Management Discussion and Analysis

GLOBAL ECONOMY

The global GDP growth of 3.4% in CY2022 was better than anticipated, despite formidable headwinds such as geopolitical issues, higher cost of living and slowdown in large emerging markets. The year has seen dedicated efforts to tackle elevated inflation through rapid interest rate hikes, supported by strong labour markets and easing supply chain constraints. More positive signs started to appear at the beginning of 2023 with food and energy prices falling back, thus improving business and consumer sentiments. The full reopening of China is expected to provide the required positive momentum. The stimulus from People's Bank of China (PBOC) with regards to cut in reserve requirements could also support growth in the global economy.

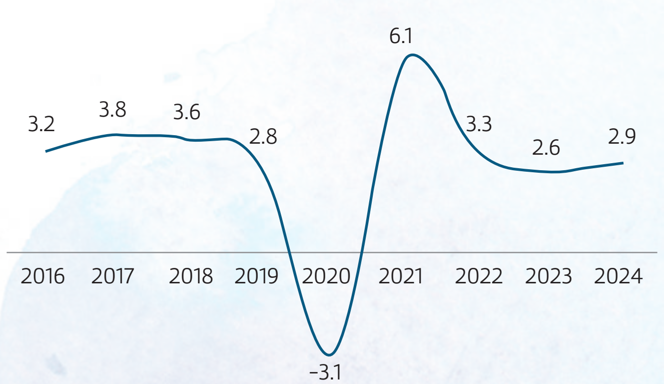
On the other hand, sticky inflation across other parts of the world has pushed central banks to maintain their hawkish stance. Despite the declining money supply, the U.S. money supply remains higher by 38% compared to pre-pandemic levels. However, the growth outlook across developed markets may weaken as central banks could likely keep the interest rates at peak levels for an extended period.

In addition to the elevated money supply, the financial sector is dealing with overlapping crises. In this sector, minor problems could spiral into a systemic crisis and add to the ongoing inflation problem. The tightening of interest rates has resulted in the collapse of three smaller banks and one large buy-out. With such uncertainties, the global growth in CY2023 is expected to be lower than its normalised run-rate above 3% with moderate chances of entering a recession over H2CY23.

INDIA ECONOMY

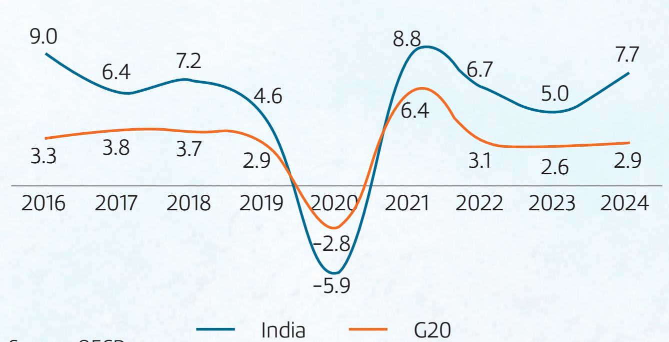
With the world facing geopolitical issues, and trade and supply chain challenges, India's success is often looked at closely. The global composite purchasing managers index (PMI) marked its first expansion during H2FY23, in February 2023. This was led by recovery in manufacturing and stable contribution from the service sector. India has consolidated its position in both manufacturing and services, becoming one of the top performers of PMI expansion. The success can also be attributed to the fact that it is home to the largest population in the world, now accounting for >15% of the global population. Also, the demographic division is favourably skewed towards it being the largest contributor to the global workforce for several decades now. During 2023, China could benefit from the pent-up demand with its reopening. India, however, is expected to be the fastest-growing country within the G20.

GLOBAL GDP GROWTH TRENDS (%)



Source: OECD

INDIA GDP GROWTH TRENDS (%)



Source: OECD

India has assumed G20 Presidency (a group of 20 countries which represents 75% of global trade and 85% of global GDP) for 2023. It operates on the philosophy of 'Vasudhaiva Kutumbakam: One Earth·One Family·One Future' that envisions the whole world as one family living in harmony with each other.

The macroeconomic outlook for India has improved with interest rates almost peaking. Also, the comfortable inflation trajectory has resulted RBI to pause its rate hike cycle.

The structural tailwinds of positioning India as a global manufacturing outsourcing hub through PLI schemes and FTAs would catalyse the capacity expansion cycle across industries. This capacity expansion would be largely front loaded by public sector which is also factored in the FY23 budget. It highlights the central government's projected spend of a record ₹7.5 trillion in capacity creation during the year.

The allocation would be largely towards mega public programmes like NIP and Gati Shakti which would revitalise India's Infrastructure cycle. Over the last decade, India has made several reforms which have created a sustainable framework for economic growth and have laid the foundation for a sustained high-growth phase in the economy. Improvements in socio-economic parameters and moderation in population growth makes situations favourable for secular growth in per capita income.

STANDALONE FINANCIAL PERFORMANCE

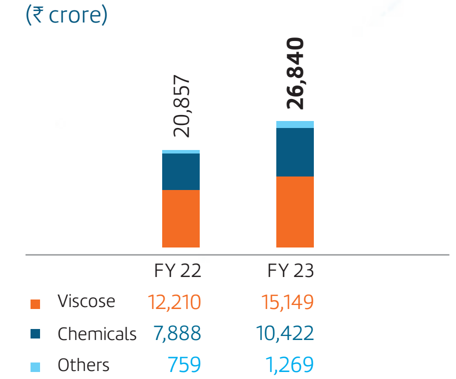
Grasim's standalone financials reflect its performance from business verticals– Viscose, Chemicals, Textiles, Insulators, Paints and B2B E-Commerce. The Viscose business includes Viscose Staple Fibre (VSF) and Viscose Filament Yarn (VFY). Chemicals business includes revenue from Chlor-Alkali, Chlorine Derivatives and Speciality Chemicals (epoxy polymers and curing agents). Others include revenue from Textiles (Linen, Wool & Premium Cotton Fabric) and Insulators business. Also, as revenues from pilot launch of B2B E-Commerce is not meaningful the same is clubbed under 'Others' for FY22-23.

