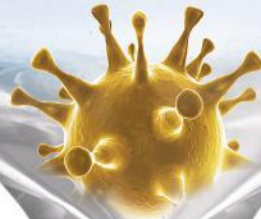


TOUGH TIMES DON'T LAST



ADITYA BIRLA



ANNUAL REPORT  
**2019-20**  
GRASIM  
INDUSTRIES LIMITED

**BIG IN  
YOUR LIFE**

TOUGH COMPANIES DO



# TRIBUTE TO A VISIONARY AND **A PASSIONATE ENTREPRENEUR**



**Mr. Aditya Vikram Birla**

(14.11.1943 - 01.10.1995)

We live by his Values.  
Integrity, Commitment,  
Passion, Seamlessness  
and Speed.

# CHAIRMAN'S LETTER TO THE SHAREHOLDERS

## *Dear Shareholders,*

COVID-19 and the associated lockdowns across countries have triggered a once-in-a-century crisis for the society and the economy in 2020. January now seems like a month of a bygone era – such has been the enormity of change. This is a defining period in human and business history: one that will test the resilience of individuals, societies, corporations, and nations.

Given the fog of uncertainty all around, it is hard to be prescient in these times. But there is little doubt on one reality: companies with quality leadership, sound business fundamentals, and a track record of winning in turbulent times, will emerge as champions in the new global order.

### **Global Economy**

It has been several months since the pandemic engulfed the world and yet there is a lot of uncertainty with respect to the extent of the economic contraction due to this crisis, and the subsequent pace of recovery.

This year will see an economic contraction, but this 2020 recession is turning out very different from the past recessions. It has been too sudden – almost off the cliff; its spread has been all-encompassing – affecting almost every economy and sector, and the plunge in economic activity

levels and employment has been unprecedented.



On the positive side, this recession is likely to be one of the shortest, assuming no second wave of the pandemic recurs. As present lockdowns around the world get lifted, and businesses reopen, economic activity is likely to bounce back fairly quickly. Around \$9-trillion stimulus from different governments globally will help to support this recovery, along with the monetary actions by Central banks. These policies will also help to restrict the second-order effects like defaults and bankruptcies.

Some scars of the crisis will remain in the form of subdued consumer and business confidence. Some sectors, like airlines and hospitality, will take



time to recover fully. And some supply chain disruption effects will linger. The International Monetary Fund (IMF) and other agencies are predicting that it could take about 5-6 quarters for global GDP to inch back to pre-crisis levels, and the global economic trajectory thereafter will be below the Pre-COVID trajectory for the next few years.

As the world emerges from the current crisis, the next few years are likely to be marked by lack of buoyancy in growth, subdued commodity prices and inflation, a cautious trend in project investments, heightened risks of de-globalisation and political uncertainty; and increased dependence of financial systems on ultra-loose monetary policy conditions. We will also have to watch out for potential Post-COVID changes in consumer behaviour (such as more virtual engagements) and of operating models of organisations (such as work-from-home norms, diversification of supply chain risks, more use of e-commerce).

 Government has initiated some remarkable reforms in agriculture, mining and public sector enterprises. Such pragmatic policies – along with the ambitious National Infrastructure Pipeline program that the Government had announced in December 2019 – will support India’s medium-term growth rebound 

### Indian Economy

COVID-19 struck India at a time when the underlying economic conditions were subdued on account of heightened global uncertainty and stress in the domestic financial system.

Against this backdrop, a stringent national lockdown to slow the spread of the pandemic started in the last week of FY20 and remained active to varying degrees in different geographies through most of the Q1 of FY21. It is estimated that about 80% of India’s GDP originates from districts which were classified under the red and orange zones during the lockdown, where economic activity remained severely constrained. Correspondingly, India’s GDP is likely to contract in FY21, which would be the first such instance in over four decades. The contraction is estimated to be particularly severe during Q1.

Responding to this challenge, both the Reserve Bank of India (RBI) and Government of India announced several policy measures to provide relief to the affected sections of the economy, to reduce the possibility of business failures and to support the process of recovery. Government has initiated some remarkable reforms in agriculture, mining and public sector enterprises. Such pragmatic policies – along with the ambitious National Infrastructure Pipeline program that the Government had announced in December 2019 – will support India’s medium-term growth rebound. In the interim, however, the Indian economy – like the global economy – will need to navigate through some difficult quarters.

### The Aditya Birla Group: In Perspective

Over a longer historical arc, the Aditya Birla Group has witnessed dramatic disruptions across periods, businesses, and geographies. And yet, we have come out stronger. Always. A wide range of insights and experiences accumulated over diverse situations, allows the Group to fortify its businesses from both the immediate and the lingering effects of economic pain, caused by the pandemic.

In these turbulent and dynamic times, the Group’s near-term focus is to hold the ship steady and to see it through the turbulence – by emphasising on conservation of cash, the safety of its teams and assets, and strengthening its business relationships. The Aditya Birla Group is also closely examining the evolving changes in the business environment and their implications, to position itself well for leveraging the opportunities through and after the economic revival.

*“Grasim traces its very origin to the spirit of nation-building. Its success over 8 decades is an emphatic endorsement of Atmanirbhar Bharat. Grasim today, is home to world-beating fibre and cement companies. The unmatched global scale built across diverse sectors like fibre, chemicals and cement is on the back of decades of relentless innovation, soaring and fearless ambition, incessant cost consciousness and nimbleness. These are the qualities of an Atmanirbhar Grasim which has been nourished from India and flourished globally.” – Mr. Kumar Mangalam Birla*

As the events began to unfold worldwide in the last quarter of the financial year, we anchored to our core strengths – our people, our processes, and our agility. In line with the Group’s core philosophy of employee

care and wellbeing, swift action was taken to shut down our offices, manufacturing units, retail outlets and branches — where necessary; and recalibrate operations where feasible. Overnight, everyone switched to a new paradigm of work from home and adopted digital technology seamlessly. This is not an easy transition for large, diverse global organisations. But it was made possible due to the adaptability and commitment of our employees, discipline of the leadership, strong processes, and past investments in digital technologies. Our culture of learning hugely supported this quick switchover. A multi-generational workforce was an added advantage; as the younger digital-native employees played a reverse mentor role in guiding the older employees to become digitally savvy; the older employees enabled others to stay calm, focussed and productive in difficult times. Continuous listening to employees through pulse surveys and guiding them to Make the Most of the situation led to a productive and winning mindset. A pulse survey conducted with ABGites showed an assuring trend – 86% were confident about delivering their Q1 goals of the new fiscal.

Faced with an unprecedented nationwide lockdown, our Group businesses proactively created 'Business Continuity Plans' working through different scenarios. Our teams engaged deeply and meaningfully with customers and value chain partners to support them better in these extraordinary times.

Over the last few months, business models have been reassessed, to identify strategic and tactical opportunities to improve effectiveness, prune avoidable costs as well as prepare for the new normal. New opportunities are continuously being ideated and explored. For example, Aditya Birla Fashion and Retail has made an emphatic foray into masks, our Chemicals Business is producing disinfectants, and the Fibre Business is manufacturing antibacterial fibre.

The pandemic has also accelerated our shift to digitisation across businesses. A new wave of digital energy is being unleashed with a clear focus on getting closer to our customers.

Our Group businesses are also leaving no stone unturned in redefining workplace hygiene. Every business has implemented new standards of safe working with guidelines for social distancing and zero-touch interactions. Similar protocols have been created for safe and superior customer engagements. We believe that things will continue to be dynamic and uncertain in the coming months. Even as we open offices and factories

with protocols to put employee safety at the forefront and enhance productivity, we will continue to leverage our strength of adaptability and agility.

A crisis of such magnitude is a great reminder of our responsibility to give back to society. True to its legacy, ABG has curated a multi-pronged approach to help our communities fight COVID-19, with a commitment of over ₹ 500 Crore towards COVID-relief measures. This entailed a contribution of ₹ 400 Crore to the PM CARES Fund. In addition, we have also leveraged the capabilities of our apparel business to commence the production of one million triple-layer surgical masks and 100,000 coverall garments. Several hundred thousand food packets, provisions and disinfectants have been distributed to the needy across the country. Given the depth of our presence in India, we have also earmarked over 300 beds for COVID-19 patients at our network of hospitals in our units.



A crisis of such magnitude is a great reminder of our responsibility to give back to society. True to its legacy, ABG has curated a multi-pronged approach to help our communities fight COVID-19, with a commitment of over ₹ 500 Crore towards COVID relief measures. This entailed a contribution of ₹ 400 Crore to the PM CARES Fund



This unflinching support to our employees, communities and other stakeholders is core to our DNA and will enable our long-term, sustainable growth.

### Your Company's Performance

Your Company delivered a strong performance in FY20, that was in part affected by the tumultuous last few weeks of the fiscal. Grasim demonstrated extraordinary resilience in this period of turmoil. This was largely on account of its diversified business portfolio and the inherent Balance Sheet strength. This gives me the confidence, that your Company will emerge stronger from this global crisis and maintain its long-term competitive advantage built on the back of a well-calibrated strategy of customer orientation, cost optimisation and product

development. The benefits of this strategy were already apparent in FY20. On a Consolidated basis, Grasim's Revenue for FY2019-20 stood at ₹ 77,625 Crore and EBITDA at ₹ 13,846 Crore.

### Viscose Staple Fibre Business

The Viscose Staple Fibre (VSF) business delivered superior operational performance in FY20, with all its plants operating at full capacity. Our push towards greener fibres received a significant impetus through the launch of an eco-enhanced version of Liva – Livaeco. This new variant boasts of unmatched sustainability credentials as it saves water, increases forest cover, biodegrades fast and reduces CO2 emission. Sourced from certified sustainable forests, the journey of every Livaeco-tagged garment can be traced to its origin. This new offering has been well received in the market.

Sustainability is at the core of every action taken by your Company. The VSF business has committed to go even beyond stipulated regulatory norms and adopt the most stringent European Norms (referred to as EU Best Available Technology) at all its viscose fibre manufacturing sites by FY22. By doing so, your Company would be setting industry-leading benchmarks on sustainable business practices, with the lowest water consumption and sustainable forest management.

The Viscose Staple Fibre (VSF) business has delivered superior operational performance with all its plants operating at full capacity utilisation. Our push towards greener fibre received a significant impetus through the launch of an eco-enhanced version of Liva - Livaeco

The VSF business reported best production and sales volume of 567 KT and 554 KT in FY20, up 5% and 2% YoY. FY20 revenue from Viscose business stood at ₹ 9,237 Crore and EBITDA at ₹ 1,339 Crore. The fall in EBITDA due to the loss in realisations, was partly cushioned by the reduction in pulp prices and various cost optimisation programmes undertaken during the year.

Our focus will continue to be on the areas of cost optimisation, sustainability, and developing new products & applications.

### Chemicals

The production and sales volume of caustic soda nearly touched the one million-tonne mark in FY20. The realisation remains under pressure as the domestic chlor-alkali industry is witnessing excessive oversupply from newly created capacities and rise in imports. However, the demand for chlorine value-added products remains strong and has improved towards the end of FY20 driven by health and hygiene products.

On the sustainability front, the business has commissioned Zero Liquid Discharge plants at Ganjam and Rehla. The Chemicals division has also committed to increasing the share of renewable energy in the overall power mix.

The Net Revenue of the Chemicals unit for FY20 stood at ₹ 5,504 Crore and EBITDA at ₹ 1,008 Crore.

### Other Businesses:

The urea business provided a steady stream of profitability. We had maintenance shutdown during the year which impacted the volumes; however, our non-Urea sales - called "Purak", grew by double digits during the year, providing overall stability to the business.

The performance of the Textiles business consisting of linen, wool, and premium cotton, was significantly impacted due to the weak market conditions in the premium segment, in which the Company operates. However, your Company was able to unlock significant amount of liquidity through the release of working capital in this business.

The Insulator business witnessed subdued demand in FY20. This was largely due to lack of large investments in the power sector. We are evaluating new product lines and export markets to boost the earnings of this business.

Our Pulp JVs in Canada and Sweden are of strategic importance to us. These units cater to a significant portion of our pulp requirement and ensure consistency in the supply of prime quality pulp. The performance of these JVs was impacted due to correction in the Pulp prices.

### Capex

Your Company has been in the process of executing a capex plan of ~₹ 7,800 Crore (at standalone level) for raising capacities in both the VSF and Chemical

businesses and towards modernisation capex at various plants. The capex plans are currently being reviewed, in the context of the current economic environment.

### UltraTech Cement Limited (a subsidiary of the Company)

The cement demand in the country, after witnessing a double-digit growth of 13% in FY19, declined in FY20 led by extended monsoons, and slowdown in capital expenditure for infrastructure and housing sectors.

UltraTech reported net revenues of ₹ 42,125 Crore and EBITDA of ₹ 9,930 Crore during FY20.

The acquisition of cement business (capacity 14.6 Million tonnes per annum) of Century Textiles and Industries Limited has provided UltraTech undisputed market leadership not only pan India, but also in each Zone of India - North, South, East, West and Central.

