse customer base.
- We take pride in being the largest producer of Speciality Chemicals (Epoxy polymers and curing agents). Our strong market presence is set to be further reinforced as we embark on doubling our production capacity to 246,000 Tonnes Per Annum (TPA) by FY24.

➔ To read about our existing manufacturing prowess, refer to Pg 26

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PRODUCT STEWARDSHIP

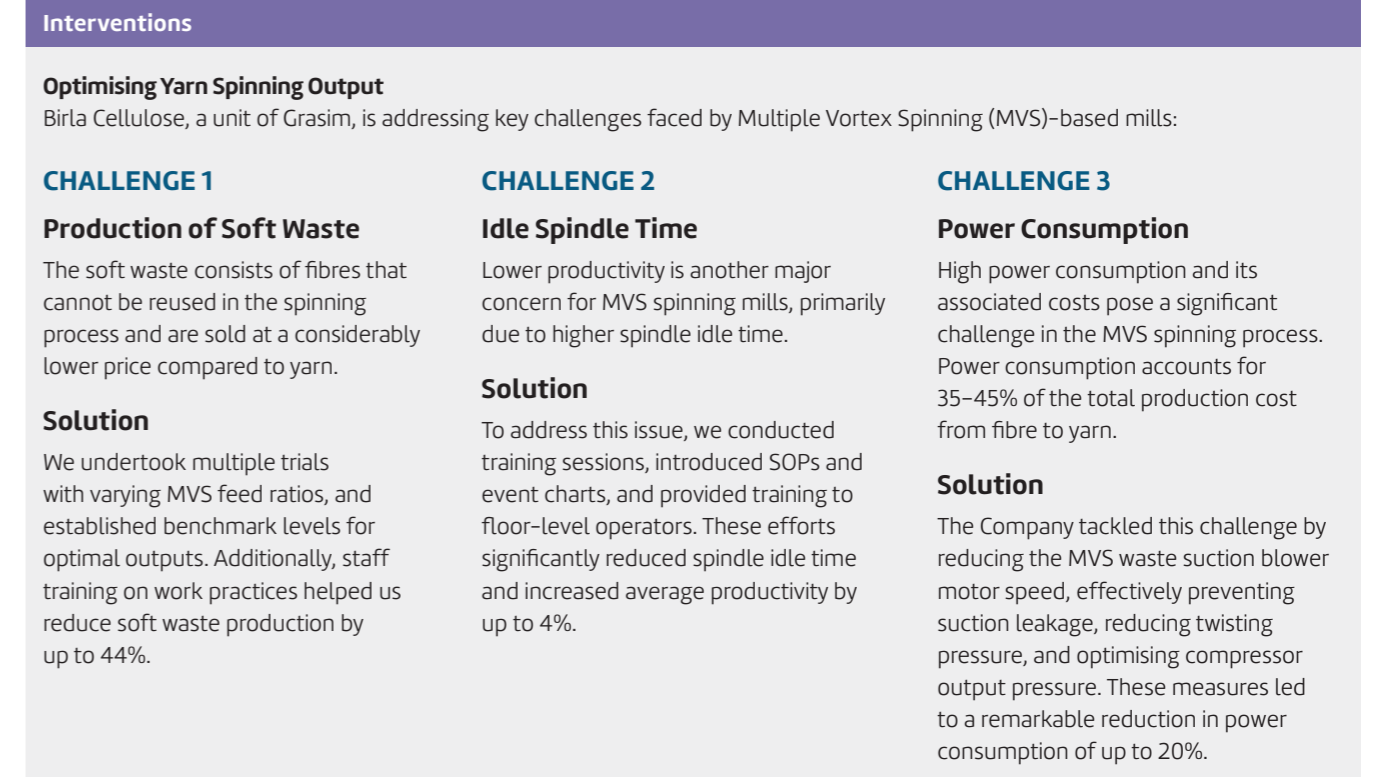
We are deeply committed to the principles of product stewardship, ensuring the responsible management of our products throughout their lifecycle. We prioritise safety, health, and environmental impact of our products from production to disposal. Our practices include comprehensive risk assessments, adherence to regulatory requirements, and continuous monitoring of product performance.