REVENUE FROM OPERATIONS

Our standalone revenue for the year was ₹26,840 crore, crossing a milestone of $3 billion, which grew by 29% y-o-y compared to ₹20,857 crore in FY21-22. The revenues are driven by robust performance across Viscose, Chemicals and Textiles business. There were multiple growth drivers to achieving this milestone. Viscose business was largely driven by volume growth on increased capacities available for the whole of FY23. Chemicals business large part of growth was driven by realisation improvement with a steady growth in volumes. Linen outperformed compared to overall basket in the Textiles business.

STANDALONE REVENUE

(₹ crore)



OPERATING PROFIT (EBITDA)

EBITDA grew by 2% y-o-y at ₹4,198 crore compared to ₹4,111 crore in FY21-22. Chemicals business drove most of the EBITDA growth which grew by 48% y-o-y to ₹2,271 crore, partially offset by de-growth of 40% in Viscose EBITDA to ₹1,031 crore. Textiles business EBITDA grew by 50% y-o-y to ₹240 crore.

FINANCE COST

Our finance cost increased by 49% to ₹368 crore compared to ₹247 crore in FY21-22. We also experienced higher debt coupled with increase in average cost of borrowings to 7.07%. This was in comparison to 6.79% in FY21-22 owing to the higher interest rates and subsequent increase in finance cost. Apart from this, in FY21-22 interest amounts of ₹97 crore was capitalised, which reduced to ₹26 crore in FY22-23.

DEPRECIATION

Depreciation increased by 20% y-o-y to ₹1,097 crore in FY22-23 compared to ₹914 crore in FY21-22. This was on account of increased Gross Block following higher capacities in Viscose and Chemicals.

PROFIT AFTER TAX (PAT)

Reported PAT (from continuing operations) stood at ₹2,124 crore in FY22-23 from ₹2,695 crore in FY21-22.

"Our Standalone Revenue for the year crossed a milestone of $3 billion by robust performance across businesses"

Read more **Financial Capital**

STANDALONE SEGMENT OVERVIEW

Viscose Industry Overview

India's textiles and clothing industry is one of the mainstays of the economy. India is the world's second-largest producer and third-largest exporter of Textiles & Apparel in the world. The U.S., U.K and EU account for ~50% of India's textiles and apparel exports.

The textile and clothing industry contributes between 2-3% to the country's GDP and is a major employment provider, directly and indirectly. Over the next five years, the Indian Government has set a target to achieve textile exports of $100 billion (vs. current $44.4 billion). Some of the initiatives in this direction are:

a) Setting up of seven PM Mega Integrated Textile Region and Apparel (PM MITRA) Parks.

b) Textile PLI Scheme with an approved outlay of ₹10,683 crore over five years starting from 1st January 2022. The Government is also promoting investments towards increased production of Man-Made Fibre (MMF) Apparel, MMF Fabrics and Technical Textiles products.

TEXTILE FIBRE INDUSTRY OVERVIEW

Global

The global Textile fibre consumption volumes for 2022 stood at 102.9 MT. It is estimated to reach 120 MT by 2027, with a 3.1% CAGR. Globally, Polyester commands ~56% of this consumption, followed by cotton contributing ~25%. Unlike both these fibres, which are commodity-led (cotton and crude) and inherently volatile, Viscose has succeeded in developing a niche within the fibre consumption basket and has demonstrated a stable demand, supply and price trajectory. Also known as 'Cellulosic Fibre', Viscose currently commands a ~7% share in global fibre consumption. It is expected to reach >8% over the next five years, positioning itself as the fastest-growing fibre.

INCREASE IN CONSUMPTION SHARE OF CELLULOSIC FIBRE

(%)

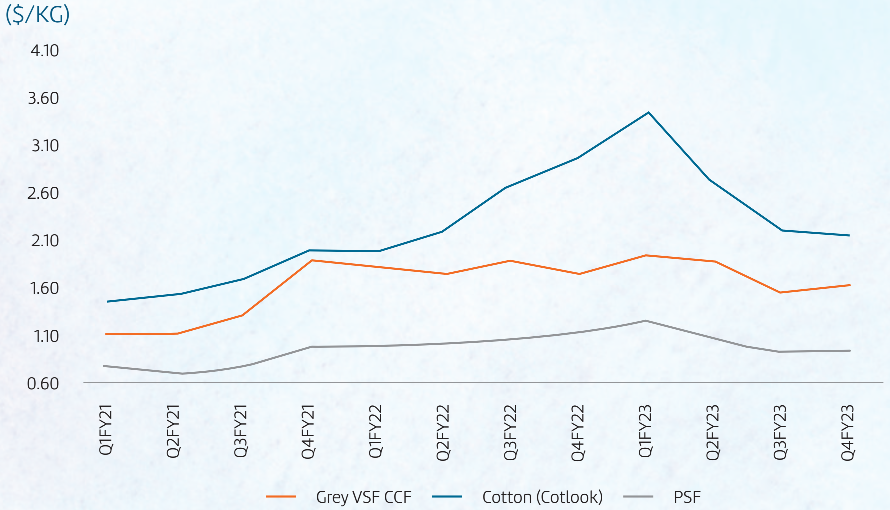
2022-E		2027-F	
Polyester	56	Polyester	56
Cotton	25	Cotton	25
Cellulosic	7	Cellulosic	8
Others	12	Others	11

In 2022-23, Viscose demand and prices have exhibited stability compared to Cotton and Synthetic which have an inherent impact of volatility in commodity prices. Viscose Fibre was trading at a discount of 44% to Cotton prices at the time of its peak, during the year, a contrast from the five year average discount of 20%.