UltraTech's global capacity is now 114.7 million tonnes per annum up from about 70 million tonnes just 3 years ago. Today, UltraTech is the 3<sup>rd</sup> largest cement manufacturer in the world, excluding China; and is the only Company to have a capacity of over 100 million tonnes in a single country, outside of China.

### Aditya Birla Capital Ltd. (a subsidiary of the Company)

Aditya Birla Capital's consolidated revenue grew 11% year-on-year to ₹ 16,792 Crore. The consolidated profit after tax (after minority interest) reflected a growth of 6% year-on-year to ₹ 920 Crore. The Company raised ₹ 2,100 Crore of equity capital in September 2019 through a preferential allotment to the Promoter/Promoter group and marquee investors.

The overall lending book (NBFC and Housing Finance) stood at just under ₹ 60,000 Crore and the gross premium (across Life and Health Insurance) grew to ₹ 8,882 Crore. The Company's retailisation strategy helped it to grow its active customer base to ~ 20 Million through 850+

branches and 2,00,000+ channel partners and several bank partners. Aditya Birla Capital has robust risk management frameworks and continues to focus on quality growth, while creating value across its businesses.



The urea business provides a steady stream of profitability. We had maintenance shutdown during the year which impacted the volumes, however, our non-Urea sales which is called "Purak" grew by double digit during the year, providing overall stability to the business



### Conclusion

FY20 is not just another fiscal. Never has the transition between two financial years been as tumultuous for the global economy. The pandemic is no doubt, a sobering reminder of how the world can change in unforeseeable ways.

As COVID-19 gets quelled and the global economy reawakens, endurance will pave the way for renewal – for individuals and corporations alike. When we emerge from the coronavirus, I have no doubt that the world will recognise and celebrate corporations that are exemplars of good governance and sustainable growth. You can count on your Company as being one of them.

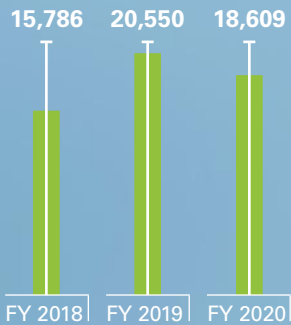
Yours sincerely

**Kumar Mangalam Birla**

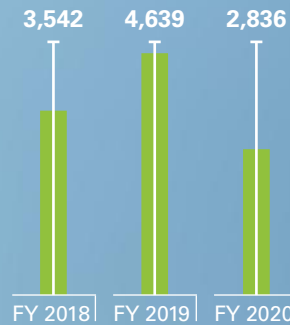
# FINANCIAL HIGHLIGHTS

## Grasim Standalone

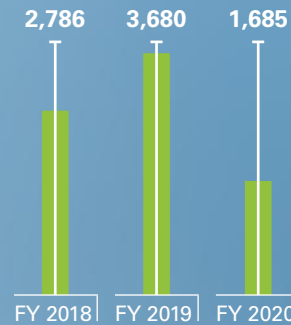
### Net Revenue (₹ in Crore)



### EBITDA (₹ in Crore)

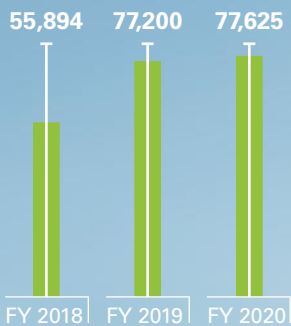


### PBT (₹ in Crore)

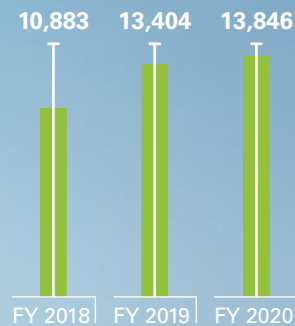


## Grasim Consolidated

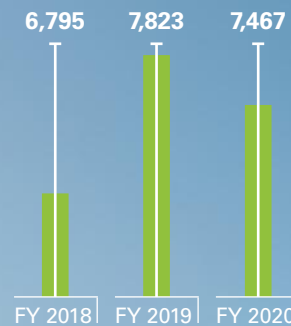
### Net Revenue (₹ in Crore)



### EBITDA (₹ in Crore)

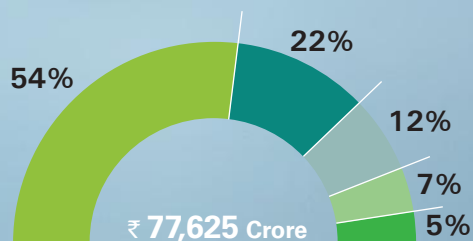


### PBT\* (₹ in Crore)



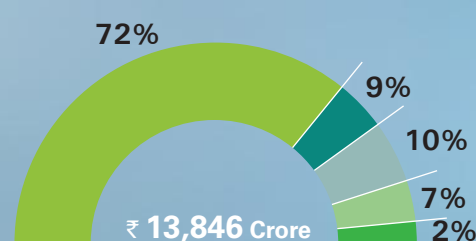
\* Before Share in Profit of JVs and Associates

## Net Revenue



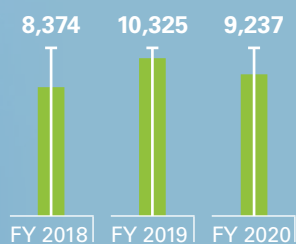
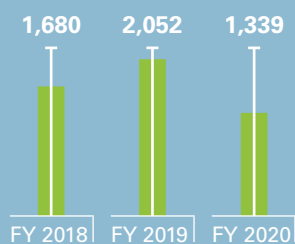
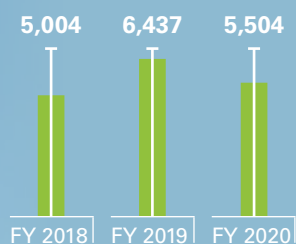
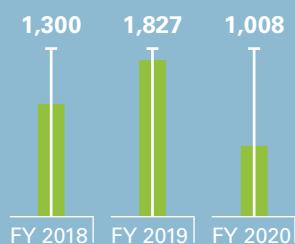
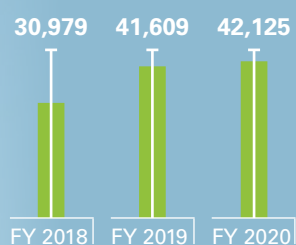
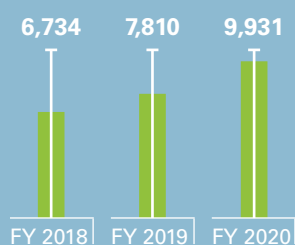
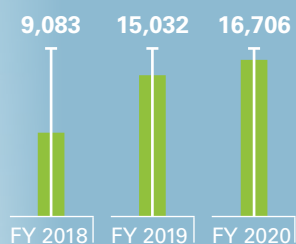
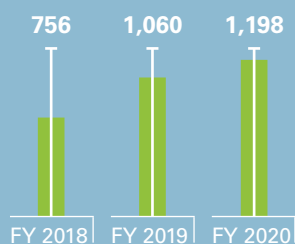
- Cement: ₹ 42,125 Crore
- Financial Services: ₹ 16,706 Crore
- Viscose: ₹ 9,237 Crore
- Chemicals: ₹ 5,504 Crore
- Others & Inter-segment Eliminations: ₹ 4,053 Crore

## EBITDA



- Cement: ₹ 9,931 Crore
- Financial Services: ₹ 1,198 Crore
- Viscose: ₹ 1,339 Crore
- Chemicals: ₹ 1,008 Crore
- Others & Inter-segment Eliminations: ₹ 370 Crore



**Viscose Business****Net Revenue** (₹ in Crore)**EBITDA** (₹ in Crore)**Chemicals Business****Net Revenue** (₹ in Crore)**EBITDA** (₹ in Crore)**UltraTech - Cement Business****Net Revenue** (₹ in Crore)**EBITDA** (₹ in Crore)**AB Capital - Financial Services Business****Net Revenue** (₹ in Crore)**EBITDA** (₹ in Crore)

# BOARD OF DIRECTORS

MR. KUMAR MANGALAM  
BIRLA

Chairman



MRS. RAJASHREE  
BIRLA

Non-Executive Director



MR. DILIP  
GAUR

Managing Director



DR. SANTRUPT  
MISRA\*

Non-Executive Director



MR. VIPIN  
ANAND#

Non-Executive Director



MR. SHAILENDRA  
K. JAIN

Non-Executive Director



MS. USHA  
SANGWAN®

Non-Executive Director



\* w.e.f. 13<sup>th</sup> June 2020 # w.e.f. 13<sup>th</sup> August 2020 ® up to 16<sup>th</sup> May 2020

MS. ANITA  
RAMACHANDRAN

Independent Director



MR. ARUN  
THIAGARAJAN

Independent Director



MR. CYRIL  
SHROFF

Independent Director



MR. N.  
MOHANRAJ

Independent Director



MR. O. P.  
RUNGTA

Independent Director



DR. THOMAS M.  
CONNELLY, JR.

Independent Director



# KEY MANAGERIAL PERSONNEL/ SENIOR MANAGEMENT TEAM

## MANAGING DIRECTOR

**Mr. Dilip Gaur**

Business Director-Pulp & Fibre

## CHIEF FINANCIAL OFFICER

**Mr. Ashish Adukia**

## PRESIDENT & COMPANY SECRETARY

**Mrs. Hutokshi R. Wadia**

## PULP & FIBRE BUSINESS

**Mr. H. K. Agarwal**

Business Head-Fibre

**Mr. Vinod Tiwari**

Chief Operating Officer-Pulp

**Dr. Aspi Patel**

Chief Technology Officer-Pulp & Fibre

**Mr. Rajeev Gopal**

Chief Marketing Officer-Pulp & Fibre

**Mr. Parag Paranjpe**

Chief Human Resource Officer-Pulp & Fibre

**Mr. Anil Rustogi**

Chief Financial Officer-Pulp & Fibre

**Mr. S. K. Saboo**

Advisor

## CHEMICAL, FERTILISERS AND INSULATORS BUSINESS (CFI)

**Mr. Kalyan Ram Madabhushi**

Business Head-CFI Sector

**Mr. Jayant Dua**

Chief Executive Officer-Chlor Alkali Business

(w.e.f. 1<sup>st</sup> October 2019)

**Mr. Pradip Kumar Dubey**

Senior President - Epoxy and

SBU Head - Epoxy Business

**Mr. O. R. Chitlange**

Chief Executive Officer-VFY

**Mr. G. K. Tulsian**

Executive President

**Mr. Sunil Kulwal**

Chief Executive Officer-Fertilisers

**Mr. Rohit Pathak**

Chief Executive Officer-Insulators

**Ms. Chandra Bhattacharjee**

Chief Human Resource Officer-Chemical

**Mr. Manoj Kedia**

Chief Financial Officer-CFI Sector

## TEXTILE BUSINESS

**Mr. Thomas Varghese**

Business Head-Textiles

**Mr. Satyaki Ghosh**

Chief Executive Officer-Domestic Textiles

**Mr. Ashok Machher**

Chief Financial Officer-Textiles

## CORPORATE FINANCE DIVISION

**Mr. Pavan K. Jain**

Senior President

**Mr. Hemant K. Kadel**

Senior President

**Mr. Pradeep Agrawal**

President

## CEMENT BUSINESS

(UltraTech Cement Limited)

**Mr. K. K. Maheshwari**

Managing Director

(up to 31<sup>st</sup> December 2019)

Non-Executive Vice Chairman

(w.e.f. 1<sup>st</sup> January 2020)

**Mr. K. C. Jhanwar**

Managing Director

(w.e.f. 1<sup>st</sup> January 2020)

## FINANCIAL SERVICES BUSINESS

(Aditya Birla Capital Limited)

**Mr. Ajay Srinivasan**

Chief Executive Officer

## SOLAR POWER BUSINESS

**Mr. Ravinder Khanna**

Chief Executive Officer

## STATUTORY AUDITORS

S R B C & CO LLP, Mumbai

B S R & Co. LLP, Mumbai

## REGISTRAR & TRANSFER AGENT

KFin Technologies Private Limited

## SOLICITORS

Cyril Amarchand Mangaldas

Advocates & Solicitors

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# FINANCIAL HIGHLIGHTS

## CONSOLIDATED

(Results for the year 2019-20, 2018-19, 2017-18, 2016-17 and 2015-16 are as per Ind AS)

Financial Year ----->	Unit	2019-20	2018-19	2017-18	2016-17	2015-16
<b>Production</b>						
Cement (Includes White Cement, Putty, Others)	Mn. Tonnes	80.77	82.22	60.79	51.00	50.57
Viscose Staple Fibre	Lakh Tonnes	5.67	5.41	4.99	4.93	4.64
Caustic Soda	Lakh Tonnes	9.98	9.95	8.86	7.80	7.56
<b>Turnover*</b>						
Cement (Includes White Cement, Putty, Others)	Mn. Tonnes	82.5	86.03	63.28	52.40	51.33
Viscose Staple Fibre	Lakh Tonnes	5.54	5.41	5.08	5.00	4.67
Caustic Soda	Lakh Tonnes	9.91	10.03	8.79	7.84	7.63

\*(Including Captive Consumption)

