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25th August 2023

BSE Limited

Dalal Street,
Phiroze Jeejeebhoy Towers,
Fort, Mumbai - 400 001
Scrip Code: 500300

National Stock Exchange of India Limited

Exchange Plaza, 5th Floor, Plot No. C/1,
G Block, Bandra - Kurla Complex,
Bandra (East), Mumbai - 400 051
Symbol: GRASIM

Dear Sirs / Madam,

Sub: Chairman Speech at the 76th Annual General Meeting of Grasim Industries Limited ("the Company")

Please find enclosed Chairman Speech delivered at the 76th Annual General Meeting of the Company held today at 11:30 a.m. (IST) through Video Conference ("VC") / Other Audio Visual Means ("OAVM").

The above is for your information and record.

Thanking you.

Yours sincerely,

For Grasim Industries Limited

Sailesh Kumar Daga
Company Secretary
FCS-4164

Encl: as above

Cc:

Luxembourg Stock Exchange
Market & Surveillance Dept., P.O.
Box 165, L-2011 Luxembourg,
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GRASIM INDUSTRIES LIMITED

CHAIRMAN'S SPEECH

AT THE

**SEVENTY SIXTH ANNUAL GENERAL
MEETING**

Friday, 25th August 2023 – 11.30 AM (IST)

Dear Shareholders,

This is a momentous day. On this very day, 76 years ago, your company was incorporated. And what a journey it has been. A journey of growth, dynamic reinvention, sustained value creation, and nation building. Grasim's evolution mirrors our nation's soaring journey and today it reflects the boundless spirit of a resurgent India.

This AGM, of course, comes less than 48 hours after India's lunar triumph. Landing in the south pole of the moon is emblematic of India's ambition, technological prowess, and its growing role as a global force for good.

India, today, stands out in a world roiled by uncertainties. Businesses globally have had to navigate the aftermath of the pandemic, geopolitical shifts, supply chain disruptions, and technology transformations. Yet, amidst these uncertainties, we have remained steadfast, guided by our purpose and commitment to creating stakeholder value.

As we stand at the threshold of the next phase of our transformational growth journey, we are guided by our Group purpose - **to enrich lives by building dynamic and responsible businesses and institutions that inspire trust**. This purpose serves as our beacon, influencing every business decision we make.

Our journey deeply resonates with the ethos of "Atmanirbhar Bharat". Through relentless innovation, strategic capacity enhancements, and capitalizing on emerging high-growth opportunities, we have established businesses of global scale. From fibre to textiles, chemicals to cement, financial services to renewables, and now paints to B2B e-commerce. Our focus has always been unwavering—to create sustained value for all our stakeholders.

As we look ahead, we remain committed to leading with purpose and growing responsibly. We are excited about the opportunities that lie ahead and are confident in our ability to navigate any challenges that come our way.

Our track record showcases a commendable compound annual growth rate or CAGR of 16% in revenue and profit after tax on a consolidated basis over the last three years.

Let me now briefly touch upon the **overall economic environment** before I share my thoughts on your Company's performance in FY23.

High inflation rates across developed economies and successive interest rate hikes have considerably slowed demand for products across categories -- especially discretionary spending – although the travel and tourism sectors are booming.

Despite weaker global growth in the current year, there is room for cautious optimism about a subsequent recovery, as global financial markets have held up reasonably well. The Indian economy presents a robust picture with strong domestic impulses outweighing negative global slowdown effects.

India's sound macroeconomic fundamentals provide comfort amidst global risks, with moderating inflation, easing current account deficit, and improved foreign exchange reserves.

Fiscal consolidation is on track despite substantial increases in government capital expenditure. Public investments, particularly in critical infrastructure, are making the economy future-ready, while pragmatic industrial policies and production-linked incentive schemes will stimulate private capex. These initiatives, combined with improved balance sheets both of banks and corporates and the dynamism of the technology-based 'new economy,' create promising medium-term growth prospects for the Indian economy.

Today, India holds a prominent place among the world's largest economies. While the major global economies are still weighed down by stagflation, India has shown resilience in its continued growth momentum.

