

MESSAGE FROM THE MANAGING DIRECTOR

A FORCE FOR
GOOD IS A FORCE
MULTIPLIER

Together, each of our businesses is a force for good, creating a multiplier effect on building a just and prosperous future. It enables us to deliver consistent growth, drive innovation, embed sustainability in every aspect of our operations, and act with integrity and fairness."

Harikrishna Agarwal
Managing Director

Dear Stakeholders,

It gives me immense pleasure to present to you the fifth Integrated Annual Report of the Company for FY 2023-24. With India taking confident strides into the future, we are committed to playing a pivotal role in the nation's transformative growth story. Our diversified businesses, by virtue of their leadership position in their respective industries, are well-positioned to capitalise on opportunities across the key themes playing out in the Indian economy.

At Grasim, we harness the collective strengths of our resources and capabilities, embrace strategies that prioritise the long-term well-being over short-term gains, and implement responsible practices to build an inclusive and sustainable future. Together, each of our businesses are a force for good, creating a multiplier effect on building an equitable, inclusive and prosperous future. It enables us to deliver consistent growth, drive innovation, embed sustainability in every aspect of our business, and act with integrity and fairness.

Before I dive deep into the performance for FY 2023-24, it is important to outline the external environment we are currently operating in. The global economy continues to face multiple challenges stemming from muted growth, escalating geopolitical tensions and inflation. Amid these global headwinds, India has emerged as a symbol of strength, growing at the fastest pace among major economies, driven by continued government thrust on infrastructure and housing, increasing share of manufacturing in GDP, and enhancing the conditions of living for a large population. Further, long-term structural drivers such as young population, increasing disposable income and digitisation at scale make India a multi-decadal opportunity.

**Fortifying our
Conglomerate Structure**

FY 2023-24 was a remarkable year for Grasim, replete with milestones and accomplishments. We achieved highest ever consolidated revenue of ₹1,30,978 crore and highest-ever EBITDA of ₹20,837 crore, recording a CAGR of 15% and 11%, respectively, over the last five years. Such growth also testifies to our prudent capital allocation. Total capital expenditure over the past five years stood over ₹50,000 crore, of which growth capex stood at ₹38,800 crore. Approximately 65% of this growth capex is spent over the last two years positioning your Company for a transformational growth journey.

In FY 2023-24, our Cement business under subsidiary UltraTech recorded 13% YoY growth in total grey cement sales volumes, reaching high of 117 MT. We continued to expand our domestic grey cement capacity, adding 13.8 MTPA in FY 2023-24, taking our total installed capacity (India + overseas) to over 146.2 MTPA. We plan to take the total capacity to 200 MTPA by FY 2026-27.

This expansion aligns with India's growing infrastructure needs and the Government's push for housing and rural development. Further, we continued to make steady progress in increasing the green power mix, lower fuel costs and drive operating leverage, which has resulted in further improvement in our domestic EBITDA/tonne. During FY 2023-24, our Cement revenue grew 12% YoY to ₹70,908 crore while EBITDA improved 22% YoY to ₹13,586 crore, driven by lower logistics and energy costs.

Our Financial Services business under subsidiary Aditya Birla Capital has envisioned 'One ABC One P&L' approach, to focus on a strategy that revolves around the three levers of One Customer, One Experience and One Team. Strengthening its digital propositions, the business

has launched new platforms – ABCD (Aditya Birla Capital Digital) and Udyog Plus, and the response to the same is overwhelming. Over the past two years, Aditya Birla Capital has achieved significant milestones, highlighted through its robust growth and profitability across businesses. The NBFC loan book has grown by about two times to over ₹1,00,000 crore, becoming the fourth-largest diversified NBFC in the country. The housing finance loan portfolio has also witnessed an accelerated growth of 33% YoY to ₹18,420 crore. The health insurance business has grown by 46% over the past 2 years, becoming the fastest growing Standalone Health Insurance player in the market. The total premium of life insurance business stood at ₹17,260 crore, recording growth of 15% YoY. The average AUM of the AMC business stood at ₹3,12,764 crore, recording growth of 12% YoY.

Cellulosic Staple Fibre (CSF) segment achieved record sales volume of 810 KT in FY 2023-24, recording a 16% YoY growth, driven by stable domestic demand. Given the increasing demand for sustainable and eco-friendly products driven by heightened consumer awareness and regulatory changes, we continue to focus on innovation and sustainability to drive long-term growth. Our focus on high-quality products, customer-centric innovations and value added services position us well in a volatile market. Making strides in responsible sourcing and environmental conservation, we have been able to retain the Dark Green Shirt in Canopy's Hot Button report for the fourth time in a row. Aligned with environmental stewardship and innovation, we launched Birla Viscose Ecosoft, a new variant of cellulosic fibre, made from bamboo pulp. Bamboo, being one of the fastest-growing species, is widely considered less resource-intensive to cultivate versus other natural fibres



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As on 31st March 2024, the cumulative capital expenditure for our Paints business stood over ₹7,000 crore, ~70% of the total planned capital outlay. We commenced production at three of our state-of-the-art plants, while construction of the remaining three is progressing as per schedule."

and hence, increasingly seen as an eco-friendly solution for textile needs. We also partner with various start-ups and innovators promoting textile circularity. Our Cellulosic Fashion Yarn (CFY) segment reported marginal de-growth in revenues, as low priced exports from China continued to pose challenges to an already weak demand environment.