(₹ in Crore)

Profit & Loss Account	(USD Million) <sup>1</sup> ₹ in Crore		2018-19 <sup>2</sup>	2017-18	2016-17	2015-16
	Financial Year ----->	2019-20				
<b>Revenue from Operations (Net)</b>						
Cement	5,943	42,125	41,609	30,979	25,375	25,173
Financial Services	2,357	16,706	15,032	9,083	-	-
Viscose	1,303	9,237	10,325	8,374	7,101	6,022
Chemicals	776	5,504	6,437	5,004	3,813	3,429
Others	702	4,976	4,831	3,372	467	615
Inter-segment Elimination	-130	-922	-1,034	-918	-688	-751
<b>Total Revenue from Operations</b>	<b>10,951</b>	<b>77,625</b>	<b>77,200</b>	<b>55,894</b>	<b>36,068</b>	<b>34,488</b>
<b>EBITDA</b>						
Cement	1,401	9,931	7,810	6,734	5,861	5,365
Financial Services	169	1,198	1,060	756	-	-
Viscose	189	1,339	2,052	1,680	1,439	923
Chemicals	142	1,008	1,827	1,300	842	663
Others/Unallocated/Inter-segment Elimination	52	370	654	413	191	115
<b>Total EBITDA</b>	<b>1,953</b>	<b>13,846</b>	<b>13,404</b>	<b>10,883</b>	<b>8,333</b>	<b>7,066</b>
Interest	330	2,339	2,010	1,364	702	718
<b>Gross Profit (PBDT)</b>	<b>1,623</b>	<b>11,508</b>	<b>11,394</b>	<b>9,519</b>	<b>7,631</b>	<b>6,348</b>
Depreciation	570	4,041	3,571	2,724	1,808	1,834
<b>Profit before Tax and Exceptional Items</b>	<b>1,053</b>	<b>7,467</b>	<b>7,823</b>	<b>6,795</b>	<b>5,823</b>	<b>4,514</b>
Exceptional Items (EI)	-195	-1,382	-2,688	-433	-	-28
<b>Profit before Tax</b>	<b>858</b>	<b>6,085</b>	<b>5,134</b>	<b>6,362</b>	<b>5,823</b>	<b>4,486</b>
Total Tax Expenses	-4	-31	2,419	1,947	1,707	1,225
<b>Net Profit</b>	<b>863</b>	<b>6,115</b>	<b>2,716</b>	<b>4,415</b>	<b>4,116</b>	<b>3,262</b>
Less: Minority Interest	318	2,252	1,052	1,008	1,078	987
Add: Share in Profit/(Loss) of Associate	79	562	29	-727	129	193
<b>Net Profit</b>	<b>624</b>	<b>4,425</b>	<b>1,693</b>	<b>2,679</b>	<b>3,167</b>	<b>2,468</b>
Other Comprehensive Income (Owners of the Company)	-715	-5,068	-2,823	-166	951	210
<b>Total Comprehensive Income (Owners of the Company)</b>	<b>-91</b>	<b>-643</b>	<b>-1,130</b>	<b>2,513</b>	<b>4,119</b>	<b>2,678</b>

<sup>1</sup> 1 USD = ₹ 70.8858

<sup>2</sup> Restated. Refer to note 4.12 (A) of Consolidated Accounts

(₹ in Crore)

Balance Sheet	(USD Million <sup>3</sup> )	₹ in Crore	2018-19 <sup>4</sup>	2017-18	2016-17	2015-16
	2019-20					
Net Fixed Assets (incl. CWIP and Capital Advances)	9,716	73,476	70,638	57,615	33,443	33,550
Long-Term Loans and Advances	547	4,137	3,287	1,730	650	923
Loans and Advances of Financing Activities	7,732	58,477	61,972	50,649	-	-
Investments (Non-Current and Current)	3,076	23,261	21,065	28,268	14,200	10,601
Investments of Insurance Business	2,679	20,263	16,532	13,020	-	-
Goodwill	2,651	20,047	21,346	16,192	2,994	3,016
Assets held to cover Linked Liabilities	3,019	22,829	25,166	24,709	-	-
Current Assets	2,881	21,789	21,120	15,718	11,460	11,486
<b>Total</b>	<b>32,300</b>	<b>2,44,278</b>	<b>2,41,127</b>	<b>2,07,901</b>	<b>62,747</b>	<b>59,576</b>
Equity Share Capital	17	132	132	131	93	93
Reserves and Surplus	7,474	56,521	57,888	57,230	31,293	27,336
Net Worth	<b>7,491</b>	<b>56,652</b>	<b>58,020</b>	<b>57,362</b>	<b>31,387</b>	<b>27,429</b>
Non Controlling Interest	4,540	34,335	30,503	26,337	9,702	8,729
Deferred Tax Liabilities (Net)	907	6,859	8,796	5,597	3,518	3,025
Long-Term Liabilities & Provisions	283	2,143	688	494	449	386
Policy Holders Liability	5,456	41,265	40,150	36,373	-	-
Total Loan Funds <sup>5</sup>	3,823	28,910	29,178	26,918	9,213	12,504
Borrowings related to Financial Services	7,165	54,190	55,310	40,151	-	-
Current Liabilities <sup>5</sup>	2,634	19,923	18,484	14,669	8,478	7,503
<b>Total</b>	<b>32,300</b>	<b>2,44,278</b>	<b>2,41,127</b>	<b>2,07,901</b>	<b>62,747</b>	<b>59,576</b>

<sup>3</sup> 1 USD = ₹ 75.6275<sup>4</sup> Restated. Refer to note 4.12 (A) of Consolidated Accounts<sup>5</sup> Short-Term Borrowing and Current Maturities of Long-Term Borrowings have been included in Total Loan Funds excluding the same from Current Liabilities

Ratios & Statistics	Unit	2019-20	2018-19	2017-18	2016-17	2015-16
EBITDA Margin (EBITDA/Total Income)	(%)	17.6	17.2	19.2	22.5	20.1
Net Margin (before exceptional)	(%)	10.2	6.6	7.1	11.5	9.9
Interest Cover (EBITDA- Current Tax/Total Interest)	(x)	5.3	5.5	6.7	9.8	8.4
ROACE (EBIT/Avg.CE) (Excl. CWIP)	(%)	8.1	8.4	10.0	12.8	11.3
RONW (PAT before EI/EO/Avg. NW)	(%)	10.0	7.1	6.8	10.8	9.6
Total Debt to Equity Ratio	(x)	0.32	0.33	0.32	0.22	0.35
Net Debt to Equity Ratio	(x)	0.23	0.25	0.16	-0.05	0.10
Net Debt to EBITDA Ratio	(x)	1.49	1.65	1.25	-0.27	0.51
Basic Earnings per Share (before EI/EO)	₹/Share	87.4	62.2	45.9	67.8	52.8
Book Value per Share <sup>®</sup>	₹/Share	861	879	873	672	588
Market Cap	₹ in Crore	33,212*	59,263	71,604	48,971	35,884

<sup>®</sup> Previous year numbers are adjusted for split of shares\* As on 30<sup>th</sup> April 2020

# FINANCIAL HIGHLIGHTS

## STANDALONE

(Results for the year 2019-20, 2018-19, 2017-18, 2016-17 and 2015-16 are as per Ind AS)

(₹ in Crore)

Profit & Loss Account	(USD Million <sup>1</sup> )		₹ in Crore			
	2019-20	2018-19	2017-18	2016-17	2015-16	
Revenue from Operations (Net)	2,625	18,609	20,550	15,786	10,346	8,980
EBITDA	400	2,836	4,639	3,542	2,629	1,851
Interest	43	304	199	128	58	147
Gross Profit (PBDT)	357	2,532	4,440	3,414	2,571	1,704
Depreciation	119	847	760	628	446	445
Profit before Tax and Exceptional Items	238	1,685	3,680	2,786	2,125	1,259
Exceptional Items (EI)	-41	-294	-2,368	-273	-	-29
Profit before Tax	196	1,391	1,312	2,513	2,125	1,230
Total Tax Expense	17	121	796	744	565	259
Net Profit	179	1,270	515	1,769	1,560	971
Equity Dividend (including CTD)	37	263	516	455	401	221
Other Comprehensive Income	-715	-5,070	-2,798	-222	1,012	92
Total Comprehensive Income	-536	-3,800	-2,283	1,547	2,572	1,062

(₹ in Crore)

Balance Sheet	(USD Million <sup>2</sup> )		₹ in Crore			
	2019-20	2018-19	2017-18	2016-17	2015-16	
Net Fixed Assets (incl. CWIP and Capital Advances)	1,990	15,049	13,044	11,712	7,317	7,339
Long-Term Loans & Advances	39	294	215	282	178	225
Investments (Non-Current & Current)	3,660	27,676	31,128	35,547	8,996	7,100
Current Assets	856	6,476	7,407	6,177	3,360	3,133
<b>Total</b>	<b>6,545</b>	<b>49,495</b>	<b>51,794</b>	<b>53,718</b>	<b>19,851</b>	<b>17,796</b>
Share Capital	17	132	132	131	93	93
Reserves and Surplus	4,964	37,542	41,828	44,658	16,138	13,778
Net Worth	4,982	37,674	41,960	44,790	16,231	13,872
Deferred Tax Liability (Net)	185	1,403	1,879	1,835	663	494
Long-Term Liabilities & Provisions	26	197	97	76	110	96
Total Loan Funds <sup>3</sup>	670	5,068	3,311	2,969	701	1,839
Current Liabilities <sup>3</sup>	681	5,153	4,548	4,048	2,146	1,494
<b>Total</b>	<b>6,545</b>	<b>49,495</b>	<b>51,794</b>	<b>53,718</b>	<b>19,851</b>	<b>17,796</b>



Ratios & Statistics	Unit	2019-20	2018-19	2017-18	2016-17	2015-16
EBITDA Margin	(%)	14.8	22.0	21.8	24.3	19.8
Net Margin (before exceptional Item)	(%)	7.9	12.2	12.2	14.4	10.7
Interest Cover (EBITDA-Current Tax/Total Interest)	(x)	7.6	17.9	21.7	36.4	11.0
Total Debt to Equity Ratio	(x)	0.1	0.1	0.1	0.0	0.1
Net Debt to Equity Ratio <sup>4</sup>	(x)	0.08	-0.01	-0.01	-0.11	-
Dividend per Share <sup>5</sup>	₹/Share	4.0	7.0	6.2	5.5	4.5
Basic Earnings per Share (before EI/EO) <sup>5</sup>	₹/Share	22.9	39.1	30.1	33.4	21.4
Book Value per Share <sup>5</sup>	₹/Share	573	638	681	348	297
No. of Equity Shareholders	No.	2,33,934	2,32,610	2,30,926	1,52,463	1,39,659
No. of Employees	No.	24,123	24,390	24,286	8,669	8,891

<sup>1</sup> 1 USD = ₹ 70.8858

<sup>2</sup> 1 USD = ₹ 75.6275

<sup>3</sup> Short-Term Borrowing and Current Maturities of Long-Term Borrowings have been included in Total Loan Funds excluding the same from Current Liabilities

<sup>4</sup> From FY2015-16 to FY2018-19, liquid Investments are higher than total debts

<sup>5</sup> Adjusted for share split

# Board's Report

## To the Members,

Your Directors are pleased to present the 73<sup>rd</sup> Annual Report of your Company along with the Audited Financial Statements for the financial year ended 31<sup>st</sup> March 2020.