A key component of the rise of any industrial ecosystem is the presence of a confident and skilled workforce. This year, India surpassed China in population, and already has the largest and youngest working age population globally.

Your Company astutely anticipated and capitalized on the burgeoning opportunities in India. This foresight not only enabled us to navigate short-term challenges effectively but also to turn them into springboards for transformative growth. Demonstrating a robust performance in FY23, your Company is now strategically positioned to amplify its growth trajectory.

Your Company's Performance

FY23 was a milestone year for your Company as consolidated revenues for the first time surpassed the Rs 1 trillion mark. Over the past three years, your Company has achieved exceptional growth, with nearly Rs 40,000 crore added to consolidated revenues.

We recorded an impressive year on year growth of 23% in consolidated revenues from operations, reaching an all-time high of Rs 1,17,627 crore. Consolidated EBITDA increased to Rs 20,478 crore marking a 15% increase from the previous year.

On a standalone basis, Grasim's revenue stood at Rs 26,840 crore, registering a growth of 29%. EBITDA at Rs 4,198 crore was marginally up, impacted by the global slowdown conditions in our key businesses. The standalone businesses have demonstrated resilience and consistency, emerging stronger from each cyclical downturn.

Let me cover the performance of the key business segments.

Our Viscose and diversified Chemical businesses command an undisputed market leadership in India backed by consistent capacity additions to meet the growing demand.

The **VSF business** had the highest ever Sales volume of 711KT for FY23, up 18% YoY.

The VSF business of the Company consistently pursues excellence in customer centricity and product quality. The business propelled by the 'Liva' brand has created a pull demand, and now sells over sixty million co-branded garments.

Sustainability continues to be a high priority for us. For the third consecutive year, Birla Cellulose was awarded the highest rating of Dark Green Shirt by the global NGO, Canopy, recognising your business's sustainability efforts.

In the arena of textile recycling and circularity, significant progress was made in the form of successful commercial runs of Liva Reviva made from 30% textile waste, and the commissioning of a mechanical recycling facility at TRADC.

With both chemical as well as mechanical recycling capabilities, your Business has become the established industry front-runner in textile recycling.

Your company continues to develop new products, some of which are currently at lab scale and will be brought to the market in due course.

The **Chemical business** reported its highest ever Revenue and EBITDA at Rs 10,422 Crore and Rs 2,271 Crore respectively. Overall chlorine integration improved to 60% compared to 58% in the previous year.

Given our emphasis on Water Treatment Chemicals, your company has utilized its R&D Centre to address potable water treatment challenges. We aim to retain our market leadership in the Chlor-Alkali business, projecting a capacity of 1.5 Million TPA by Q1 FY25

The **Textiles business** also delivered its best annual financial results, recording highest-ever revenue and EBITDA at Rs 2,293 Crore and Rs 240 Crore respectively. Our textile brands, 'Linen Club', 'Soktas', 'Giza House', are present now at 210 Exclusive Brand Outlets and 8,500 Multi-Brand outlets. Additionally, in recognition of our efforts and work culture, our Textile Business has been acknowledged as a 'Great Workplace' by the Great Place to Work® Institute.

Shifting focus to the **New Businesses**

Your Company has embarked on a transformational growth phase with the incubation of two new high-potential growth engines—Paints and B2B e-commerce for building materials.

In the **Paints business**, the project work is progressing as per plans at all the six sites, and commissioning of plants will start in phases from Q4FY24. The state-of-the-art R&D facility is fully operational. Your Company aims to be a strong Number 2 player in the decorative paints industry.

The **B2B e-commerce business for building materials**, "Birla Pivot", is now operational and catering to customers in Madhya Pradesh, Maharashtra, and Delhi. This initiative aligns seamlessly with the government's goals for Digital India and the empowerment of MSME's.

Moving on to the Capital Expenditure.

In FY23, your Company executed its largest ever capital expenditure investing Rs 4,307 Crore including Rs 1,979 Crore toward the Paints business. While our established businesses are set to consolidate their leadership positions, our newly-identified growth engines are poised to create a powerful impact.

Let me now briefly talk about the performance of Grasim's subsidiary companies.