Our Chemicals business posted its highest ever volumes on the back of stable domestic demand. We would further strengthen our business with capacity expansion in the Chlor-Alkali segment to 1.5 MTPA in FY 2024-25. Commissioning of new Epichlorohydrin (ECH) plant and plans for other complex chlorine chemistries would result in Chlorine Derivatives reaching 1.2 MTPA by FY 2027-28. Such enhanced capacities would cater to increasing demand for Chlor-Alkali and Chlorine Derivatives across major end-use applications. Speciality Chemicals capacity doubled to 246 KTPA during the year, with commissioning of 123 KTPA in December 2023. During FY 2023-24, caustic realisations faced double whammy from sharp correction of international prices from their highs and oversupply in domestic market. This resulted in a decline in revenue and EBITDA to ₹8,213 crore and ₹1,054 crore, respectively. The business posted the highest-ever Chlorine Integration of 62%, however subdued demand from selected

end-user industries and oversupply of Chlorine derivatives impacted profitability. During the year we made progress in reducing power costs, achieving a 13% renewable energy share compared to 8% in last year. The target is to increase the renewable energy share to 25% by FY 2024-25. Such transition enhances our cost efficiency and at the same time, supports our sustainability goals.

Our Textiles business has made continuous efforts to shift from pure manufacturing to establishing iconic brands in niche categories like Linen and Premium Cotton Fabrics. B2C revenues for FY 2023-24 stood at its highest levels. 'Linen Club', 'Soktas' and 'Giza House' are expanding its retail footprint and now available across 230+ EBOs and 9000+ MBOs.

Our Renewables business is spearheading the industry's transition towards a more sustainable future. It plays a key role in fulfilling the Group companies renewable energy demands and decarbonisation targets. The business has set its sight on doubling its capacity to ~2 GW.

Building on our New High-growth Businesses

The Decorative Paints market in India is growing at a healthy pace driven by urbanisation, strong housing demand and growing aspirations. Our entry into Indian Decorative Paints market through our brand 'Birla Opus' would

cater to the growing demand for premium high quality products. Birla Opus aspires to reach a revenue of ₹10,000 crore by FY 2027-28. As on 31st March 2024, the cumulative capital expenditure for our Paints business stood over ₹7,000 crore, ~70% of the total planned capital outlay. We commenced production at three of our state-of-the-art plants, while construction of the remaining three plants is progressing as per schedule. Once completed, it would catapult us to the position of the second-largest player by capacity at the end of FY 2024-25. Further, our painting services brand 'PaintCraft' has been well received by customers. We have also initiated deep engagements with painters and contractors through the 'Udaan Partnership Programme', that supports the growth of our partners and enhances their brand loyalty.

Last year we launched our B2B E-commerce business 'Birla Pivot' to provide a one-stop digital solution for construction materials requirements. The business aspires to reach revenue of \$1 billion in three years, leveraging consistent double-digit demand growth across construction materials categories led by India's continued thrust on infrastructure development and housing. Moreover, digital penetration in the industry remains abysmally low at 2%, which provides long runway of growth opportunities. During FY 2023-24, Birla Pivot crossed



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₹1,000 crore revenue milestone in its first year of operations. The business has expanded its offerings across 35 product categories sourced from 150+ international and Indian brands.

Making a Lasting Impact

Sustainability is deeply ingrained in our corporate ethos, driving our business operations and strategic decisions. Our sustainability initiatives include focus on increasing the share of renewable power in our total energy consumption. This year, we achieved a renewable power share of 11%, up from 8% in the previous year. Further, water conservation is another critical area of focus. We increased the proportion of recycled water to our total water consumption, to 50% this year, compared to 46% in FY 2022-23. Our efforts in this domain have been recognised with multiple awards, including the CII-ITC Sustainability Awards for our excellence in environmental management. Your Company's commitment towards Sustainability was further recognised with an investment of ₹1,250 crore in Sustainability Linked Bonds from the International Finance Corporation (IFC), the private sector arm of the World Bank Group. IFC's investment will accelerate Grasim's decarbonisation drive through the increased adoption of renewable energy and water recycling in the paint manufacturing process.

We focus on offering circular solutions in the textile industry. In collaboration with SaXcell, we have offered Lyocell fibre with 30% recycled cotton content which has been received well in the market. We also produce Liva Reviva with 30% circulose pulp (recycled cotton pulp).

We have also continued to develop and launch eco-friendly products. Collaborations with biotechnology firms like Nanollose reflects our commitment to sustainable product development. We are determined to build on these achievements, striving to align with global best practices and ensuring that our growth contributes positively to society and the environment. We have also committed to be a net zero carbon company by 2050.

Pioneering Change and Looking Beyond

As we look ahead, we aim to leverage our diversified portfolio to capitalise on emerging opportunities across our core businesses. Our investments in new high growth businesses and enhancing R&D capabilities ensure that we are well-prepared to meet the increasing demand for sustainable and innovative solutions. Our approach includes robust modernisation and maintenance initiatives to ensure peak efficiency, better productivity and lower costs. We also deploy cutting-edge technologies to drive efficiency across

our diverse businesses and also invest in renewable energy projects. By constant innovation in products and processes, we have created a culture of continuous improvement ensuring that Grasim continues to deliver superior value to all stakeholders.

I extend my heartfelt gratitude to our esteemed shareholders for their trust and support. The recent successful rights issue is a testament to our commitment to create sustainable value for all our stakeholders. I also wish to thank our customers, bankers, media partners, and vendors for their support and invaluable contribution to your Company's success. My deepest appreciation goes to our Government, Board of Directors, Management team and all the Employees. Thank you for your continued confidence in Grasim. Together, we will drive forward with purpose and passion and achieve new milestones.

Best regards,

Harikrishna Agarwal
Managing Director