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20<sup>th</sup> August 2024

**BSE Limited**  
**Script Code: 500300 / 890190**

**National Stock Exchange of India Limited**  
**Symbol: GRASIM / GRASIMPP1**

Dear Sirs / Madam,

**Sub: Chairman Speech at the 77<sup>th</sup> Annual General Meeting of Grasim Industries Limited**  
**("the Company")**

Please find enclosed Chairman Speech delivered at the 77<sup>th</sup> Annual General Meeting of the Company held today at 11:00 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 and Compliance Officer**  
**FCS-4164**

Encl: as above

**Cc:**

**Luxembourg Stock Exchange**  
35A Boulevard Joseph II  
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**Citibank N.A.**  
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**Citibank N.A.**  
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**GRASIM INDUSTRIES LIMITED**

**CHAIRMAN'S SPEECH**

**AT THE**

**SEVENTY SEVENTH ANNUAL GENERAL MEETING**

**Tuesday, 20th August, 2024 – 11.00 AM (IST)**

Dear Shareholders,

Once again a warm welcome to the 77<sup>th</sup> Annual General Meeting of Grasim Industries.

Our founding fathers envisioned business as an agent of positive change, rooted in the enduring friendship between Mahatma Gandhi and GD Birla, which predates India's independence. It harks back to a time when moral clarity provided a guiding light, and when business was imbued with a deeper meaning than just material concerns. This foundational philosophy has guided us across generations and business cycles. Every decade and every business cycle posed new questions. And we have demonstrated the resilience of our purpose time and again. And this purpose is aptly captured in our Group's new positioning statement, A Force for Good. At its core, this statement further energizes us to use our scale, resources, and leadership to amplify and create better outcomes for all our stakeholders—employees, consumers, partners, investors and the society at large. I have always believed that the stronger we grow, the greater the impact we create and the more we inspire to become a force for good.

Before we reflect on your Company's performance, I would like to briefly touch upon the broader macroeconomic environment we are operating in.

### **Macroeconomic Outlook**

Economic activity remained robust throughout the global disinflation of 2023 defying warnings of stagflation and global recession. The IMF reported that global GDP grew by 3.3 per cent in 2023, which is only 10 bps points lower than the pre-pandemic average (2013-2019) of 3.4 per cent, despite all the disruptions induced by geopolitical events.

Looking ahead, growth is expected to be stable with projected rates of 3.2 per cent in 2024 and 3.3 per cent in 2025.

While the U.S. economy exhibited robust growth in 2023, achieving a 2.5 per cent increase, defying many economists' recession forecasts, the Euro area recorded a modest growth of 0.5%. The IMF has revised its projections for EU growth in 2024, raising it by 10 bps points from 0.8 percent to 0.9 per cent.

In China, the real estate sector continues to face challenges and remains a drag on GDP. However, recently, the IMF revised China's growth forecast for 2024 upwards from 4.6 per cent to 5 per cent, mainly due to a rebound in private consumption and strong exports in the first quarter.

The Indian economy, though, remains resilient despite global risks, growing at a strong pace in FY24. Real GDP growth accelerated to 8.2 per cent from 7.0 per cent in the previous year, marking the third consecutive year of 7 per cent or higher growth. Investment played a key role in driving domestic demand, with gross fixed capital formation (GFCF) rising to 9 per cent in FY24 from 6.6 per cent in FY23, largely supported by government spending on infrastructure.

The outlook for the Indian economy remains positive, supported by strengthening macroeconomic fundamentals, a robust financial and corporate sector, and a resilient external sector. The government's continued thrust on capex while pursuing fiscal consolidation, and consumer and business optimism augur well for investment and consumption demand.

India is truly poised for a multi-decadal growth boom, with the Government's ambitious vision of a 'Viksit Bharat' acting as a powerful catalyst to drive economic momentum. The 'Viksit Bharat' goal resonates deeply with Grasim's own journey. Over the last five financial years, your Company, along with its subsidiaries, has allocated over ₹50,000 crore in capital expenditures, with 77% directed towards growth initiatives.

As India continues its rapid economic growth journey, we believe that Grasim is well-positioned to capitalize on the opportunities. Grasim has established leadership across key themes and is entering new businesses with high growth potential, enabling it to navigate efficiently through economic cycles.

Let me now turn to your Company's performance.

### **Your Company's Performance**

Your Company has achieved an exceptional milestone with the highest-ever annual revenue of Rs 1,30,978 crore for the financial year FY 2023-24, surpassing \$15 billion in consolidated revenues. The Company has also achieved its highest-ever consolidated EBITDA of Rs 20,837 crore. Your Company achieved record sales volumes in Cement, Cellulosic Fibres, Chlor Alkali, and the Speciality Chemicals businesses.