## FINANCIAL HIGHLIGHTS

Your Company's financial performance for the year ended 31<sup>st</sup> March 2020, is summarised below:

(₹ in Crore)

Particulars	Consolidated		Standalone	
	2019-20	2018-19 (restated*)	2019-20	2018-19
Revenue from Operations	77,625.10	77,200.25	18,609.40	20,550.43
Other Income	966.61	827.69	525.45	567.98
<b>Total Revenue</b>	<b>78,591.71</b>	<b>78,027.94</b>	<b>19,134.85</b>	<b>21,118.41</b>
<b>Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)</b>	<b>13,846.03</b>	<b>13,404.03</b>	<b>2,835.99</b>	<b>4,639.14</b>
Less: Finance Costs	2,338.50	2,009.85	303.85	199.05
Less: Depreciation and Amortisation Expenses	4,040.82	3,571.38	846.76	760.39
<b>Profit Before Share in Profit/(Loss) of Equity Accounted Investees, Exceptional Items and Tax</b>	<b>7,466.71</b>	<b>7,822.80</b>	<b>1,685.38</b>	<b>3,679.70</b>
Share in Profit/(Loss) of Equity Accounted Investees	562.22	29.06	-	-
Exceptional Items	(1,382.10)	(2,688.40)	(294.08)	(2,368.01)
<b>Profit Before Tax (PBT)</b>	<b>6,646.83</b>	<b>5,163.46</b>	<b>1,391.30</b>	<b>1,311.69</b>
Tax Expenses	(30.65)	2,418.72	121.35	796.39
<b>Profit for the Period Attributable to:</b>	<b>6,677.48</b>	<b>2,744.74</b>	<b>1,269.95</b>	<b>515.30</b>
Shareholders of the Company	4,425.19	1,692.99	1,269.95	515.30
Non-Controlling Interest	2,252.29	1,051.75	-	-
<b>Other Comprehensive Income for the Year Attributable to:</b>	<b>(5,002.00)</b>	<b>(2,781.26)</b>	<b>(5,069.64)</b>	<b>(2,798.07)</b>
Shareholders of the Company	(5,067.74)	(2,822.50)	(5,069.64)	(2,798.07)
Non-Controlling Interest	65.74	41.24	-	-
<b>Total Comprehensive Income for the Year Attributable to:</b>	<b>1,675.48</b>	<b>(36.52)</b>	<b>(3,799.69)</b>	<b>(2,282.77)</b>
Shareholders of the Company	(642.55)	(1,129.51)	(3,799.69)	(2,282.77)
Non-Controlling Interest	2,318.03	1,092.99	-	-
<b>Profit for the Period attributable to Shareholders of the Company</b>	<b>4,425.19</b>	<b>1,692.99</b>	<b>1,269.95</b>	<b>515.30</b>
<b>Opening Balance in Retained Earnings</b>	<b>3,940.83</b>	<b>3,453.58</b>	<b>3,796.06</b>	<b>3,765.46</b>
- Gain/(Loss) on Re-measurement of Defined Benefit Plans	(83.56)	(4.13)	(57.42)	(5.49)
- Gain on Sale of non-current Investments transferred to retained earnings from equity instruments through OCI	345.51	21.39	355.66	-
- Gain/(Loss) on merger of Cement business of Century Textiles Limited with UltraTech Cement Limited	-	(165.16)	-	-
- Stake Dilution in Subsidiary Companies	(524.91)	(0.57)	-	-
- Ind AS 116 (Leases) transition impact	(45.31)	-	(3.69)	-
- Idea Cellular Limited (now known as Vodafone Idea Limited) not consolidated as an Associate w.e.f. 31 <sup>st</sup> August, 2018	-	636.67	-	-
- Other Adjustments	7.86	3.67	-	-
<b>Amount available for Appropriation</b>	<b>8,065.61</b>	<b>5,638.44</b>	<b>5,360.56</b>	<b>4,275.27</b>
Add/Less: Transfer (to)/from Debenture Redemption Reserve	72.18	(76.15)	(24.51)	(23.38)
Less: Transfer to General Reserve	(2,865.57)	(1,032.60)	-	-
Less: Transfer to Special Reserve Fund	(103.73)	(107.47)	-	-
Less: Dividend Paid on Equity Shares (including Corporate Dividend Tax)	(542.89)	(481.39)	(515.01)	(455.83)
<b>Closing Balance in Retained Earnings</b>	<b>4,625.60</b>	<b>3,940.83</b>	<b>4,821.04</b>	<b>3,796.06</b>

\* refer note 4.12 (A) of Consolidated accounts

## DIVIDEND

Based on your Company's performance, the Directors are pleased to recommend for your approval, a dividend of ₹ 4 (Rupees Four Only) per equity share of ₹ 2 each of your Company (dividend @ 200% of the face value), for the financial year ended 31<sup>st</sup> March 2020. The dividend, if approved by the members, would involve a cash outflow of ₹ 263 Crore.

In terms of the provisions of regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as amended from time to time, your Company has formulated a Dividend Distribution Policy. This Policy is given in **Annexure 'A'** to this Report and is available on your Company's website, [www.grasim.com](http://www.grasim.com).

Dividend declared by your Company for the financial year ended 31<sup>st</sup> March 2020, is in compliance with the Dividend Distribution Policy.

## TRANSFER TO RESERVES

The Board of Directors of your Company has decided not to transfer any amount to the General Reserves, for the financial year ended 31<sup>st</sup> March 2020.

## PERFORMANCE REVIEW

On a consolidated basis, the revenue from operations for FY 2019-20, increased to ₹ 77,625.10 Crore which was marginally higher than that of the previous year (₹ 77,200.25 Crore in FY 2018-19). The consolidated EBITDA increased to ₹ 13,846.03 Crore for FY 2019-20 which was 3% higher than that of the previous year (₹ 13,404.03 Crore in FY 2018-19).

On a standalone basis, revenue from operations for FY 2019-20, is ₹ 18,609.40 Crore which was 9.45% lower than that of the previous year (₹ 20,550.43 Crore in FY 2018-19). The standalone EBITDA is ₹ 2,835.99 Crore for FY 2019-20 which was 38.87% lower than that of the previous year (₹ 4,639.14 Crore in FY 2018-19).

The Management Discussion and Analysis Section focuses on your Company's strategies for growth and the performance review of the businesses/operations in depth.

## STRATEGIC INITIATIVES

### Aditya Birla Power Composites Limited

Aditya Birla Power Composites Limited (ABPCL) was incorporated on 15<sup>th</sup> October 2019 as a wholly owned subsidiary of your Company. In terms of a Joint Venture

Agreement (JVA) signed between Grasim Industries Limited (Grasim) and Maschinenfabrik Reinhausen Gmbh (MR) of Germany, on 22<sup>nd</sup> October 2019, for the manufacture and sale of Composite Hollow Core Insulators ('CHCI') to serve the power transmission & distribution industry globally, ABPCL stands converted into a Joint Venture Company.

In terms of JVA, the share capital of ABPCL is held by Grasim and MR in the ratio 51:49 respectively and Grasim has nominated 3 Directors and MR has nominated 2 Directors on the Board of ABPCL.

ABPCL is in the process of setting up a state-of-the-art CHCI manufacturing plant at Halol, Gujarat, India at a project cost of about ₹ 100 Crore. The work of setting up the Plant at Halol is in progress and is expected to be commissioned by February 2021.

### Amalgamation of Grasim Premium Fabric Private Limited with your Company

Grasim Premium Fabric Private Limited ('GPFPL') (previously known as Suktas India Private Limited) was acquired by your Company in FY 2018-19 from SÖKTAS TEKSTIL SANAYI VE TICARET ANONIM SİRKETİ. GPFPL became a wholly owned subsidiary of your Company on 29<sup>th</sup> March 2019 and has its state-of-the-art manufacturing facility at Kolhapur, Maharashtra. GPFPL sells premium fabric in India under the 'SÖKTAS', 'Giza House' and 'Excellence by SÖKTAS' brands. GPFPL is also a preferred supplier to leading Indian and Global menswear brands.

The Board of Directors of your Company approved the draft Scheme of Arrangement between GPFPL (previously known as Suktas India Private Limited) and Grasim Industries Limited and their respective shareholders and all concerned (the Scheme) under sections 230 to 232 of the Companies Act, 2013.

The Scheme is subject to the requisite approvals including National Company Law Tribunal (NCLT) and other relevant regulatory authorities. The Appointed Date of the Scheme is 1<sup>st</sup> April 2019 or such other date as the Board of Directors of both the Companies or as the NCLT may direct. As the entire share capital of GPFPL is held by your Company along with its nominees, no equity shares of your Company would be allotted in lieu or exchange of its holding of GPFPL.

NCLT, Indore Bench at Ahmedabad has dispensed with convening of the meetings of equity shareholders and the creditors of the Company, since the amalgamation is between the Company and GPFPL. The proceedings are pending before NCLT, Mumbai Bench.

### **Amalgamation of Sun God Trading and Investment Limited with ABNL Investment Limited**

ABNL Investment Limited is a wholly-owned subsidiary of your Company and Sun God Trading and Investment Limited is a step down subsidiary of your Company and a wholly-owned subsidiary of ABNL Investment Limited.

The Board of Directors of ABNL Investment Limited and Sun God Trading and Investment Limited, approved the Scheme of Amalgamation between Sun God Trading and Investment Limited and ABNL Investment Limited and their respective shareholders and all concerned (the Scheme) under section 233 of the Companies Act, 2013.

The members and creditors of ABNL Investment Limited and the members of Sun God Trading and Investment Limited at their respective meetings held on 2<sup>nd</sup> March 2020 have accorded their consent to the Scheme. The Appointed Date of the Scheme is 1<sup>st</sup> April 2019 or any other date as the Board of Directors of Sun God Trading and Investment Limited or ABNL Investment Limited may direct. As the entire share capital of Sun God Trading and Investment Limited is held by ABNL Investment Limited along with its nominees, no equity shares of ABNL Investment Limited would be allotted in lieu or in exchange of its holding in it.

The necessary application has been filed before the Regional Director at Ahmedabad, whose order is awaited.

### **Amalgamation of Aditya Birla Solar Limited (ABSL) with Aditya Birla Renewables Limited (ABReL)**

ABSL and ABReL are wholly-owned subsidiaries of your Company, both engaged in the business of electric power generation using solar energy. The Board of Directors of both companies have approved the scheme of Arrangement between ABSL and ABReL under sections 230 and 232 of the Companies Act, 2013. The Appointed Date of the Scheme is 1<sup>st</sup> April 2019 or such other date as the Board of Directors of ABSL or ABReL may decide or National Company Law Tribunal (NCLT) may direct. As per the Share Exchange Ratio, for every 1,000 fully paid up equity shares of ₹ 10/- each in ABSL, 1,202 equity shares in ABReL of ₹ 10/- each fully paid up shall be issued.

ABSL and ABReL have filed a joint application with the NCLT, Mumbai Bench on 27<sup>th</sup> March 2020 for amalgamation of ABSL with ABReL and seeking dispensation from convening meeting of shareholders, as your Company is the sole member of ABSL and ABReL and has accorded its consent to the Scheme. The proceedings are pending before NCLT, Mumbai Bench.

### **Voluntary winding up of Aditya Birla Idea Payments Bank Limited**

Your Company holds 51% in the capital of Aditya Birla Idea Payments Bank Limited (ABIPBL).

Due to unanticipated developments in the business landscape leading to a seemingly unviable business model, the Board of Directors and shareholders of ABIPBL have, subject to receipt of requisite regulatory consents and approvals, approved the voluntary winding up of ABIPBL.

The Liquidator has been appointed and the liquidation is in progress.

### **Alteration to the Articles of Association (AOA)**

Aditya Birla Idea Payments Bank Limited (ABIPBL), now a subsidiary of the Company, was granted a license to operate Payments Bank by Reserve Bank of India in April 2017.

In order to comply with one of the conditions of the license, the members at 70<sup>th</sup> Annual General Meeting held on 22<sup>nd</sup> September 2017, approved alteration to the AOA by inserting new articles 63A to 63D, after the existing article 63 of the AOA of the Company.

As part of the liquidation process, RBI has cancelled the Payments Bank license of ABIPBL w.e.f. 28<sup>th</sup> July 2020. Consequently, it is proposed to obtain consent of the members for deleting articles 63A to 63D from the AOA of the Company, as stated in the Notice of this Annual General Meeting.

Your Directors commend the above for your approval.

### **Amendment to the Object Clause of the Memorandum of Association (MOA)**

Your Company is a leading manufacturer of viscose staple fibre (VSF) and Chemicals (Chlor Alkali) in India. Your Company manufactures various chemicals like Caustic Soda, Calcium Hypochlorite, Phosphoric Acid, Sodium Hypochlorite, Aluminium Chloride (Anhydrous) etc. many of which are used for processing/disinfecting edible food items.

In order to meet the registration requirement of Food Safety and Standards Authority of India, Clause 4.L of the MOA needs to be amended to inter-alia include Food processing aids or Food processing chemicals, as included in the Notice of the Annual General Meeting of the Company.

Your Directors commend the above for your approval.

## CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014, Listing Regulations and Ind AS 110 - Consolidated Financial Statements (CFS)/and Ind AS 28 - Investment in Associates/and Joint Ventures, the Audited Consolidated Financial Statements forms integral part of this Annual Report.

## SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES

The following are the changes in the subsidiaries, associates and joint venture companies of your Company:

Name of the Company	Change in Status	Effective Date
Aditya Birla Power Composites Limited	Became a wholly owned subsidiary	15 <sup>th</sup> October 2019
Aditya Birla Power Composites Limited	Became a Joint Venture	10 <sup>th</sup> December 2019

In accordance with the provisions of section 129(3) of the Companies Act, 2013, read with rule 5 of the Companies (Accounts) Rules, 2014, a statement containing the salient features of financial statements of each of the subsidiaries/associates/joint venture companies of your Company, in the prescribed Form AOC-1, is given in **Annexure 'B'** to this Report.

The said Form also highlights the financial performance of each of the subsidiaries/associates/joint venture companies included in the CFS pursuant to rule 8(1) of the Companies (Accounts) Rules, 2014.

In accordance with the provisions of section 136(1) of the Companies Act, 2013, the Annual Report of your Company, containing *inter-alia* the audited standalone and consolidated financial statements, has been placed on the website of your Company, [www.grasim.com](http://www.grasim.com). Further, the audited financial statements along with related information and other reports of each of the subsidiary companies is also available on the website of your Company, [www.grasim.com](http://www.grasim.com).

All documents referred to in the Notice will also be available electronically for inspection without any fee by the members from the date of circulation of the Notice of the Annual General Meeting up to the date of Annual General Meeting. Members seeking to inspect such documents can send an email at [grasim.secretarial@adityabirla.com](mailto:grasim.secretarial@adityabirla.com).