→ To delve deeper into our commitment to product stewardship, please refer to the Intellectual Capital chapter on Pg 87

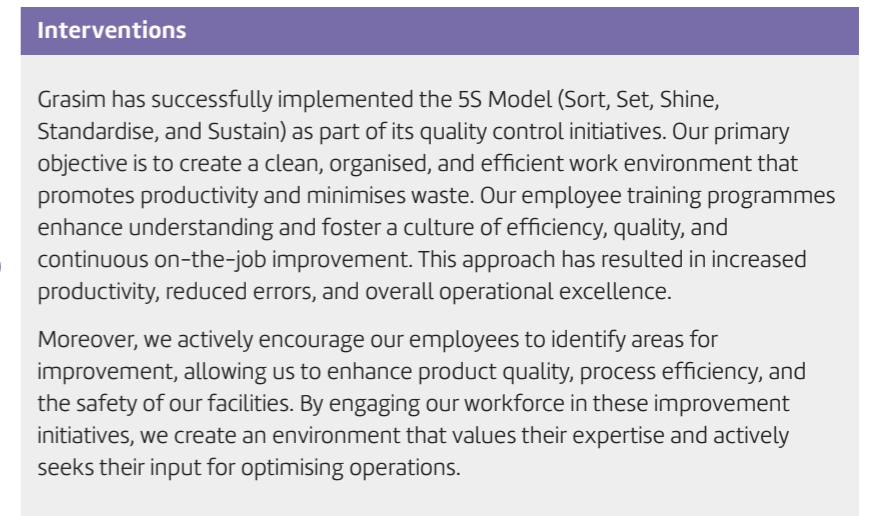
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RESOURCE MANAGEMENT

Resource management is the cornerstone of our operations. We optimise the use of resources such as energy, water, and raw materials throughout our manufacturing processes. Through innovative technologies and efficient practices, we strive to minimise waste generation and promote circularity. Our dedicated teams continuously monitor and evaluate resource consumption, implementing initiatives to reduce our environmental footprint. Additionally, we actively engage in recycling and reuse programmes to maximise resource efficiency.



5
QUALITY IMPROVEMENT

By placing a strong emphasis on quality improvement across all our operations, we deliver products and services of the highest standards that not only meet but even exceed customer expectations. Through continuous research, development, and innovation, we strive to enhance the quality, performance, and reliability of our offerings. Our robust quality management systems ensure adherence to stringent industry standards and regulatory requirements. We actively engage in data-driven analysis, process optimisation, and employee training to drive a culture of continuous improvement.



6 OCCUPATIONAL HEALTH AND SAFETY

At Grasim, the well-being and safety of the Company's employees are of paramount importance. We are deeply committed to maintaining a workplace that prioritises Occupational Health and Safety (OHS) at every level of our operations. To ensure the highest standards of OHS, we have implemented comprehensive policies and practices that comply with all relevant regulations and industry best practices. Our OHS management system is designed to identify, assess, and mitigate workplace hazards, thereby reducing the risk of accidents, injuries, and occupational illnesses.

Interventions

We provide regular training and awareness programmes to our employees, equipping them with the necessary knowledge and safe working skills. Our OHS training covers a range of topics, including hazard identification, emergency preparedness, safe work practices, and the proper use of Personal Protective Equipment (PPE).

To continuously improve our OHS performance, we regularly conduct audits and inspections to identify areas of improvement. We encourage employee participation through safety committees and feedback mechanisms, fostering a culture of shared responsibility for OHS.

We provide the necessary resources and support to maintain a safe and healthy work environment. This includes adequate facilities, well-maintained equipment, and regular health check-ups to monitor and address any potential risks or health concerns.