The discount reverted to ~25% during the second half of the year due to steep correction (~40%) of cotton prices. The correction in cotton prices resulted in pricing pressure across other fibres impacting the realisations. In addition, demand was impacted due to continued lockdown in China, the Russia-Ukraine conflict, and high inflation in the US and EU region.

GLOBAL PRICES TREND

($/KG)



India

India represents 11-12% of the global textile fibre consumption. The inter-fibre dynamics are somewhat different whereby cotton commands largest share with ~45% and Polyester contributes ~40% of the total fibre consumption. The Indian Viscose market has achieved a CAGR of more than 2x compared to other fibres. With multiple challenges around cotton supply due to stagnating acreages, and volatility around crude prices, Viscose has huge opportunity to capture incremental growth in the Indian textile market.

India's Viscose demand for FY22-23 was stable though some softness was experienced across the textile value chain during the end of the year. The year also saw a surge in low-grade Viscose imports due to:

(i) Slowdown coupled with poor retail demand in key global markets prompting players to direct surplus into India.

(ii) Container freight rates normalisation.

iii) Surge in low grade VSF imports from FTA countries at Zero import duty.

SEGMENT PERFORMANCE

Despite volatility in demand and prices during the year, our Viscose business exhibited a stable performance. Our VSF business registered its highest-ever sales volumes of 711 KTPA, a growth of 18% y-o-y.

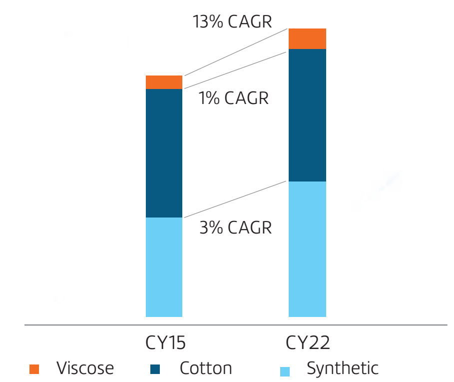
The capacity utilisation during FY22-23 stood at 88%, compared to normalised levels of >90% levels that were experienced at the exit of 2023. Viscose Filament Yarn (VFY) volume growth stood flattish at 44 KTPA, as the growth in demand was met by increased imports from China.

As recessionary fears prevail in developed countries, the international retail and brands are having a strategy of maintaining a lean inventory over CY23. This could have a direct impact on the new orders which were earlier routine based with seasonal demand uptick.

Revenue stood at its highest levels of ₹15,149 crore, growth of 24% y-o-y over FY21-22 revenue of ₹12,210 crore. The share from domestic sales stood at 91% compared to 84% in FY21-22. The share from Speciality Fibres in FY22-23 stood at 19% as compared to 26% in FY21-22.

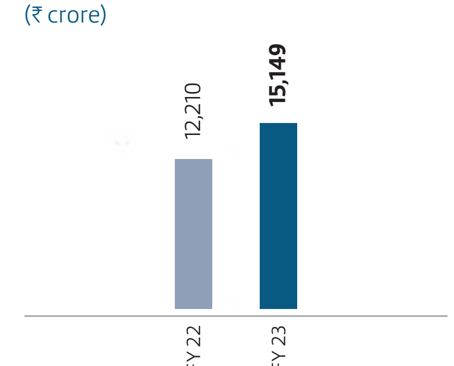
EBITDA was impacted by volatility in raw material prices, higher power costs and lower realisations during the second half of the year. This was due to inventory adjustments at the retail level due to demand slump. EBITDA for FY22-23 stood at ₹1,031 crore, lower by 40% y-o-y compared to ₹1,721 crore in FY21-22.

INTER FIBRE DYNAMICS



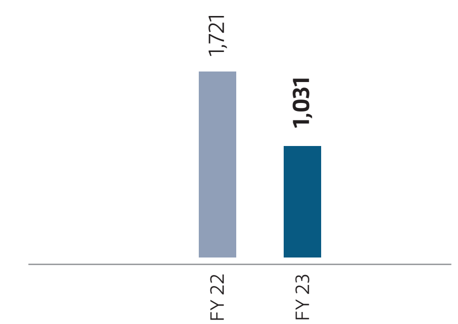
VISCOSE REVENUE

(₹ crore)



VISCOSE EBITDA

(₹ crore)

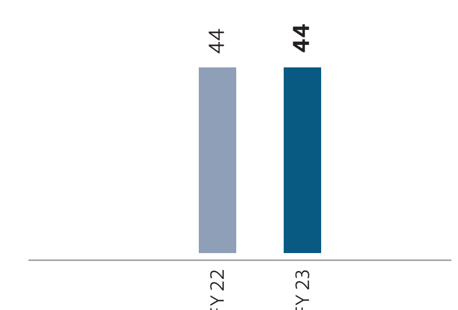


VSF SALES

(KT)

VFY SALES

(KT)



OUTLOOK

The Viscose Fibre industry is currently experiencing softness due to overall global slowdown in the textile markets. We have experienced multiple such adjustment periods and successfully sailed and scaled our VSF business to leadership levels. Over the past decade, our Company has increased its capacity by ~2.5x, with the latest expansion completed in FY21-22.

We believe that Viscose demand has high correlation with increasing per capita income. As per capita income improves, people's demand for fashion increases and given the limitations surrounding cotton growth, Viscose has a strong role to play.

Our Company has indigenously developed new generation and speciality products of Viscose – Modal, Excel, Dyed, Lyocell, etc. In FY23, our Company had commercial scale demonstration such as Viscose for fire retardant textile applications, short-cut VSF for flushable wipes application, Lyocell fibre and special VSF grade eco-dry for hygiene applications. The new specialty products would be the key growth drivers in the segment.

Chemicals Industry Overview

According to the American Chemical Council, over 96% of all manufactured goods are dependent on the chemical industry. It is one of the broadest and widest industries in manufacturing, given its products are critical to a wide range of end-use applications.