Your Company does not have any material unlisted subsidiary company. UltraTech Cement Limited and Aditya Birla Capital Limited are the material listed subsidiary companies of your Company. The Audit Committee and the Board reviews the financial statements, significant transactions and working of all the subsidiary companies, and the minutes of unlisted subsidiary companies are placed before the Board.

## CONVENING ANNUAL GENERAL MEETING THROUGH AUDIO VISUAL MEANS

Considering the present COVID-19 pandemic, the Ministry of Corporate Affairs ('MCA') has vide its General Circular No. 20/2020 dated 5<sup>th</sup> May 2020 read with General Circular No. 14/2020 dated 8<sup>th</sup> April 2020; General Circular No. 17/2020 dated 13<sup>th</sup> April 2020 (collectively referred to as 'MCA Circulars') and other applicable circulars issued by the Securities and Exchange Board of India ('SEBI') permitted convening the Annual General Meeting through Video Conference (VC)/Other Audio Visual Means (OAVM), without the physical presence of the Members at a common venue. In compliance with the MCA Circulars, applicable provisions of the Companies Act, 2013 and Listing Regulations, the 73<sup>rd</sup> Annual General Meeting of your Company will be convened and conducted through VC/OAVM.

## ULTRATECH CEMENT LIMITED (ULTRATECH)

### Acquisition of the Century Cement Business

The Scheme of Demerger for acquisition of the Century Cement Business by UltraTech was made effective from 1<sup>st</sup> October 2019. UltraTech's financials were restated from 20<sup>th</sup> May 2018, to include the financials of the acquired Century Cement Business in terms of the NCLT order sanctioning the Scheme of Demerger. Consequently, the CFS of the Company has also been restated as mentioned in note 4.12 (A) of CFS.

With this acquisition, UltraTech's cement manufacturing capacity stands augmented to 114.8 MTPA, including its overseas capacity. This makes UltraTech the 3<sup>rd</sup> largest cement Company in the world, outside of China, and also the largest cement Company in the 2<sup>nd</sup> largest market, globally. It is also the only Company in the world to have a capacity of over 100 MTPA in a single country, outside of China. This acquisition has further strengthened UltraTech's leadership position in the Central, Eastern and Southern Indian markets.

### Bangladesh Operations

During the year, UltraTech's wholly owned subsidiary, UltraTech Cement Middle East Investments Limited, divested its entire shareholding in Emirates Cement

Bangladesh Limited and Emirates Power Company Limited to HeidelbergCement Bangladesh Limited at a final Enterprise Value of BDT equivalent of US\$ 30.2 million.

### ADITYA BIRLA CAPITAL LIMITED (ABCL)

**Issue and Allotment of equity shares on preferential basis:**

During the Financial year 2019-20, ABCL allotted 21 Crore equity shares at ₹ 100 each (face value of ₹ 10 each at a premium of ₹ 90 each) on a preferential basis to (i) Grasim Industries Limited (the 'Promoter'), (ii) other members of its Promoter Group, (iii) Jomei Investments Limited ('Jomei'), (iv) PI Opportunities Fund-I ('PI Opportunities'), after obtaining approval from its shareholders and other statutory authorities including Stock Exchanges, Competition Commission of India and Department of Economic Affairs.

Your Company has in accordance with the Listing Regulations adopted the Policy for determining Material Subsidiaries. The said Policy is available on your Company's website, [www.grasim.com](http://www.grasim.com).

### SHARE CAPITAL

During the FY 2019-20:

- your Company issued and allotted 2,00,575 equity shares of ₹ 2/- each pursuant to the exercise of Stock Options and Restricted Stock Units in terms of the Employees Stock Option Schemes of your Company.
- your Company has not issued any shares with differential voting rights or any sweat equity shares.

### PURCHASE OF TREASURY SHARES

As on 31<sup>st</sup> March 2020, Grasim Employees' Welfare Trust ('Trust') constituted in terms of the Company's Employee Stock Option Scheme, 2018 ('ESOS 2018'), holds 13,57,375 equity shares of your Company. During the financial year, the Trust did not acquire any equity shares of your Company from the secondary market. As per Ind AS, purchase of own equity shares are treated as treasury shares.

### DEPOSITS

During the FY 2019-20, your Company has not accepted or renewed any deposits within the meaning of section 73 of the Companies Act, 2013, read with the Companies (Acceptance of Deposits) Rules, 2014, and, as such, no amount of principal or interest was outstanding, as on the date of the Balance Sheet.

### ISSUE OF NON-CONVERTIBLE DEBENTURES

During FY 2019-20, your Company has issued 17,500 fully paid-up, Unsecured, Redeemable Non-Convertible Debentures of face value of ₹ 10 Lakh each, at par, in three tranches, as per the details set out hereunder:

Date of Issue	Number of Non-Convertible Debentures	Issue Size (₹ in Crore)	Tenure	Rate of Interest	Date of Maturity
02.04.2019	5,000	500	5 years 13 days	7.85%	15.04.2024
04.06.2019	7,500	750	5 years	7.60%	04.06.2024
17.02.2020	5,000	500	3 years	6.65%	17.02.2023

### PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Pursuant to section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, disclosures relating to loans, advances and investments as on 31<sup>st</sup> March 2020 are given in the Notes to the Financial Statements. There are no guarantees issued, or securities provided by your Company in terms of section 186 of the Companies Act, 2013, read with the rules issued thereunder.

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report for the year under review, as stipulated under regulation 34 of the Listing Regulations, is presented in a separate section, and forms an integral part of this Report. It, *inter-alia*, provides details about the Indian economy, business performance review of the Company's various businesses and other material developments during the FY 2019-20, including impact of COVID-19 on businesses of the Company.

### CORPORATE GOVERNANCE

Your Directors re-affirm their continued commitment to the best practices of Corporate Governance. Corporate Governance principles form an integral part of the core values of your Company.

The Corporate Governance Report for the year under review, as stipulated under regulation 34 of the Listing Regulations, is presented in a separate section, and forms an integral part of this Report. A certificate from the Auditors on its compliance is given in **Annexure 'C'** to this Report.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

### Directors

- In accordance with the provisions of section 152 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment & Qualification of Directors) Rules, 2014, and the Articles of Association of the Company, Mrs. Rajashree Birla (DIN: 00022995) and Mr. Shailendra K. Jain (DIN: 00022454), Directors of your Company, are liable to retire by rotation at the Annual General Meeting and, being eligible, have offered themselves for re-appointment.

In terms of the provisions of the Listing Regulations, with effect from 1<sup>st</sup> April 2019, no listed company shall appoint or continue the appointment of a Non-Executive Director who has attained the age of 75 years, unless a special resolution is passed to that effect. Mrs. Rajashree Birla will be attaining the age of 75 years in September 2020 and Mr. Shailendra K. Jain has attained the age of 75 years in December 2018, and his continuation as a Non-Executive Director was then approved by the members at the Annual General Meeting held on 14<sup>th</sup> September 2018. Resolutions seeking their re-appointment and continuation as Directors, along with their brief profile forms part of the Notice of the Annual General Meeting.

- Subject to the approval of the shareholders, and based on the recommendations of the Nomination and Remuneration Committee, the Board at its meeting held on 13<sup>th</sup> June 2020 appointed Dr. Santrupt Misra (DIN:00013625) as an Additional Director (Non-Executive and Non-Independent) of the Company, subject to retirement by rotation, with effect from 13<sup>th</sup> June 2020. In terms of the provisions of the Companies Act, 2013, Dr. Santrupt Misra will hold office up to the date of the Annual General Meeting.

Resolution seeking the appointment of Dr. Santrupt Misra as Non-Executive (Non-Independent) Director along with his brief profile forms part of the Notice of the Annual General Meeting.

- Subject to the approval of the shareholders, and based on the recommendations of the Nomination and Remuneration Committee, the Board at its meeting held on 13<sup>th</sup> August 2020 appointed Mr. Vipin Anand (DIN: 05190124) as an Additional Director (Non-Executive and Non-Independent) of the Company, subject to retirement by rotation,

with effect from 13<sup>th</sup> August 2020. In terms of the provisions of the Companies Act, 2013, Mr. Vipin Anand will hold office up to the date of the Annual General Meeting.

Resolution seeking the appointment of Mr. Vipin Anand as Non-Executive (Non-Independent) Director along with his brief profile forms part of the Notice of the Annual General Meeting.

Your Directors commend the Resolutions for your approval for the aforesaid appointments/re-appointments/continuations.

- Pursuant to the Group's Policy of rotation of senior leaders, Mr. Sushil Agarwal, Whole-time Director & CFO relinquished his role as Chief Financial Officer of Grasim Industries Limited and as a member of its Board. Mr. Agarwal has ceased to be a Director on the Board of the Company, with effect from close of business hours on 30<sup>th</sup> June 2019.
- Term of (Late) Mr. M. L. Apte and Mr. B. V. Bhargava as Independent Directors of the Company expired post conclusion of 72<sup>nd</sup> Annual General Meeting of the Company held on 23<sup>rd</sup> August 2019. The Board placed on record its sincere appreciation for the valuable contribution and services rendered by Mr. Sushil Agarwal, (Late) Mr. M. L. Apte and Mr. B. V. Bhargava during their tenure as the Directors of the Company.
- Mr. Himanshu Kapania relinquished his role as the Non-Executive Director (Vice Chairman) of the Company, with effect from close of business hours on 31<sup>st</sup> December 2019, to pursue another role in the Aditya Birla Group. The Board placed on record its sincere appreciation for the valuable contribution and services rendered by Mr. Himanshu Kapania during his tenure as the Non-Executive Director (Vice Chairman) of the Company.
- Ms. Usha Sangwan has resigned from the Board of the Company, on personal and health grounds effective from 16<sup>th</sup> May 2020. The Board placed on record its sincere appreciation for the valuable contribution and services rendered by Ms. Usha Sangwan during her tenure as the Non-Executive Director of the Company.

### Key Managerial Personnel

Pursuant to the provisions of sections 2(51) and 203 of the Companies Act, 2013, read with the Companies (Appointment and Remuneration of Managerial

Personnel) Rules, 2014, Key Managerial Personnel of the Company as on 31<sup>st</sup> March 2020 are Mr. Dilip Gaur, Managing Director, Mr. Ashish Adukia, Chief Financial Officer and Mrs. Hutokshi R. Wadia, President and Company Secretary.

During the year under review, Mr. Sushil Agarwal, relinquished his office as Whole-time Director & CFO. He ceased to be the Key Managerial Personnel of the Company, with effect from the close of business hours on 30<sup>th</sup> June 2019. The Board of Directors at its meeting held on 24<sup>th</sup> May 2019, appointed Mr. Ashish Adukia as the Chief Financial Officer of the Company, with effect from 1<sup>st</sup> July 2019.

### **MEETINGS OF THE BOARD**

The Board of Directors of the Company met 7 times during the year to deliberate on various matters. The meetings were held on 5<sup>th</sup> April 2019, 11<sup>th</sup> April 2019, 24<sup>th</sup> May 2019, 12<sup>th</sup> July 2019, 14<sup>th</sup> August 2019, 14<sup>th</sup> November 2019 and 10<sup>th</sup> February 2020.

Further details are provided in the Corporate Governance Report, which forms an integral part of this Annual Report.

### **DECLARATION OF INDEPENDENCE**

Definition of 'Independence' of Directors is derived from regulation 16(1)(b) of the Listing Regulations and section 149(6) of the Companies Act, 2013 and rules framed thereunder. Your Company has received declarations from all the Independent Directors of your Company confirming that they meet the criteria of independence as prescribed under section 149(6) of the Companies Act, 2013 and regulation 16(1)(b) of the Listing Regulations.

### **FORMAL ANNUAL EVALUATION**

Pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations, the Board of Directors has carried out an annual evaluation of its own performance, its Committees, Independent Directors, Non-Executive Directors, Executive Director, and the Chairman of the Board.

The Nomination and Remuneration Committee of the Board has laid down the manner in which formal annual evaluation of the performance of the Board, its Committees and Individual Directors has to be made. It includes circulation of evaluation forms separately for evaluation of the Board and its Committees, Independent Directors/Non-Executive Directors/Executive Director and the Chairman of your Company.

The performance of Non-Independent Directors, the Board as a whole, and the Committees of the Board has been evaluated by Independent Directors in a separate meeting. At the same meeting, the Independent Directors also evaluated the performance of the Chairman of your Company, after taking into account the views of Executive Director and Non-Executive Directors. Evaluation as done by the Independent Directors was submitted to the Nomination and Remuneration Committee and subsequently to the Board.

The performance of the Board and its Committees was evaluated by the Nomination and Remuneration Committee after seeking inputs from all the Directors, on the basis of criteria such as the Board/Committee composition and structure, effectiveness of the Board/Committee process, information and functioning, etc.

The performance evaluation of all the Directors of your Company (including Independent Directors, Executive Director and Non-Executive Directors and Chairman), is done at the Nomination and Remuneration Committee meeting and the Board meeting by all the Board members, excluding the Director being evaluated on the basis of criteria, such as contribution at the meetings, strategic perspective or inputs regarding the growth and performance of your Company, among others. Following the meetings of Independent Directors and of Nomination and Remuneration Committee, the Board at its meeting discussed the performance of the Board, as a whole, its Committees and Individual Directors.