### **Let me cover the performance of the key business segments.**

Given the housing and infrastructure boom in India, the Building Materials segment is expected to experience significant growth over the next several years. Cement and Decorative paints are poised to be key segment of this expansion, with robust demand projected across the nation. With our cement business, UltraTech, our decorative paints business, Birla Opus, and our B2B e-commerce platform for building materials, Birla Pivot, we are well-equipped to lead the charge in meeting the rising needs of India's construction sector

**Our cement business**, housed in our subsidiary, UltraTech Cement Limited, is today the third largest cement company in the world, excluding China. In April this year, your Company marked a historic milestone of 150+ MTPA production capacity. This capacity surpasses 150% of the capacity in the United States and constitutes 80% of Europe's capacity. In FY 24, the business recorded net revenues of Rs 70,908 Crore and EBITDA of Rs 13,586 Crore. In FY24 alone, your Company increased its cement production capacity by 13.8 MTPA through expansion projects. With the completion of the ongoing expansion projects across India, and after the receipt of requisite approvals for the recently announced acquisitions of Kesoram Cement and India Cements, our total cement capacity will surpass the 200 MTPA by FY27.

**In the Paints business**, In April this year, your Company commenced production at three plants, with the remaining three on track for completion. All six plants will be fully operational by FY25. These manufacturing units located across the country are fully integrated, connected, and automated, enabling large-scale production of over 1,200 SKUs with consistent superior quality, powered by renewable energy and adhering to a zero liquid discharge policy. This year, ₹4,471 crore was invested in capital expenditure, bringing the total investment in the paint business to nearly ₹7,000 crore since its inception. Its 'Make Life Beautiful' advertisement has received an overwhelmingly positive response. Similarly the response from the Painter and Contractor fraternity is very positive, reinforcing our strategy to eliminate the 'pain' from painting. We remain confident in our guidance of achieving ₹10,000 crore in revenue within three years of full-scale operations

**The B2B e-commerce** business for building materials, "Birla Pivot" crossed the Rs 1,000 crore revenue milestone in its first year of operations. The business has expanded its portfolio to include 35 product categories and over 18,000 SKUs, sourced from more than 150 Indian and international brands, delivering to over 200 cities across 25 states. Our private labels under the Birla Pivot brand

are receiving an excellent response. With the strong growth trajectory in the construction materials sector and the rapid digital adoption across industries, Birla Pivot aims to achieve \$1 billion in revenue within the next three years

Our **Cellulosic Fibres business**, that includes both Cellulosic Staple Fibre (CSF) and Cellulosic Fashion Yarn, achieved a segment revenue of ₹14,949 crore. Improved utilization levels, coupled with a decline in input costs, led to a 67% year-on-year growth in EBITDA. The Staple Fibre business recorded its highest-ever sales volume of 810 KT for FY24, marking a 14% increase year-on-year meeting the increased demand from the downstream value chain. The CSF business consistently strives for excellence in customer centricity and product quality, with sustainability remaining a top priority. For the fourth consecutive year, Birla Cellulose was awarded the highest "Dark Green Shirt" rating by the global NGO Canopy Hot Button, recognizing our unwavering commitment to sustainability. In textile recycling and circularity, we made significant progress, with Liva Reviva now incorporating 30% pre-consumer textile waste. Additionally, our Sustainable Flame-Retardant fibres have secured certification from the Defence Research and Development Organisation and the Indian Navy. Our business continues to innovate, with several new products currently in the lab stage, set to be introduced to the market in due course.

In our **Chemical business**, Caustic sales volumes reached a record high of 1,205 KT, while Speciality Chemicals sales volumes also hit a peak at 95 KT, contributing 26% to the total Chemicals segment revenue. The segment's total revenue stood at ₹8,213 crore, with EBITDA at ₹1,054 crore. Chlorine integration improved to 62%, up from 60% in the previous year. Recently, we doubled our capacity in the Speciality Chemicals Epoxy business and are actively exploring multiple downstream chlorine chemistries to further enhance

chlorine integration. The Lubrizol CPVC resin plant project is progressing as planned, which will further support our chlorine integration strategy.

**On to our, Textiles business:** In line with our strategy to transition from pure manufacturing to building brands, our Textiles business has successfully established brands like 'Linen Club,' 'Soktas,' and 'Giza House,' now available at over 230 Exclusive Brand Outlets and more than 9,000 multi-brand outlets. Furthermore, our commitment to excellence and a positive work culture has earned our Textiles business the prestigious 'Great Workplace' recognition from the Great Place to Work® Institute.

Your company's **financial services subsidiary**, Aditya Birla Capital is poised for transformational growth adopting a customer-first and digital-first approach. This has led to the development of multiple state-of-the art customer-facing digital platforms helping Aditya Birla Capital augment its digital footprint. The business achieved the highest ever combined (NBFC + HFC) loan book of Rs 1,24,059 crore and the highest ever AUM of Rs 4,36,442 crore.