This industry contributes widely to a variety of consumer goods, agriculture, manufacturing, construction, and service industries. It also caters to industries like rubber and plastic, textiles, apparel, petroleum refining, pulp and paper, and primary metals.

The Indian chemical industry continues to be an attractive hub of opportunities, even in an environment of global uncertainty. Globally, Indian Chemical Industry is growing at a rapid speed with global rankings in the segments like polymers, agrochemicals and speciality.

Global

According to multiple market research reports, the Global chemical industry market size (including Commodity & Speciality Chemicals) is estimated around $4.7 trillion. Over the past decade, the industry is expected to have grown at a CAGR of 15.2%, and is likely to grow at a CAGR of 4-5% this decade.

Most of the growth in the sector over the past two decades has been driven by the Asia Pacific (APAC) region, which now owns half of the global chemical sales. China contributes largest with ~40% overall share in Global Chemical Sales, EU and U.S. contributes 15% and 11%, respectively.

The APAC chemicals market is expected to grow at faster pace of 7-8% CAGR between 2022-2025. Commodity chemicals make up 80% of the global chemical industry, with the balance 20% being constituted by speciality chemicals. India contributes ~4% in the overall global market, which pegs the industry market size of the Indian chemical industry at approximately $180-185 billion.

India

India has one of the largest global chemical markets and is ranked sixth in the world (third in Asia) in terms of global sale of chemicals. The chemical industry is targeted to contribute $383 billion to India's GDP by 2030. This will set the growth pace at 10% CAGR over 2022-2030. Growing domestic consumer base, increase in disposable incomes, changes in lifestyle and supportive government policies are likely to support the growth targets.

GLOBAL CHEMICALS INDUSTRY

(%)

India is emerging as a suitable contract manufacturer for bulk of the chemicals due to its good governance practices, and high-quality infrastructure. Robust trade and investment policy, strong regulatory framework, and availability of quality labour at competitive prices are key contributing factors. A network of 200 national laboratories and 1,300 R&D centres provide a strong base to the Indian chemical industry to drive innovations.

The Indian chemical industry could be sub-divided into three distinct components: Basic Chemicals, Speciality Chemicals and Agricultural Chemicals.

We operate in two key segments namely Chlor-Alkali and Speciality Segment in India. We are also the largest producer of Epoxy polymers and curing agents which are categorised as Speciality Chemicals. The revenue mix during the year FY22-23 stood at 60% from Chlor-Alkali, 17% from Chlorine Derivatives and 23% from Speciality Chemicals.

REVENUE SHARE

(%)

The segment revenues during FY22-23 are majorly driven by Chlor-Alkali segment. While the headline capacity addition appears to be minor from last year, effective capacity available throughout the year stood higher by 14% y-o-y to 1,311 KTPA compared to 1,147 KTPA for H1FY22.

Phase-I of our Balabhadhrampuram capacity expansion commenced during the year with capacity of ~22,000 TPA. FY23-24 would see additional capacities from Phase-II of Balabhadhrampuram and new capacity expansion at Vilayat. This would lead us to reach a caustic capacity of 1,530 KTPA. Despite slowdown and volatility, our Company was able to quickly ramp up capacities (existing + new) with utilisation level of 88% in FY22-23 compared to 81% in FY21-22.

Caustic soda, which is a global commodity, the price is based on the demand-supply situation around the world. Global caustic soda prices started the year on a very strong note and recorded its seven-year high prices of $808/ton in FY22-23. In line with global markets, our Company's caustic realisation for the year was higher by 47% y-o-y. However, net realisation-ECU, which adjusts impact of chlorine prices, witnessed growth of 33% y-o-y, as Chlorine realisation remained negative throughout FY22-23. Speciality Chemicals revenue remained flat during FY22-23, however, the demand was largely driven by its applications, especially in the wind energy sector.

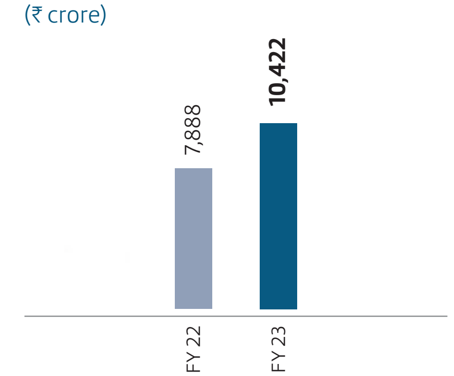
> Our Chemicals business registered its highest-ever revenue and EBITDA during the year crossing the milestone of ₹10,000 crore and ₹2,000 crore respectively"

SEGMENT FINANCIAL PERFORMANCE

Our Chemicals business registered its highest-ever revenue and EBITDA during the year. The revenue stood at its highest levels of ₹10,422 crore, a 32% y-o-y growth over the ₹7,888 crore in FY21-22. EBITDA outperformed the revenue growth which stood at 48% y-o-y to ₹2,271 crore compared to ₹1,534 crore in FY21-22.

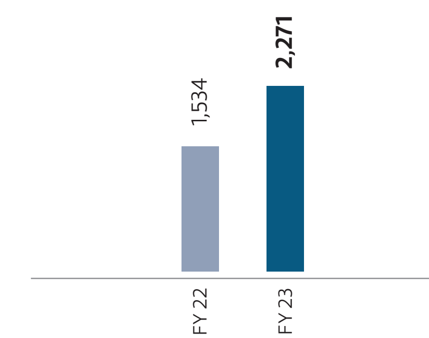
CHEMICAL REVENUE

(₹ crore)



CHEMICAL EBITDA

(₹ crore)



OUTLOOK

The demand for caustic soda is expected to remain stable, and our Company aims to continue leadership position in Chlor-Alkali market. Additional capacities to the extent of 17% of the existing capacity would be added next year taking the overall capacity to 1,530 KTPA. Chlorine would be utilised in developing downstream products.

