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## GRASIM INDUSTRIES SWOT & PESTLE ANALYSIS

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**Company Name :** Grasim Industries

**Company Sector :** Cement, Textiles, Chemicals, Financial Services

**Operating Geography :** India, Asia, Global

**About the Company :** Grasim Industries Limited is an Indian textile manufacturing company and is diversified into Viscose Staple Fiber (VSF), cement, sponge iron, chemicals and Diversified Financial Services (NBFC, Asset Management and Life Insurance). It is headquartered in Mumbai, Maharashtra, India. Grasim Industries is a subsidiary of Aditya Birla Group and was ranked 24th in the Fortune India 500 list in 2020. Grasim Industries was established in 1947, as a textile manufacturer in India and now it comprises viscose staple fibre (VSF), cement, chemicals, textiles and VSF and cement are its core businesses which contribute to over 90 per cent of its revenues and operating profits. Birla Cellulose which is a part of Grasim Industries Limited is one of the chief companies with the lowest water consumption in viscose fibre production, and its Nagda site is preparing to be the first MMCF site globally to achieve zero liquid discharge (ZLD) site later this year in 2021. Grasim Industries plans to introduce paint products in line with global mega-trends over the next three years. The company was honoured with the prestigious Golden Peacock Award for its project on integrated rural development in 2020. The company's rank is 154th in the list of the world's best regarded firms compiled by Forbes.

Grasim Industries Limited's Unique Selling Proposition or USP lies in it being the largest leading global producer of Viscose Staple Fibre, the largest Chlor-Alkali, Linen and Insulators player in India. The company's mission statement reads, "To deliver superior value to our customers, shareholders, employees and society at large".

**Revenue :**

?18,609.40 Cr - FY ending 31st March, 2020

?20,550 Cr- FY ending 31st March, 2019

## SWOT Analysis :

The SWOT Analysis for Grasim Industries is given below:

Strengths	Weaknesses
<ol style="list-style-type: none"> <li>1. Diversified product portfolio with businesses in high revenue sectors with a strong balance sheet</li> <li>2. A well-established market player in the Cement, Textiles and Chemicals industries in India as well as globally</li> <li>3. The second-largest producer of Viscose fiber in the world and largest exporter of Viscose in India</li> <li>4. Strong foothold in India, with high-capacity production, state-of-the-art plants and factories</li> <li>5. Ranked among the top companies for sustainable practices and CSR initiatives</li> </ol>	<ol style="list-style-type: none"> <li>1. High debt may hurt the company's finances and negatively affect common stockholders</li> <li>2. A rise in input costs (such as fuel) for the company has led to falling profits</li> <li>3. High dependence on Indian Market for sales</li> </ol>
Opportunities	Threats
<ol style="list-style-type: none"> <li>1. Grasim Industries can increase its market share in the Viscose Fiber market</li> <li>2. Opportunity for expanding the Cement and Insulators businesses through involvement infrastructure development projects</li> <li>3. Focus on expanding the Chemicals business globally</li> </ol>	<ol style="list-style-type: none"> <li>1. Competitors with high market shares can pose a threat to expansion possibilities</li> <li>2. COVID-19 poses a major threat of reduction in production and revenues for the company</li> <li>3. Cheaper local brands are increasing their hold in the country, which may impact top players like Grasim Industries</li> </ol>

## PESTLE Analysis :

The PESTLE Analysis for Grasim Industries is given below:

<p style="text-align: center;"><b>Political</b></p> <ol style="list-style-type: none"> <li>1. Political instability ongoing in India may be a deterrent to investors</li> <li>2. The change in tax policy regarding corporate tax cut, deductions and exemptions announced in 2020 budget is beneficial to companies in saving costs</li> <li>3. A change is expected in India-US trade policies with new Biden Administration</li> <li>4. India's high tariff policy is being frowned upon by WTO</li> </ol>	<p style="text-align: center;"><b>Economical</b></p> <ol style="list-style-type: none"> <li>1. Constant rise in fuel prices has resulted in rising costs</li> <li>2. The ongoing recession, though in recovery, is proving to be bad for both domestic and global business</li> </ol>
<p style="text-align: center;"><b>Social</b></p> <ol style="list-style-type: none"> <li>1. Consumer spending saw a sharp decline during the lockdown period, causing a negative impact on the textiles industry</li> </ol>	<p style="text-align: center;"><b>Technological</b></p> <ol style="list-style-type: none"> <li>1. Rising trend and need for usage of in-house green technology</li> <li>2. Using blockchain technology to improve supply chains</li> <li>3. End-to-end automation of logistics, a shift to online logistics activity</li> </ol>
<p style="text-align: center;"><b>Legal</b></p> <ol style="list-style-type: none"> <li>1. Anti-dumping laws imposed on viscose spun yarn by the government have reduced international competitiveness</li> </ol>	<p style="text-align: center;"><b>Environmental</b></p> <ol style="list-style-type: none"> <li>1. Regulations on Cement Industry may be a problem for Grasim's cement business</li> <li>2. Rising need for more sustainable and environment-conscious manufacturing processes</li> </ol>

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