Your company's **Renewables business**, under the subsidiary Aditya Birla Renewables, is an emerging clean energy solutions provider in India. With a cumulative installed capacity of approximately 1 GW across 42 projects in 10 states, the business is on track to achieve 2 GW by the end of this year. The Group's major manufacturing businesses—Grasim, Ultratech, Hindalco, and Birla Carbon—have all committed to achieving 'Net-Zero' emissions by 2050. Aditya Birla Renewables plays a crucial role in meeting the renewable energy needs and decarbonization targets of these Group companies.



## **Moving on to Capital Expenditure**

Over the past five years, Grasim has invested ₹50,000 crore in capital expenditures, with 77% dedicated to growth initiatives. Remarkably, 40% of this amount—nearly ₹20,000 crore—was spent in FY 2023-24 alone, marking the largest-ever capital expenditure in our history. This substantial investment positions us for sustained growth and value creation for all our stakeholders.

## **Let me now talk about your Company's Sustainability Focus**

For more than seven and a half decades, Grasim has built global-scale businesses through relentless innovation, capacity expansion, and the pursuit of high-growth opportunities. As we continue to evolve, our commitment to a more sustainable future drives us. Our sustainability agenda is founded on rigorous analysis and innovative solutions, with the goal of becoming a net-zero company by 2050. We are actively working to reduce our carbon footprint and enhance environmental sustainability through various measures.

We are increasingly focusing on boosting our renewable power share across all our businesses. In the Chlor-Alkali business, we are reducing greenhouse gas emissions, while our Cellulosic Fibre business is targeting a 50% reduction in emission intensity. Similarly our textiles business is progressing towards a higher share of renewable power.

Water conservation is a critical element of our sustainability journey, and we are striving to reduce water consumption in our manufacturing processes. Waste management and circularity are also key components of our strategy, with efforts to grow circular products and build capacity to meet the demand for recycled fibre.

This year, our sustainability efforts received a significant boost with a ₹1,250 crore investment from the International Finance Corporation, the private sector arm of the World Bank Group. This investment, through the subscription of Sustainability-Linked NCDs, will accelerate Grasim's decarbonization initiatives by enhancing our adoption of renewable energy and advancing water recycling in our paints manufacturing process.

I am proud to announce that our commitment to sustainability and responsible business practices has been recognized by leading global rating agencies. We have achieved an S&P Global CSA Score of 68 and a BBB rating in ESG from MSCI. The CDP has awarded us a B score for our climate change initiatives, and Sustainalytics has given us an ESG Risk Rating of 27.9, reflecting our strong management of material ESG risks.

## **Human Capital**

As part of our commitment to being a 'Force for Good' diversity and inclusion remain central to our priorities. We have empowered our employees to develop their skills and reach full potential through numerous learning and development events at Gyanodaya, our dedicated training center, as well as outreach programs at our units and offices across India.

Our governance framework, overseen by a competent and diverse Board of Directors, ensures ethical operations and compliance with regulations, thereby promoting a culture where responsible governance and sustainability are deeply intertwined, fostering a resilient and purpose-driven organisation.

## **Dividend**

Based on your Company's performance, your Directors have recommended a **dividend** of ₹ 10 per equity share with a face value of ₹ 2 each, and for partly paid-up shares, the dividend will be paid in the proportion of paid-up value per equity share for the year ended 31<sup>st</sup> March 2024. The dividend, if approved by the members, would involve a cash outflow of ₹ **669 crore**.

Beyond Business, we continue to touch lives and uplift communities through interventions that embody the philosophy of being 'A Force for Good'.

Through our **CSR initiatives**, led by Mrs. Rajashree Birla, your Director and the Chairperson of the Aditya Birla Center for community initiatives and rural development, we have created positive impact across India, reaching over 12 lakh people across 300+ villages. We have spent over ₹58 crore in FY24, exceeding the statutory requirement of 2% of average net profit, and shaping a future where business success and community development go hand in hand.

## **Conclusion**

From FY20 to FY24, your Company has increased consolidated revenues by Rs 56,000 crore, recording a compounded annual growth rate (CAGR) of 15%. This growth has come with the highest-ever operating profit, which has grown at a CAGR of 11%. Our market capitalisation has surpassed the milestone of Rs 1,50,000 crore, adding over Rs 45,000 crore in value and generating over 40% returns for investors during the year.

The year also marked a significant milestone for your Company with a successful fundraising of Rs 4,000 crore through a rights issue which was oversubscribed nearly twice.

My special thanks to all our shareholders for the trust you have reposed in us. Your continued faith and support in our transformational journey is truly appreciated.

Looking ahead, we see tremendous growth potential in our established businesses—Cement, Cellulosic Fibres, and Chemicals—while our emerging ventures in Paints and B2B e-commerce are set to become key drivers of our future success. The combination of our robust scale businesses and these new growth engines positions us to capitalize on opportunities and lead with strength in the years to come.

On behalf of your Company's Board, I extend our heartfelt appreciation to our stakeholders, business partners, and the Central and State Governments for their support. We are deeply grateful for the dedication of our employees, who have been instrumental in driving our growth.

Thank you very much!

**Kumar Mangalam Birla**

Chairman