The new Directors inducted into the Board attend an orientation programme. The details of the programme for familiarisation of Independent Directors of your Company are provided in the Corporate Governance Report, which forms part of this Annual Report and are also available on your Company's website, [www.grasim.com](http://www.grasim.com).

### **DIRECTORS' RESPONSIBILITY STATEMENT**

The audited accounts for the year under review are in conformity with the requirements of the Companies Act, 2013 and the Accounting Standards. The financial statements reflect fairly the form and substance of transactions carried out during the year under review and reasonably present your Company's financial condition and results of operations.

Pursuant to section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of its knowledge and ability, confirm that:



- a) in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b) the accounting policies selected have been applied consistently, and judgements and estimates are made that are reasonable and prudent, so as to give a true and fair view of the state of affairs of your Company as at 31<sup>st</sup> March 2020 and of the profit of your Company for the year ended on that date;
- c) proper and sufficient care has been taken for the maintenance of adequate accounting records, in accordance with the provisions of the Act for safeguarding the assets of your Company, and for preventing and detecting fraud and other irregularities;
- d) Annual Accounts have been prepared on a 'going concern' basis;
- e) your Company has laid down proper internal financial controls, and that such internal financial controls are adequate and were operating effectively; and
- f) your Company has devised proper systems to ensure compliance with the provisions of all applicable laws, and that such systems were adequate and operating effectively.

## ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo stipulated under section 134(3)(m) of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014, is set out in **Annexure 'D'** to this Report.

## AUDITORS AND AUDIT REPORTS

### Statutory Auditors

Pursuant to the provisions of section 139(1) of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, B S R & Co. LLP Chartered Accountants (ICAI Firm Registration No. 101248W/W-100022) and S R B C & CO, LLP, Chartered Accountants (ICAI Firm Registration No. 324982E/E300003) have been appointed as Joint Statutory Auditors of the Company for a period of five consecutive years, till the conclusion of the 74<sup>th</sup> Annual General Meeting of the Company, to be held in the year 2021 and 75<sup>th</sup> Annual General Meeting of the Company to be held in the year 2022, respectively.

Pursuant to the provisions of section 139(1) of the Companies Act, 2013, as amended with effect from 7<sup>th</sup> May 2018, ratification of the appointment of the statutory auditors, by the Members at every Annual General Meeting during the period of their appointment, has been withdrawn from section 139(1) of the Companies Act, 2013 with effect from that date. In view of the above, no resolution is proposed for ratification of appointment of the Joint Statutory Auditors at the Annual General Meeting, and a note in respect of the same has been included in the Notice of the Annual General Meeting.

The Joint Statutory Auditors have confirmed that they are not disqualified to continue as Auditors, and are eligible to hold office as Auditors of the Company. As authorised by the shareholders, the Board, on the recommendation of the Audit Committee, has ratified the appointment of the Joint Statutory Auditors for their respective remaining terms at such remuneration, as may be mutually agreed between the Board of Directors and the Joint Statutory Auditors, from time to time.

The observations made by the Joint Statutory Auditors on the Financial Statements of the Company, in their Report for the financial year ended 31<sup>st</sup> March 2020, read with the Explanatory Notes therein, are self-explanatory and, therefore, do not call for any further explanation or comments from the Board under section 134(3)(f) of the Companies Act, 2013. The Auditors' Report does not contain any qualification, reservation, disclaimer or adverse remark.

### Cost Auditors

The cost accounts and records as required to be maintained under section 148(1) of Companies Act, 2013 are duly made and maintained by your Company. Pursuant to the provisions of section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014, as amended, notifications/circulars issued by the Ministry of Corporate Affairs from time to time, your Board has, on the recommendation of the Audit Committee, re-appointed the following Cost Auditors for FY 2020-21:

Name of the Cost Auditor	Division of the Company	Remuneration
M/s. D. C. Dave & Co., Cost Accountants, Mumbai (Registration No. 000611)	All Divisions of the Company, except Viscose Filament Yarn-Century Rayon Division	Not exceeding ₹ 15.00 Lakh plus applicable taxes and reimbursement of out-of-pocket expenses
M/s. M. R. Dudani & Co., Cost Accountants, Mumbai (Registration No. FRN - 104041)	Viscose Filament Yarn-Century Rayon Division	Not exceeding ₹ 2.20 Lakh plus applicable taxes and reimbursement of out-of-pocket expenses

Your Company has received consent from M/s. D. C. Dave & Co. and M/s. M. R. Dudani & Co., Cost Accountants, to act as the Cost Auditors of your Company for the FY 2020-21, along with separate certificates confirming each of their eligibility.

As required under the Companies Act, 2013, a resolution ratifying the remuneration payable to the cost auditors has been placed before the Members for their approval, at the Annual General Meeting.

## SECRETARIAL AUDITORS

Pursuant to the provisions of section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board has re-appointed M/s. BNP & Associates, Company Secretaries, Mumbai, to conduct the secretarial audit for FY 2021. The Secretarial Audit Report, issued by M/s. BNP & Associates, Company Secretaries for the FY 2019-20, is set out in Annexure 'E' to this Report.

The Secretarial Audit Report does not contain any qualification, reservation, disclaimer or adverse remark.

Your Company is in compliance with the Secretarial Standards specified by the Institute of Company Secretaries of India.

## REPORTING OF FRAUDS BY AUDITORS

During the year under review, neither the statutory auditors nor the secretarial auditor have reported to the Audit Committee under section 143(12) of the Companies Act, 2013 any instances of fraud committed against your Company by its officers and employees, details of which would need to be mentioned in the Board's Report.

## DISCLOSURES

### Contracts and Arrangements with Related Parties

During FY 2019-20, all contracts/ arrangements/ transactions entered into by your Company with Related Parties were on arm's length basis and in the ordinary course of business. There are no material transactions with any Related Party as defined under section 188 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014. All Related Party transactions have been approved by the Audit Committee of your Company. Your Company has implemented Related Party Transactions Policy and Standard Operating Procedures for the purpose of identification and monitoring of such transactions.

The details of contracts and arrangements with Related Parties of your Company for the financial year ended

31<sup>st</sup> March 2020, are given in Notes to the Standalone Financial Statements, forming part of this Annual Report.

The Policy on Related Party Transactions, as approved by the Board, is available on your Company's website, [www.grasim.com](http://www.grasim.com).

## VIGIL MECHANISM/WHISTLE BLOWER POLICY

Your Company has established a robust Vigil Mechanism for reporting of concerns through the Whistle Blower Policy of your Company, which is in compliance of the provisions of section 177 of the Companies Act, 2013, read with rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, and the Listing Regulations. The Policy provides for framework and process whereby concerns can be raised by its employees against any kind of discrimination, harassment, victimisation or any other unfair practice being adopted against them. Adequate safeguards are provided against victimisation to those who avail of the mechanism, and access to the Chairman of the Audit Committee, in exceptional cases, is provided to them. The details of the Vigil Mechanism are also provided in the Corporate Governance Report, which forms part of this Annual Report and the Whistle Blower Policy has been uploaded on the website of your Company, [www.grasim.com](http://www.grasim.com).

## CORPORATE SOCIAL RESPONSIBILITY

In terms of the provisions of section 135 of the Companies Act, 2013, read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors of your Company has a Corporate Social Responsibility (CSR) Committee, which is chaired by Mrs. Rajashree Birla. The other Members of the Committee are Ms. Anita Ramachandran, Independent Director, Mr. Shailendra K. Jain, Non-Executive Director and Mr. Dilip Gaur, Managing Director. Dr. Pragnya Ram, Group Executive President, CSR, is a permanent invitee to the Committee. The Corporate Social Responsibility Policy (CSR Policy), indicating the activities undertaken by your Company, is available on your Company's website, [www.grasim.com](http://www.grasim.com).

Your Company is a caring corporate citizen and lays significant emphasis on development of the host communities around which it operates. Your Company, with this intent, has identified several projects relating to Social Empowerment and Welfare, Infrastructure Developments, Sustainable Livelihood, Health Care and Education, during the year, and initiated various activities in neighbouring villages around its plant locations. The

initiatives undertaken by your Company on CSR activities, during the FY 2019-20, are set out in **Annexure 'F'** to this Report, in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. Your Company has spent a sum of ₹ 58.98 Crore, which is more than 2% of the average net profits of the last three years for the purposes of CSR.

## RISK MANAGEMENT

Pursuant to the requirement of Listing Regulations, your Company has constituted Risk Management Committee, which is mandated to review the risk management plan/process of your Company. Risk evaluation and management is an ongoing process within the Organisation. Your Company's Risk Management Committee periodically assesses risk in the internal and external environment, and incorporates Risk Mitigation Plans in its strategy, business and operation plans. Your Company has comprehensive risk management framework, which is periodically reviewed by the Risk Management Committee.

## BUSINESS RESPONSIBILITY REPORT

As per regulation 34(2)(f) of the Listing Regulations, a separate section on Business Responsibility Report, describing the initiatives taken by your Company from environmental, social and governance perspective, forms an integral part of this Annual Report.

## EXTRACT OF ANNUAL RETURN

The extract of the Annual Return of your Company as on 31<sup>st</sup> March 2020 in **Form MGT-9**, in accordance with section 92(3) of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, is given in **Annexure 'G'** to this Report. The same is also available on your Company's website, [www.grasim.com](http://www.grasim.com)

## INTERNAL FINANCIAL CONTROLS

Your Company has in place adequate internal financial control system commensurate with the size of its operations. Internal control systems comprising of policies and procedures are designed to ensure sound management of your Company's operations, safe keeping of its assets, optimal utilisation of resources, reliability of its financial information and compliance. Systems and procedures are periodically reviewed to keep pace with the growing size and complexity of your Company's operations. During the year under review, no material or serious observation has been received from the Auditors of your Company citing inefficiency or inadequacy of such controls.

## REMUNERATION POLICY

The Remuneration Policy of your Company, as formulated by the Nomination and Remuneration Committee of the Board of Directors is given in **Annexure 'H'** to this Report and is also available on your Company's website, [www.grasim.com](http://www.grasim.com).

## COMMITTEES OF THE BOARD

### Audit Committee

The Audit Committee comprises of Mr. Arun Thiagarajan, Mr. O. P. Rungta, Mr. N. Mohanraj and Mr. Dilip Gaur as its Members. The Committee comprises of majority of Independent Directors with Mr. Arun Thiagarajan being the Chairman. The CFO of your Company is the permanent invitee at the Audit Committee meeting.

Further details relating to the Audit Committee are provided in the Corporate Governance Report, which forms an integral part of this Annual Report.

All the recommendations made by the Audit Committee, during the year, were accepted by the Board of Directors of your Company.

### Nomination and Remuneration Committee

The Nomination and Remuneration Committee as on 31<sup>st</sup> March 2020 comprises of Mr. O. P. Rungta, Mr. Cyril Shroff and Mr. Kumar Mangalam Birla as its members.

Further details relating to the Nomination and Remuneration Committee are provided in the Corporate Governance Report, which forms an integral part of this Annual Report.

### Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee comprises of Mrs. Rajashree Birla, Ms. Anita Ramachandran, Mr. Shailendra K. Jain and Mr. Dilip Gaur as its members. Mrs. Rajashree Birla is the Chairperson of the Corporate Social Responsibility Committee.

Further details relating to the Corporate Social Responsibility Committee are provided in the Corporate Governance Report, which forms an integral part of this Annual Report.

### Stakeholders' Relationship Committee

Stakeholders' Relationship Committee comprises of Mr. O. P. Rungta, Mr. Cyril Shroff and Mr. Dilip Gaur as its members. The Committee looks into matters relating

to transfer/transmission of securities; non-receipt of dividends; non-receipt of annual report etc.

Further details pertaining to Stakeholders' Relationship Committee are provided in the Corporate Governance Report, which forms an integral part of this Annual Report.

## RESEARCH AND DEVELOPMENT (R&D)

The R&D projects portfolio is focused on improving the relative market position of our businesses in the face of increasingly volatile and competitive business environment. The focus is on developing and commercializing premium differentiated products, improving our competitive cost position, product quality and environmental sustainability. To support these goals, the businesses are managing a pipeline of projects that are addressing near and mid-term needs, as well as the exploration of future opportunities.

## PULP & FIBRE BUSINESS

The Pulp R&D Technology team is focused on increasing process efficiencies. Your Company has installed and optimised an oxygen-delignification (ODL) step in pulp making process at the Harihar plant, leading to significant reduction in water-consumption and effluent. Improvements in the biogas operations at Harihar pulp plant have allowed to double the biogas production. Use of algorithm based on machine learning concepts in bleaching process and improvements in digester process have enabled reduction in pulp viscosity variations leading to improvement in stability of fiber plant. Digitisation initiative to connect pulp and fiber plants has been piloted successfully at Birla Cellulosic Kharach site and our pulp plants, providing the fiber producing plants with real time access of pulp quality data. This is now being extended to external pulp suppliers.