Your company's subsidiary, **UltraTech Cement** recorded net revenues of Rs 63,240 Crore and EBITDA of Rs 11,123 Crore.

UltraTech achieved the unique distinction of registering 100 million tons of production, dispatches and sales in FY23. This was backed by an effective capacity utilisation of 84% for the year. The current total cement production capacity of 137.85 MTPA is targeted to reach 160+ MTPA upon completion of expansion projects underway.

Your company's financial services subsidiary, **Aditya Birla Capital** reported a Consolidated Revenue of Rs 27,416 crore recording a growth of 23% YoY and Net Profit at Rs 2,057 crore surged 33% YoY. The active customer base increased to a significant 38 million, an 8% YoY growth.

In the **Renewables business**, the total cumulative installed capacity of Aditya Birla Renewables stood at 744MW in FY23, which is estimated to rise to 2GW by FY24.

Focussed Sustainability

Sustainability is an integral part of our strategy across our businesses. Our commitment to integrate sustainability into our business manifests through our carefully crafted ESG framework that aims at delivering comprehensive value to all the stakeholders.

Your Company aims to be Net Zero by 2050. We are implementing various measures to reduce our carbon footprint and enhance our environmental sustainability.

Increasing circularity of re-utilisation of various materials going to waste is one of the focus areas of your company, and the VSF business aims to grow circular products in FY24, using pre- and post-consumer waste and alternative feedstock.

Water is life. Your Company has been focusing on water stewardship and the VSF business has been able to reduce water consumption by nearly 55% over the baseline of FY15.

Your Company has also adopted the recommendations of the Task Force on Climate-Related Financial Disclosure (TCFD), and has integrated its findings into risk management, business planning and strategy.

On the back of its sustained efforts, Grasim was recognised in the Economic Times and Business World's lists of most sustainable companies. Your company's ESG rating for 2022 was upgraded to 'BBB' from 'BB' by Morgan Stanley Capital International and CRISIL Sustainability Report 2022 assigned a 'Strong' rating, with an ESG score of 63.

Dividend

Based on your Company's performance, your directors have recommended a dividend of ₹ 10 per equity share of face value of Rs 2 each, for the year ended 31st March 2023.

The dividend, if approved by the members, would involve a cash outflow of Rs 658 crore.

Beyond Business

We strongly believe that acting responsibly and contributing to the well-being of society is integral to good business practices and value creation.

Over the last 76 years, your Company has actively contributed to the social and economic development of the communities in which it operates. This is done through focused interventions across education and capacity building, infrastructure, healthcare, and social reforms to enrich lives and create livelihood opportunities.

Your Company's CSR activities are implemented under the aegis of the Aditya Birla Centre for Community Initiatives and Rural Development, led by Mrs. Rajashree Birla, your Director. Your Company aims to enable these communities to reap the benefits of the nation's rapid economic growth and become active participants in the exciting journey ahead.

In FY23, Grasim was able to enrich the lives of over 11 lakh people across 9 states, 15 districts and more than 340 villages in India. Your company's CSR spend has traditionally been over and above the statutory requirement of 2% of average net profit. In FY23, the total spends touched Rs. 54 Cr.

Conclusion

Finally, I hold the conviction that our Purpose broadens our perspective, enabling us to pursue even greater horizons. It serves as the bedrock that propels us towards the future, emboldening us to venture into more significant commitments and pursuits.

Your Company doesn't just pride itself on being a purpose driven entity. It embodies it, living out this ethos in every endeavour, every relationship, and every venture. This commitment to purpose is what continues to steer us towards an even brighter, more impactful future.

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 Specialty products. The new-high growth businesses of Paints and B2B e-commerce will present a fresh canvas of opportunities to further strengthen our footprint and create sustained value.

On behalf of the Company's Board, I convey our deep sense of gratitude to all our stakeholders, business associates, and the Central & State Governments for their constant support. The commitment of all our employees to the growth of our Company is invaluable. Finally, let me express my deepest gratitude to each one of you, our shareholders. I look forward to your continued trust, confidence, and support.

Thank you very much!

Kumar Mangalam Birla
Chairman