Our Company has already established niche around various applications like water treatment, PVC additives and specialised industrial applications. There has now been an accelerated focus on developing unique, high value, high growth applications catering to markets such as Pharma, Agrochemicals, Water Treatment, Food & Feed, Plastic additives, Industrial, etc.

The partnership with Lubrizol Advanced Materials to manufacture and supply chlorinated polyvinyl chloride (CPVC) resin has been reaffirmed. The construction work for plant was impacted by global COVID outbreak and its consequences, such as supply chain disruptions. The first phase of construction of 100 KTPA at Vilayat (Gujarat) creating the single largest site capacity for CPVC resin production globally is expected to commence in later part of calendar year 2023.

Focus on developing Chlorine derivatives are visible based on 31% capacity expansion planned in the segment over 2023-2026 which would improve the Chlorine Integration to 72% post commissioning of the ongoing projects. Speciality Chemicals doubling its capacity from 123 KTPA in FY22-23 to 246 KTPA in FY23-24 would be addressing strong demand from end markets like paints, construction and coatings, renewables, electrical and electronics etc.

OTHER BUSINESSES

Textiles

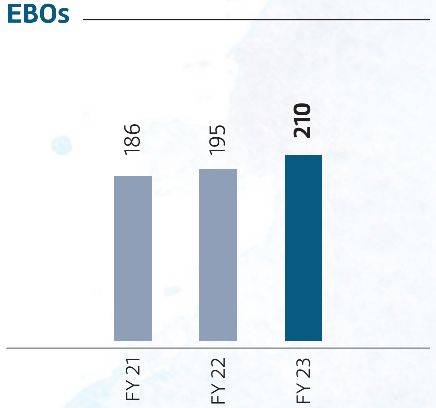
Apparel spends are the second-largest in the retail basket with a nearly 10% share, right behind food, grocery and general merchandise. This is expected to accelerate on the basic premise around India's attractive demographics. The young population with higher discretionary spending, increased exposure to media and technology, are pre-disposed to adopting new trends and contribute to the growing consumer affinity towards lifestyle products. These factors result in higher spending on premium products in India.

Through the Textiles business, our Company establishes its presence across the textile value chain, which has capabilities around Fibre >> Yarn >> Fabric >> Brand. While these are not integrated, the synergies are largely derived for innovation and product development for existing as well as newer markets.

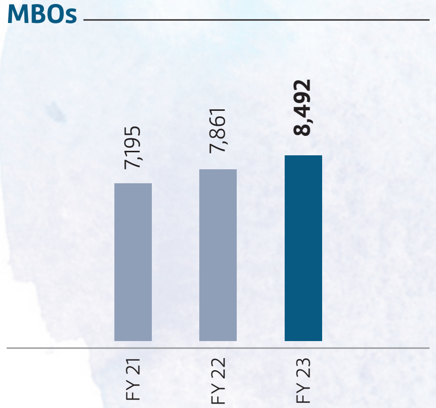
Grasim's Textiles business has Linen, Wool and Cotton Fabric as its key offerings. The company's Linen Brand – 'LINEN CLUB' is one of the premium brands in India. Our Company has been increasing its retail presence in the segment and now operates in more than 200 exclusive brand outlets (EBO's). We are also available at more than 8000 MBOs across various touch points.

During the year, we also accelerated product offerings across developing and designing multiple SKUs for our licensed brands 'Soktas' and 'Giza House' in India. This initiative will help us strengthen our leadership in the high-end premium cotton fabric market in India.

EBOs



MBOs



8,492

MBOs

Read more **Business Model**

210

EBOs

Read more **Business Model**

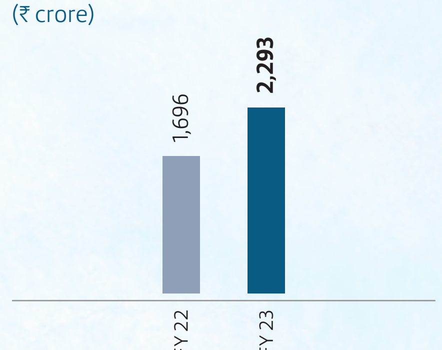
SEGMENT FINANCIAL PERFORMANCE

The operational performance has witnessed the business achieving its best performance during FY22-23. The revenue during the year stood at ₹2,293 crore, growth of 35% y-o-y compared to ₹1,696 crore in FY21-22. EBITDA increased at a faster pace posting growth of 50% y-o-y to ₹240 crore compared to ₹160 crore during FY21-22.

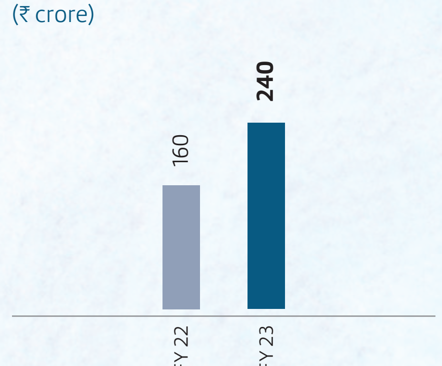
OUTLOOK

Our Company has made efforts to shift the business from pure manufacturing to establishing iconic brands in some of these categories. Maintaining and enhancing the effectiveness of the brands in portfolio is a major contributing factor to expanding our consumer base. We will focus more on Linen Club, Soktas and Giza House over FY23-24, and we intend to do this with multiple SKUs and brand extensions to other categories.