The focus areas for innovations in Viscose Staple Fibre (VSF) production facilities aim at increasing productivity, customer experience of product quality, sustainability and specialty products. Our agenda is to advance the development, and progress the implementation of process technologies which reduce in-process consumption of material and energy. This is translating into reduced cost of production while enhancing sustainability. One example is the increased efficiency of the gaseous emission control technology and its implementation in new installations at China and Vilayat plants. Thus, we are implementing our public commitments for reducing the environmental footprint. Responding to the reducing availability of water, we have been on a journey to reduce water consumption at our plants. At our Nagda plant, this year we have further embarked on fully closed-

loop recycling of water by designing a fit-for-purpose zero liquid discharge (ZLD) system, that is now under construction.

Aditya Birla Science and Technology Company Limited (ABSTC) has gained understanding of effluent stream characteristics and variation in their treatments, and this is indicating potential to reduce cost of recovering chemicals such as zinc and provide cleaner effluent, and a pilot plant is under construction at Birla Cellulosic, Kharach. Similarly, recent years' understanding of the fundamentals of fiber dryers have been used to increase productivity, reduce energy consumption and improve uniformity of fiber drying.

Our work towards customers' experience aimed at achieving higher efficiency in yarn spinning and improved yarn quality from our grey fibers. We also progressed with launch of specialty products, resulting in new offerings at different stages of commercialization. Working with external labs and customers, we developed and scaled-up rapidly Purocel EcoFlush: a short-cut Non Woven fibers for wipes with enhanced flushability. Another new product is the Liva Reviva fiber where we have incorporated cotton-waste (from garmenting industry) as partial replacement to dissolving-grade pulp in the viscose making process. This aligns with the global trend of waste-management, and has helped us earn top points in the Canopy style ratings for sustainability credentials among cellulosic fiber producers. Livaeco, a recently launched fiber with enhanced sustainability credentials and physical source verification, has received recognition and traction from garment Brand owners, and this approach has been extended to multiple plants and products. The differentiated products pipeline continues to progress with additional products through development, customer acceptance tests, scale-up and product launch.

Man-made cellulosic fibers are being seen as potential alternative to regulations aiming to reduce use of plastics in packaging, and ABSTC is leading such development for business, and is evaluating potential of viscose based solutions for carry bags.

Our digitalization program has aimed at assisting business decision making through data driven approaches for improvement in energy efficiency, asset uptime, quality, productivity and supply chain efficiency. Optimisation of Activated Carbon Process has resulted in improved CS<sub>2</sub> recovery. Pulp Logistics cost optimisation model is developed and is being piloted. As a start, we are developing digital-twin solutions

at Vilayat for Chiller, Multiple Effect Evaporator and Fibre Dryer processes for improving energy economy, plant capacity and product quality through improved process control.

Your Company has employed a fiber quality gradation system since 2013, and this year a more comprehensive system has been institutionalized in alignment with our line-benchmarking exercise and continuous improvement principles. This improvement focuses not only on product features, but also on process parameters that are known to impact product. This will promote consistency to the next level and is aligned with our fibre quality improvement initiative that relies on 'Product by Process' approach using Six Sigma principles. Of the 23 fiber lines (covering 80% of total capacity) that were identified as mechanically capable of producing benchmark quality fiber, several hardware improvement and process optimisation actions have now enabled 22 lines to achieve the benchmark quality level. We aim to achieve the same in last remaining line in FY21. A further focus of this year will be to use process led innovations to overcome the capex intensive mechanical limitations of the currently less-capable fiber lines.

Our proprietary Excel® process based on in-house developed environment-friendly solvent-spinning technology has been stabilized at the recently commissioned 45 TPD plant, now achieving the target production capacity and solvent recovery norms. The focus of technology development is now on developing new value-added products, enhancing sustainability and improving productivity and cost structure for future expansions. A new prototypic set-up for developing non-fibrillating Excel® for premium knit applications is commissioned in the pilot plant for evaluation of new sustainable chemistries developed at lab scale. A specialty coarse denier Excel® product developed at pilot scale for carpet application have gone through customer acceptance test. External collaborations have been established to complement our in-house R&D efforts for developing a circular process that utilizes cellulose from recycled garment waste and non-plant sources as feedstock.

Textile Research and Application Development Centre (TRADC) continues to bring contemporary, innovative and cost-effective solutions for the Global Fashion Industry. The quality of such developments is established through adoption by niche brands, such as Modal/Linen and Viscose/Linen fabric by Van Huesen Women's wear. Development in denims has allowed use of Excel fiber in place of cotton. A global brand has selected cotton

blend with dope-dyed viscose for their casual bottom-wear segment. Similarly, handloom sector found Modal and Excel blends to be superior to conventional cotton in Sarees and Scarves, thus shifting government co-operatives and retails orders from cotton to Modal or Excel. Development based on Core-Spun Technology has drawn attention of one of the largest garment exporters and textile units.

The RD&T activities thus span a wide range of present and future necessities of the P&F Business.

### Viscose Filament Yarn (VFY)

Your Company has been successful in creating new Viscose Filament Yarns to enter segments where it was never considered. This led to new products like VFY with lesser filament & crispier fabric feel, monofilament VFY, bi-shrinkage yarns and VFY with unique effects for different fabric weaves. Your Company has launched Raysil Prim, a high performance spool spun yarn with new pulp blend and upgraded technology. These, with new construct and blends, further the objective to create fashion fabrics.

On process side, your Company is exploring possibilities to introduce robotic inspection & packing automation in SSY, Project Suraksha (for creating safety with Video Analytics) and digital interventions for quality enhancement. Technology upgradation and process innovation is done in-house including building SSY machines for expansions. Indian Rayon has also installed ETP water recycling plant and 2<sup>nd</sup> recycling plant is coming up shortly. The unit has undertaken project for installation of water desalination plant for 100% self-dependence on water.

### Chemical Business

Your Company's R&D efforts are focused on building innovative products, developing new applications, improving productivity, creating platforms to strengthen core-businesses, improving water & energy efficiencies and recovery/reuse of waste products – with underlying theme to be big in our customer's life.

Chlor-alkali business's R&D efforts focused on water treatment solutions, disinfectants as a platform, improving salt water beneficiation from sea water, developing value-added Chlorine offerings. Your Company has patents including ones for water treatment & beneficiation, for effluent treatment chemicals for recovery & reuse, fire retardant chemicals, immunization & anti-infection clean chemicals, etc.

Water Treatment Chemicals have considerably grown based on tailor made applications developed at our dedicated– Aditya Birla Water Application Development Centre (ABWADC) – including that for city waste water treatment for major cities in India, for power plants and for paper pulp industry. Your Company has commercialized solutions for oil-water separation and colour removal from wastewater. ABWADC is working with Common Effluent Treatment Plants (CETPs) to meet treated wastewater quality. Collaboration with National Chemical Laboratory, NEERI, IITs, CLRI and NITs has progressed further during the year. Project sponsored by DST with a NIT for removal of fluoride from drinking water is at advanced stage of development. Technologies and processes developed at ABWADC have been transferred to other Units of Chemical business.

Various improvements in existing processes were achieved, including in CaCl<sub>2</sub> stream handling, bleach salt, new high basicity coagulations, debottlenecking of Super Coagulant process, among others. This has helped improve efficiencies as well as quality. Your Company is focused on process improvements for basic raw material blends to achieve process accelerations and engineering improvements. Your Company has successfully created newer grades for new applications of products like Chlorinated Paraffin Wax. Newer products are evaluated continually including new chlorine derivatives, extending current chlorine chains for products in agri-inputs and adding value to waste. Moreover, given significant cost of brine purification, a focused work on optimisation of brine treatment process, effluent regeneration was done to reduce load on operationalised Zero Liquid Discharge.

### Advanced Material – Epoxy Resins

Your Company's R&D team is involved in developing new products in Composites segment, Electrical & Electronic segment, Wind Turbine blades of length of over 90 meters, Epoxy systems which has long pot life & long gel-time with better control over exotherm and timely technical services for our customers. To cater to the Civil and Coating segment, your Company is developing solvent and water based epoxy solutions as adhesives and coatings for various substrates like marble, cement, wood, glass, concrete, etc. We have also developed BPA-free water-based coating solutions for food packaging, powder coating, etc.

Apart from these application developments, your Company also works on synthesizing new backbone molecules with multiple functionality for making our products green, and process development for recycling these products.

### Agri-business

During the year, in line with Hon'ble Prime Minister's Vision of doubling farmer income by 2022, your Company's Agri-business defined its purpose as 'Farmers' Prosperity'. Thus, R&D approach is to innovate to deliver products that are customised, functional and with world-class quality. This year, a patent was granted for Customised Fertiliser Process and patents are also filed for product and process of slow release urea. Your Company is providing thrust on Purak segment (non-Urea business) which includes innovative and patented product Oorja (a soil conditioner – being expanded to newer crops and in new states across India) and Birla Shaktiman Vardan (soil and crop-specific customised fertiliser). Several innovative products are at various stages of development – from testing & piloting to refinement & commercialisation – like new variants of customised fertilisers, new Oorja variants, new NP inputs, slow release urea, among others.

### Insulators

Your Company's Insulators business has accelerated its R&D efforts with focus on process & working environment improvements. Two patents have been filed: (1) an international patent (in USA) on a unique automation process developed in-house which helps precisely maintain all key kiln parameters automatically during the firing process and (2) a patent on development of unique special glaze that eliminated dry finishing step (that generates dust; thus improving environmental conditions for workers) while giving superior finish.

Your Company has also accelerated its new product development to solve for emerging customer needs. These include bottom RTV coated porcelain insulators for Transmission lines that can withstand the highest pollution levels in India and a new Semi-conductive glaze coating on the porcelain insulators that reduces the tendency for electrical discharge specially in icy zones like in Europe and North America.

### MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF YOUR COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THE FINANCIAL STATEMENT RELATES AND THE DATE OF THE REPORT

No material changes and commitments, which could affect your Company's financial position, have occurred between the end of the financial year and the date of this Report. There has been no change in the nature of business of your Company.

## IMPACT OF COVID-19 ON BUSINESS

In March, 2020 i.e. the last month of FY 2020, the COVID-19 pandemic developed rapidly into a global crisis, forcing governments to enforce lock-downs of all economic activity. For the Company, the focus immediately shifted to ensuring the health and well-being of all employees and ensuring business continuity. Implementation of adequate policies and procedures to enable 'work from home' for employees to work remotely and securely and ensure Business Continuity Plan. Given that employee safety and government directives, operations at all the plants of the Company except the Fertiliser plant at Jagdishpur, UP were suspended. The operations have since been resumed at all the plants in the month of May/June, 2020 following guidelines of the government authorities, though capacity utilizations remain low. Your Company has taken measures to maintain adequate financial liquidity and to ensure availability of raw materials and needed resources for sustained operations. Regular updates on the impact of COVID-19 on the businesses of the Company are being filed with the Stock Exchanges.

## PARTICULARS OF EMPLOYEES

Disclosures pertaining to remuneration and other details as required under section 197(12) of the Companies Act, 2013, read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed herewith as **Annexure 'I'** to this Report.

In accordance with the provisions of section 197(12) of the Companies Act, 2013 read with rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and other particulars of employees drawing remuneration in excess of the limits, set out in the aforesaid rules, forms part of this Report. In line with the provisions of section 136(1) of the Companies Act, 2013, the Report and Accounts, as set out therein, are being sent to all the Members of your Company excluding the aforesaid information about the employees. Any Member, who is interested in obtaining these particulars about employees, may write to the Company Secretary at [grasim.secretarial@adityabirla.com](mailto:grasim.secretarial@adityabirla.com).

## EMPLOYEE STOCK OPTION SCHEMES (ESOS)

### ESOS-2006

During the year under review, the Stakeholders' Relationship Committee of the Board of Directors allotted 66,195 Equity Shares of ₹ 2/- of your Company to Options Grantees, pursuant to the exercise of the Stock Options under ESOS-2006.

### ESOS-2013

During the year under review, the Nomination and Remuneration Committee of the Board of Directors

approved vesting of 48,716 Stock Options and 21,877 Restricted Stock Units (RSUs) to the Eligible Employees, subject to the provisions of the ESOS-2013, statutory provisions, as may be applicable from time to time, and the rules and procedures set out by your Company in this regard.

Further, the Stakeholders' Relationship Committee of the Board of Directors allotted 1,34,380 equity shares of ₹ 2/- of your Company to the Stock Options and RSUs Grantees, pursuant to the exercise of the Stock Options and RSUs, under ESOS-2013.

### ESOS-2018

Pursuant to the approval of the shareholders at the Annual General Meeting held on 14<sup>th</sup> September 2018, the Board of Directors of your Company and the Nomination and Remuneration Committee, a new scheme viz. 'Grasim Industries Limited Employee Stock Option Scheme 2018' ('ESOS-2018') in terms of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ('the SEBI SBEB Regulations') has been formulated. The ESOS 2018 is being administered by the Nomination and Remuneration Committee through the Grasim Employees' Welfare Trust (Trust).