7 SUPPLY-CHAIN MANAGEMENT

Delivering high-quality products while also prioritising sustainable practices in material sourcing is our prime objective. Recognising the global concern for responsible sourcing, we have implemented transparent and best-in-class practices across our diverse range of businesses.

Within our VSF business, we have embraced a closed-loop process that minimises our environmental footprint and addresses material sourcing challenges. We ensure responsible sourcing for all input materials and services in our operations. Our sourcing strategy is carefully crafted to manage risks related to safety, environmental impact, legal compliance, ethics, human rights, and fair wages. We believe in upholding the highest standards of

functionality for materials and services while also considering their impact on the environment and community.

Our policies reflect global standards and our commitment to the conservation of ancient and endangered forests, high-conservation forests, boreal forests, and biodiversity. By adopting responsible sourcing practices, we aim to contribute to a more sustainable future while maintaining the quality and integrity of our products.

Interventions

The movement of Epichlorohydrin (ECH)—the key raw material for Epoxy resin—in bulk to Hazira port, instead of drums or ISO tankers, leading to the elimination of any packaging and minimising road transportation. In bulk movement, material to the tune of 1,500 MT arrives in one go. If we move

in ISO, only 25 MT comes in one parcel and the barrel is too small, a quantity of just ~200kg. For these reasons, we moved to bulk movement to Hazira port. Inland transportation too is minimised as the port is located close to our factory. So, in a nutshell, with bulk movement to Hazira, we address two problems: Reduced inland

movement (as compared with ISO or container coming to Nhava Sheva port), thus reducing GHG emissions; and the elimination of packing (as would have been in barrels).

NEW BUSINESS UPDATES

Paints Business

In FY22, we announced our entry into the paints business. With effective strategies and steadfast working measures, we are set for a commercial launch in the fourth quarter of FY24. With significant developments across multiple fronts, we are well on our way to establishing a strong presence in the Decorative paints market.



Plant Construction and Statutory Approvals

Construction of the paints manufacturing plants is progressing well across all six sites. We have received the necessary statutory approvals, ensuring compliance with regulatory requirements. We will adhere to the highest standards of safety, sustainability, and environmental stewardship throughout the construction process.

Setting up of R&D Facility

Grasim's state-of-the-art research and development (R&D) facility started its operations fully and is actively engaged in developing innovative products to deliver unique and memorable

customer experiences. With a focus on advanced technologies and sustainable practices, the R&D team is geared to creating paints with superior quality, durability, and aesthetic appeal.

Pan-India Go-to-Market Strategy

A comprehensive go-to-market strategy has been formulated to ensure the widest possible reach. By strategically positioning the products in both urban and rural markets, we aim to capture diverse customer segments and drive sustainable growth.

Brand Identity, Advertising and Launch Portfolio

The development of the brand identity for Grasim Paints is near completion.

We aim at crafting a distinct and compelling brand image to resonate with our target audience. Concurrently, we are designing effective advertising campaigns to create awareness and generate buzz around the upcoming launch.

Capex Investments

We have allocated a planned total capital outlay of ₹10,000 crore for the Paints business. As of 31st March 2023, about ₹2,592 crore has been spent. This represents approximately 26% of the total planned investment, reflecting our commitment to ensuring a robust infrastructure and operational setup.

B2B E-commerce

A B2B E-commerce business plan is under execution for commercial launch by FY24. We have made significant advancements in the development of our B2B e-commerce business. With our well-established and expansive B2B ecosystem, we are poised to leverage this formidable strength and make a substantial impact within the market.

To ensure a seamless launch, we are proactively assembling dedicated teams across various departments,

including sales, marketing, category, and operations. These teams are meticulously crafted to spearhead our initial launch in Maharashtra and Madhya Pradesh. During FY23, we successfully implemented pilot scale operations, achieving satisfactory results. This positive outcome has significantly bolstered our confidence in the imminent full-scale platform launch. Our technology work streams, specifically focused on facilitating commerce transactions, enabling credit, and optimising order fulfilment, are progressing as per plan.