TEXTILES REVENUE
(₹ crore)



TEXTILES EBITDA
(₹ crore)

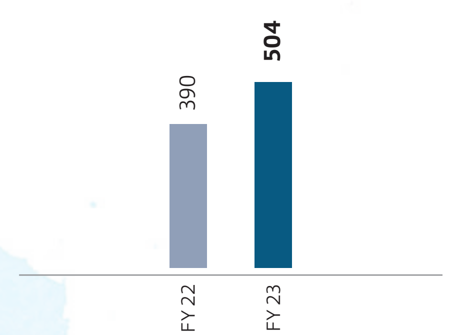


We would continue to develop additional products and expand our product categories in men and women casual wear. For instance, we introduced 'Linen Club Women', which markets readymade clothes as well as fabrics. Moreover, the increasing attractiveness of online channels for customers and online retailing has seen a substantial boom over the last few years, and our Company is looking to expand its customer base and brand loyalty via online platforms.

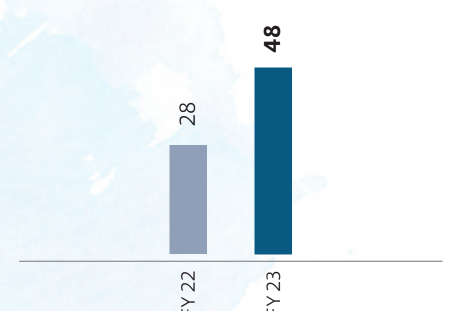
Insulators

The Company produces porcelain insulators and composite polymers insulators used in power transmission, railway electrification and other applications.

INSULATORS REVENUE
(₹ crore)



INSULATORS EBITDA
(₹ crore)



The key demand drivers for Insulators are refurbishment of grids (50+ years old), surge in power demand (digitalisation, electric vehicles), distributed renewable generation (new transmission lines). Also, railways electrification of lines which is targeted at ~7,000 kms is expected add to the overall demand for Insulators. The size of the Indian insulator market remains stable however there has been a continuous shift of market towards composite.

The Company's 51:49 Joint Venture with Maschinenfabrik Reinhausen Gmbh, Germany ('MR') has aided considerable growth in composite sales with production ramp-up at JV plant at Halol. There have been new product developments during FY22-23.

SEGMENT FINANCIAL PERFORMANCE

The revenue for FY22-23 grew by 29% y-o-y to ₹504 crore compared to ₹390 crore in FY21-22. Also, our company addressed demand in overseas geographies like Bangladesh wherein exports are now contributing ~50% of total revenue. Stability in input prices over the second half of FY22-23 and improved demand scenario resulted in higher (80%+) utilisation levels. This resulted growth in EBITDA by 70% y-o-y to ₹48 crore in FY2022-23 compared to ₹28 crore in FY21-22.

OUTLOOK

The overall domestic insulator demand was stagnant in last few years but is expected to witness robust growth over next few years. This is mostly due to choked/stalled projects moving to the execution stage. Our Company would continue to enrich its portfolio with composites. The company has successfully developed six designs of polymer insulators for global markets.

NEW HIGH GROWTH BUSINESS

Paints

Indian Decorative Paints Overview

Indian Decorative paints industry is currently growing at ~2x the Indian GDP growth rate. The per capita paint consumption in India stands at 4 kg, compared to the global average of 13-15kg, presenting huge growth prospects for the sector.

The current estimated market of decorative paints is ~₹67,000 crore which is expected to grow at double digit growth rates. The market is served largely by organised players with ~75% of the market share, while remaining 25% is accounted by unorganised regional players.

The higher growth rates are attributed to the rise in urbanisation, popularity of branded paints and shortening of the re-painting cycle. Government initiatives like smart cities and urban mission to the Housing for All schemes have been enablers to the paint industry.

Since the past few years, the paint industry has been witnessing a tectonic shift in people preferences. Customer choices range from traditional and cost-effective whitewash to premium high-quality paints like emulsions and enamel paints. Other premium tastes and preferences include odour free, dust and water-resistant paints. Branding and advertisement to capture mind share has demonstrated robust pricing power in the industry.

1,332 MLPA

Paints Capacity

Read more **Business Model**

DECORATIVE PAINTS INDUSTRY

(%)

- Organised 72
- Unorganised 28

BUSINESS UPDATE AND OUTLOOK

In 2021, our Company announced an investment of ₹10,000 crore to set up six manufacturing plants in Haryana, Punjab, Karnataka, Tamil Nadu, Maharashtra, and West Bengal, with a total capacity of 1,332 MLPA.

Our Company received required statutory approvals and the construction is progressing as per plan at all the sites. The state-of-the-art R&D laboratory is fully operational and working on products to provide customers with varied and differentiated offerings. A well- equipped pilot plant for quality testing and field validation is also operational.

The total capital expenditure during the year FY22-23 stood at ₹1,979 crore. This took the total cumulative capital expenditure to ₹2,592 crore (~26% of the total planned outlay).

We believe that the company has the "Right to win" with its presence in the adjacent products with well established brands in the space of construction materials through its subsidiary company. This remains one of the key rationales to this business with one of the largest capacities in the industry with foresight on scale and size. The commercial production will commence from Q4FY24. The commissioning of plants would be spread over FY24 and FY25 in phased manner.

B2B E-Commerce

Indian E-Commerce Overview

E-commerce continues to be the largest internet opportunity in India. India is one of few large & under penetrated E-commerce markets. Post-covid, India is moving fast towards the digital way of shopping, cashless transactions, telemedicine, online learning or OTT platforms. As per EY, India's B2B E-commerce market presents huge growth potential. This is because the market opportunity is eight times bigger as compared to B2C E-commerce market.

MSME business dynamics are seeing a paradigm shift, led by nuanced policy support and post-Covid recovery. Currently, only 4% of the MSMEs in India are truly digitally engaged but the numbers are improving, offering opportunity for faster growth as seen in B2C segment.

Building materials industry in India is estimated at ~$100 billion. Currently it includes cement, sand, steel, bricks, plumbing, sanitary ware, and electrical products. Players who offer multiple building materials segments across brands on a Pan-India level are expected to enjoy an advantage over the conventional dealers. Convenience of multiple building materials segments under one roof and trust associated with a branded entity have created need of a online offering for Building Materials.

