Message From the Managing Director

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 Viscoe 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 44% 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’. Our true heritage lies in our ability to create value for all stakeholders. Our forward-looking leadership positions us to navigate the macroeconomic landscape with a sense of responsibility for ‘Atmanirbhar Bharat’.

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While your Company maintains its leadership position in its existing businesses–Viscoe, 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.

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The truly diversified nature of Grasim qualifies as a ‘Stronglomorate’. Backward integration and synergies within the segments help in handling the volatile global market conditions. Additionally, the counter cyclical nature of these businesses gives profitability the much-needed stability. Every single one of our standalone businesses, including viscoe, chlor-alkali, specialty 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

Viscoe

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 pandemic 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.

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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.

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.

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.

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.

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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 add 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.