Through our investments in B2B E-commerce business the company is addressing the above need. The digital adoption is <2% which provides a long runway of growth to the segment. With this foray, we would be able to leverage the data and network our large B2B ecosystem. We will also be able to address various challenges with integrated procurement starting from competitive pricing, assured quality, guaranteed delivery and financing solutions. Our Company would be addressing the needs of nine product categories -cement, steel, doors and windows, kitchen and electricals, paints, sanitaryware, plumbing and tiles.

BUSINESS UPDATE AND OUTLOOK

During the year full leadership team hiring and on-boarding has been completed for B2B E-commerce business. We have initiated pilot scale operations in the current year. The required ecosystem of strategic partners, service providers, customer support, supply chain management and financing solutions is also being built-up. Full scale operations and platform launch is on track for launch in next financial year.

KEY STANDALONE RATIOS

Particulars	FY 2023	FY 2022	Change
Debtors T/o Ratio (Sale of Products / Average Trade Receivable)	16.17	13.74	18%
Inventory T/o Ratio (Cost of Goods Sold / Average Inventory)	4.62	4.62	-
Interest Coverage Ratio (PAT + Deferred Tax + Depreciation + Finance Cost + Loss on Sale of Asset + ESOP Expenses - Unrealised Gain on Investment) / (Interest Expenses + Interest Capitalised)	9.15	12.24	(25%)
Current Ratio (Current Assets / Current Liabilities)	1.30	1.46	(11%)
Debt Equity Ratio (Total Debt / Total Equity)	0.11	0.08	38%
Operating Profit Margin (%) (EBITDA-Corporate Dividend + Treasury Income) / Revenue from Operations	12.19	15.71	(22%)
Net Profit Margin (%) (Net Profit for the Period - Profit from Discontinued Operations) / Revenue from Operations	7.91	12.92	(39%)

CONSOLIDATED FINANCIAL PERFORMANCE

For the purpose of consolidation, Grasim Industries, flagship holding company of Aditya Birla Group comprises - 70 Subsidiaries & 23 JV's & Associates. Most of our Group companies are largely diversified and cater to different sector/sub-sectors.

Majority of our subsidiaries have distinct operations like cement manufacturing, financial services and renewable businesses. The core to this structure is the purpose of our Group, which remains committed to building dynamic and responsible businesses and institutions that inspire trust. Our Company continues to strengthen its investments and focus on growing contribution of its standalone business aimed value maximisation.

REVENUE FROM OPERATIONS

The consolidated revenue from operations has reached a milestone of over ₹1 lakh crore, up by 23% y-o-y to ₹1,17,627 crore in FY22-23 compared to ₹95,701 crore in FY21-22. The consolidated revenue was largely driven by Chemicals, Viscose business and performance from key subsidiaries UltraTech, Aditya Birla Capital and Aditya Birla Renewables.

OPERATING PROFIT (EBITDA)

Consolidated EBITDA was higher by 15% y-o-y to ₹20,478 crore in FY22-23 compared to ₹17,772 crore in FY21-22. The improvement in annual performance was majorly driven by Chemicals and Financial Services.

Finance Cost

The finance cost marginally increased from ₹1,296 crore in FY21-22 to ₹1,320 crore in FY22-23 on account of higher borrowings. The consolidated Gross debt stood higher by 14% y-o-y at ₹17,899 crore in FY22-23 compared to ₹15,727 crore in FY21-22.

Depreciation

Increased capacities across key businesses like Viscose, Chemicals and Cement resulted 9% y-o-y increase in depreciation to ₹4,552 crore in FY22-23 compared to ₹4,161 crore in FY21-22.

Tax Expenses

The total tax expenses increased significantly from ₹1,936 crore in FY2022-23 to ₹3,649 crore in FY22-23,mainly on account of the tax related adjustments made in FY21-22.

Profit After Tax (PAT)

The Profit after Tax (after exceptional items) attributable to the owners of the company was at ₹6,827 crore in FY22-23 compared to ₹7,550 crore in FY21-22.

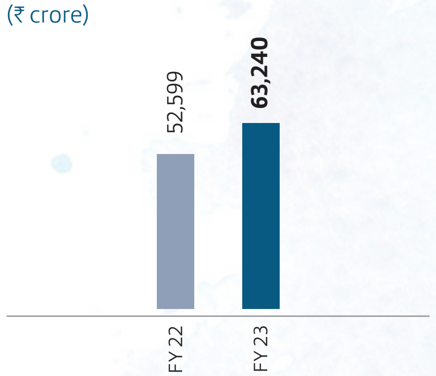
CONSOLIDATING BUSINESS PERFORMANCE REVIEW (SUBSIDIARIES)

UltraTech Limited – Cement Business

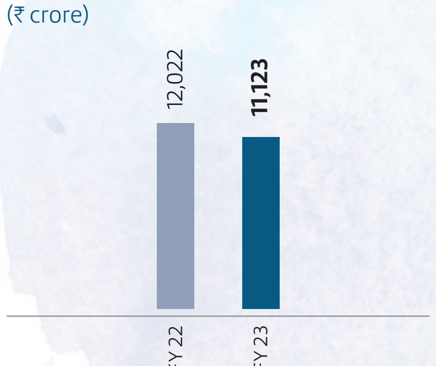
As on 31st March 2023, UltraTech total grey cement capacity in India stands at 126.95 MTPA. Sales volumes crossed a key milestone of 100 MTPA. This was supported by manufacturing facilities across 55 physical and 231 RMC plant locations across more than 100 cities.

Also support network includes daily dispatch of over 50 rakes, 12,000+ trucks addressing requirement of 100,000+ channel partners. The targeted grey cement capacity expansion by March'25 stands at 160.45 MTPA.

ULTRATECH REVENUE
(₹ crore)



ULTRATECH EBITDA
(₹ crore)



UltraTech for FY22-23 posted volume growth of 12% y-o-y at 105.5 MTPA with capacity utilisation for the year at 84%. Revenue grew by 20% y-o-y to ₹63,240 crore compared to ₹52,599 crore in FY21-22. EBITDA witnessed marginal decline of 7% y-o-y to ₹11,123 crore compared to ₹12,022 crore in FY21-22. The EBITDA was impacted by higher logistics, power and raw materials costs comprising more.

Further, consolidated net debt fell from ₹3,901 crore in FY21-22 to ₹2,702 crore in FY22-23. Robust financial performance coupled with deleveraging led improvement in Net Debt/EBITDA which stood at five-year lows of 0.24x as on 31st March 2023. The green power mix (WHRS + renewables) stood at 25%.

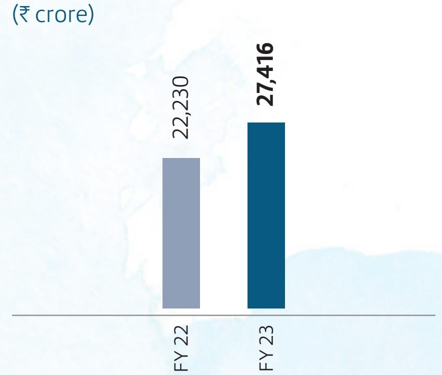
Aditya Birla Capital Limited (ABCL) – Financial Services Business

Aditya Birla Capital reported a strong financial performance over FY22-23. Revenue grew by 23% y-o-y to ₹27,416 crore in FY22-23 compared to ₹22,230 crore in FY21-22. The revenue was largely driven by its insurance business (life & health). Profit after tax for FY22-23 grew by 33% y-o-y at ₹2,057 crore compared to ₹1,545 crore in FY21-22.

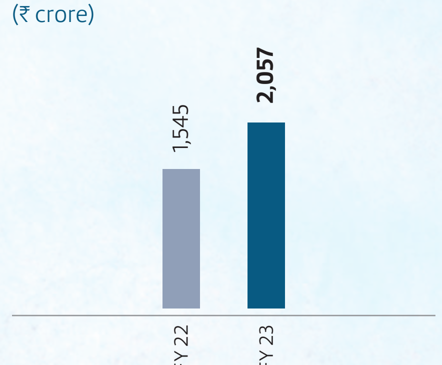
Market share among private players for life insurance (Aditya Birla Sun Life Insurance) improved by 40 bps y-o-y to 4.4% and for Health Insurance (Aditya Birla Health Insurance) amongst standalone health insurers improved by 208 bps y-o-y to 10.4%.

The combined lending book of the NBFC (Aditya Birla Finance Limited) and the HFC (Aditya Birla Housing Finance Limited) grew by 40% y-o-y to ₹94,364 crore FY22-23. Net Interest Income (NII) grew by 43% y-o-y and 27% y-o-y, for NBFC and HFC businesses, respectively. Aditya Birla Sun Life AMC reported domestic Average Assets Under Management (MF + Alternative Assets) stood at ₹2,80,257 crore, as on 31st March 2023.

ABCL REVENUE
(₹ crore)



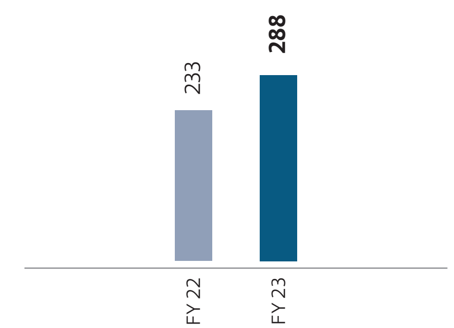
ABCL PAT
(₹ crore)



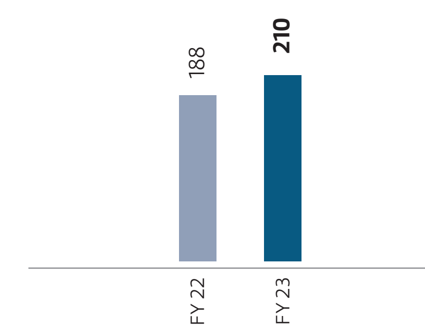
Aditya Birla Renewables – Clean Energy Solutions

Aditya Birla Renewables is enabling India's transition towards a greener tomorrow. Our Company provides five types of renewable energy solutions – solar, floating solar, hybrid, wind, and battery storage. Our Solar Power business has a cumulative installed capacity of 744 MWp, with 193 MWp being commissioned during FY 2022-23. The targeted capacity for FY24 stood at ~2GW.

ADITYA BIRLA RENEWABLES REVENUE
(₹ crore)

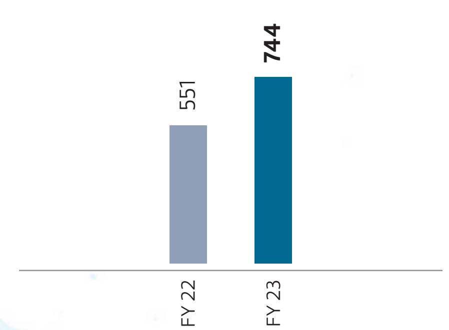


ADITYA BIRLA RENEWABLES EBITDA
(₹ crore)



For FY22-23, total revenue from the Solar Power business grew by 24% y-o-y to ₹288 crore compared to ₹233 crore in FY21-22. EBITDA during the year grew by 12% y-o-y at ₹210 crore compared to ₹188 crore in FY21-22.

RENEWABLE POWER CAPACITY
(MWp)



Capacity Allocation

Parameters	Mar-23
Total Cumulative installed capacity (MWp)	744
No. of Projects	38
- Capacity with Group Companies (MWp)	247
- No. of Projects with Group Companies	24