During the year under review, the Nomination and Remuneration Committee of the Board of Directors approved grant of 79,936 Stock Options and 33,459 Restricted Stock Units (RSUs) to the Eligible Employees, including Chief Financial Officer of the Company, under ESOS-2018 and also approved vesting of 2,43,534 Stock Options to the Eligible Employees, subject to the provisions of the ESOS-2018, statutory provisions, as may be applicable from time to time, and the rules and procedures set out by the Company in this regard.

The details of Employee Stock Options granted pursuant to ESOS-2006 and the Employee Stock Options and RSUs granted pursuant to ESOS-2013 and ESOS-2018, as also the other disclosures in compliance with the provisions of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, are available on your Company's website, [www.grasim.com](http://www.grasim.com).

A certificate from the Statutory Auditors, with respect to implementation of your Company's Employees Stock Option Schemes will be available electronically for inspection without any fee by the members from the date of circulation of the Notice of the Annual General Meeting up to the date of Annual General Meeting. Members seeking to inspect such documents can send an email at [grasim.secretarial@adityabirla.com](mailto:grasim.secretarial@adityabirla.com).

## PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

Your Company has zero tolerance for sexual harassment at workplace. The Company has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH Act) and the rules framed thereunder. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

Your Company has complied with provisions relating to the constitution of Internal Complaints Committee under the POSH Act. During the year under review, your Company received four complaints of sexual harassment under the aforesaid Act, out of which three complaints were resolved as on 31<sup>st</sup> March 2020 and the remaining one complaint was resolved in July 2020.

## HUMAN RESOURCES

Your Company's human resources is the strong foundation for creating many possibilities for its business. During the year under review, your Company added greater employee talent through seamless integration of acquired assets. The efficient operations of manufacturing units, market development and expansion for various products was the highlight of our people effort.

Continuous people development for developing knowledge and skills coupled with the Talent Management practices will deliver the talent needs of the organisation. Your Company's employee engagement score reflects high engagement and pride in being part of the organisation.

The Group's Corporate Human Resources plays a critical role in your Company's talent management process.

## AWARDS AND ACCOLADES

Some of the significant accolades earned by your Company during the year include:

- Grasim ranked #70 in World's Best Employers 2019: Asia 200 Best over a Billion 2019 in Forbes List
- Grasim ranks #38 in India's Most Respected Companies list and #14 in most Women friendly and Growth plans - BusinessWorld and TechSci Research survey.
- Grasim has bagged the Dun & Bradstreet Corporate Award 2019 as the Top Company for its stellar performance in the Indian Textiles sector.
- Grasim is a winner of Business Today's Business Leaders of Madhya Pradesh Awards 2019 in 'Best Manufacturing Company category'.
- Grasim was awarded the IT Infrastructure Management ICON at the CIO Power List 2019.
- Grasim Pulp & Fiber Business won the award for Cloud & IOT at the Smart Manufacturing Awards 2019 organized by The Indian Express Group.
- Grasim's Indo Gulf Fertilisers Unit was ranked Top rated plant with 61 per cent score in the "Grain by Grain", prepared by the NGO Centre for Science and Environment (CSE) 2019. It received the Four Leaves award for its superior performance in energy use and GHG emissions, its good EHS (environment, health and safety) measures, and social responsibility, and above all, its transparency in sharing information.
- IP Excellence in India 2019' awarded to Grasim Pulp & Fiber Business by Questel is an Intellectual Property analytics company
- Grasim has been awarded Global Agriculture Award 2019 under the Technology Leadership by the Indian Chamber of Food & Agriculture
- 'Winner - Environment Leadership Category, Manufacturing Sector' By Frost and Sullivan for 'Innovative Method of Effluent Colour Removal & Conversion of Lignin Sludge into Vermicomposting in Pulp Plant'
- Grasim's Harihar Unit won CII-ITC Sustainability Awards 2019: Excellence in Environment Management
- NITI Aayog has conferred an award to Grasim Pulp & Fiber Business for its 'Excellent contribution in the field of Patents' awards were presented at 'Fox Asia Health, Education & IPR Awards 2020'
- Grasim's Staple Fibre Division Unit was conferred 'ICC Social Impact Awards 2020' (Runner Up) in the category of 'Healthcare'
- Grasim's Staple Fibre Division Unit was conferred CSR Awards as 'Overall Winner' in Large Scale Category during 'Amity CSR Conclave 2020'
- Grasim's Staple Fibre Division Unit wins the prestigious Golden Peacock Award for CSR in the Textile and Apparel sector for the year 2019.



- Grasim's Jaya Shree Textiles & Vikram Woollens Units Winner of 'Outstanding Accomplishment in Corporate Excellence' at the CII-ITC Sustainability Awards 2019
- Grasim's Jaya Shree Textiles Unit was awarded Certificate of Merit in the Textiles (Large Units) at the National Energy Conservation Award (NECA) – 2019 by the Bureau of Energy Efficiency

## SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS

- Competition Commission of India (CCI) has passed an order under section 4 of the Competition Act, 2002 dated 16 March 2020, imposing a penalty of ₹ 301.61 Crore on your Company in respect of its domestic Man-Made Fibre turnover. Your Company believes that it has not indulged in any such activities and that it has strong case, in the above matter.
- The Deputy Commissioner of Income Tax (DCIT) has vide Order dated 14<sup>th</sup> March 2019 raised a demand of ₹ 5,872.13 Crore on account of dividend distribution tax (including interest) under the provisions of Income Tax Act, 1961 alleging that the demerger of financial services business is not a qualifying demerger and holding that the value of shares allotted by Aditya Birla Capital Limited (ABCL) to the shareholders of the Company in consideration of the transfer and vesting of the financial services business into ABCL [in terms of the Composite Scheme of Arrangement between Aditya Birla Nuvo Limited and Grasim Industries Limited and Aditya Birla Financial Services Limited (now known as ABCL) duly approved by the National Company Law Tribunal, Ahmedabad Bench] amounted to distribution of dividend by the Company. Your Company has challenged the said order by filing an appeal before the Commissioner of Income Tax (Appeal) and the appeal is presently pending before the Commissioner of Income Tax (Appeal).

Your Company, backed by independent expert's opinion, believes that the said order is not tenable in law and accordingly no provision has been made in the books of account.

## GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

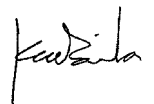
1. Issue of equity shares with differential rights as to dividend, voting or otherwise;
2. Issue of shares (including sweat equity shares) to employees of your Company under any Scheme save and except ESOS referred to in this report;
3. There were no revisions in the financial statements;
4. There has been no change in the nature of business of your Company; and
5. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and your Company's operations in the future, except as mentioned above.

## ACKNOWLEDGEMENTS

Your Directors express their deep sense of gratitude to the banks, financial institutions, stakeholders, business associates, Central and State Governments for their co-operation and support and look forward to their continued support in future.

Your Directors very warmly thank all our employees for their contribution to your Company's performance. We applaud them for their superior levels of competence, dedication and commitment to your Company. We have immense respect for every person who risked their lives and safety to fight this pandemic.

For and on behalf of the Board



**Kumar Mangalam Birla**  
Chairman  
(DIN: 00012813)

Mumbai, 13<sup>th</sup> August 2020

# Annexure 'A' to the Board's Report

## Dividend Distribution Policy

### Introduction

As per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the Company is required to formulate and disclose its Dividend Distribution Policy. Accordingly, the Board of Directors of the Company ('the Board') has approved this Dividend Distribution Policy of the Company at its meeting held on 28<sup>th</sup> October 2016.

The objective of this policy is to provide the dividend distribution framework to the stakeholders of the Company.

The Board of Directors shall recommend dividend in compliance with this policy, the provisions of the Companies Act, 2013, and Rules made thereunder, and other applicable legal provisions.

### Target Dividend Payout

Dividend will be declared out of the current year's Profit after Tax of the Company.

Only in exceptional circumstances, including, but not limited to, loss after tax in any particular financial year, the Board may consider utilising retained earnings for declaration of dividends, subject to applicable legal provisions.

'Other Comprehensive Income' (as per applicable Accounting Standards), which mainly comprises of unrealized gains/losses, will not be considered for the purpose of declaration of dividend.

The Board will endeavour to achieve a dividend payout ratio (including dividend distribution tax) in the range of 25% to 45% of the Standalone Profit after Tax, net of dividend payout to preference shareholders, if any. Subject to the dividend payout range mentioned above, the Board will strive to pass on the dividend received from Material Subsidiaries, Joint Ventures and Associates (as defined in the Companies Act, 2013).

### Factors to be Considered for Dividend Payout

The Board will consider various internal and external factors, including, but not limited to, the following before making any recommendation for dividends:

- Stability of earnings
- Cash flow from operations
- Future capital expenditure, inorganic growth plans and reinvestment opportunities
- Industry outlook and stage of business cycle for underlying businesses
- Leverage profile and capital adequacy metrics
- Overall economic/regulatory environment
- Contingent liabilities
- Past dividend trends
- Buyback of shares or any such alternate profit distribution measure
- Any other contingency plans

### General

Retained earnings will be used *inter-alia* for the Company's growth plans, working capital requirements, debt repayments and other contingencies.

If the Board decides to deviate from this policy, the rationale for the same will be suitably disclosed. This policy would be subject to revision/amendment on a periodic basis, as may be necessary. This policy (as amended from time to time) will be available on the Company's website and in the Annual Report.

# Annexure 'B' to the Board's Report

## Form AOC - 1

Statement containing salient features: Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of the Companies (Accounts) Rules, 2014

### Part "A" - Subsidiaries

Sr. No.	Name of the Subsidiary Companies	Year	Currency	Share Capital	Reserves and Surplus	Total Assets	Total Liabilities	Total Investments	Net Turnover	Profit/(Loss) before Taxation	Provision for Taxation	Profit/(Loss) after Taxation	Proposed Dividend (including Corporate Dividend Tax)	Amount in Crore	
														% of Shareholding	
1	Samruddhi Swastik Trading And Investments Limited	2019-20	₹	6.50	50.95	58.77	1.32	53.75	-	1.71	0.35	1.36	-	100%	
		2018-19		6.50	45.78	53.51	1.23	48.07	-	4.13	1.04	3.09	-	100%	
2	ABNL Investment Limited	2019-20	₹	28.14	22.62	54.56	3.80	4.75	5.28	0.38	(0.09)	0.47	-	100%	
		2018-19		28.14	22.57	54.28	3.57	8.06	1.47	4.74	(0.17)	4.91	-	100%	
3	Sun God Trading and Investment Limited	2019-20	₹	0.05	5.31	6.73	1.37	6.72	-	0.04	-	0.04	-	100%	
		2018-19		0.05	5.64	7.18	1.49	7.18	-	0.03	0.01	0.02	-	100%	
4	Aditya Birla Renewables Limited	2019-20	₹	276.68	(16.96)	717.67	457.95	101.16	30.40	(22.91)	0.55	(23.46)	-	100%	
		2018-19		118.81	0.89	192.07	72.37	77.87	14.09	3.60	1.01	2.59	-	100%	
5	Aditya Birla Solar Limited	2019-20	₹	66.59	(2.09)	342.88	278.38	-	47.73	5.58	21.81	(16.23)	-	100%	
		2018-19		66.59	13.01	361.44	281.84	-	44.28	10.13	2.06	8.07	-	100%	
6	Aditya Birla Renewables SPV1 Limited <sup>+</sup>	2019-20	₹	62.61	(1.73)	269.09	208.21	-	24.16	4.22	7.47	(3.25)	-	74%	
		2018-19		41.74	1.83	167.64	124.07	-	13.12	3.11	1.02	2.09	-	74%	
7	Aditya Birla Renewables Subsidiary Limited (w.e.f. 15 <sup>th</sup> May 2018)	2019-20	₹	26.52	(2.12)	127.24	102.84	-	13.83	0.22	2.86	(2.64)	-	74%	
		2018-19		22.10	0.50	115.86	93.26	-	5.26	1.03	0.53	0.50	-	74%	
8	Aditya Birla Renewables Utkal Limited (w.e.f. 27 <sup>th</sup> May 2019)	2019-20	₹	4.90	0.10	24.34	19.34	-	0.54	0.14	0.04	0.10	-	74%	
		2018-19		-	-	-	-	-	-	-	-	-	-	-	
9	Grasim Premium Fabric Private Limited (w.e.f. 29 <sup>th</sup> March 2019)	2019-20	₹	113.09	(37.70)	142.86	67.47	-	162.67	8.19	1.74	6.45	-	100%	
		2018-19		113.09	(43.30)	152.60	82.81	-	159.69	(4.30)	0.03	(4.33)	-	100%	
10	Aditya Birla Idea Payment Bank Limited <sup>\$\$</sup>	2019-20	₹	-	-	-	-	-	-	(25.37)	-	(25.37)	-	51%	
		2018-19		568.97	(406.22)	247.25	84.51	29.90	22.98	(152.58)	-	(152.58)	-	51%	
11	Aditya Birla Power Composites Limited (w.e.f. 15 <sup>th</sup> October 2019) <sup>®</sup>	2019-20	₹	0.10	(0.13)	10.79	10.82	-	-	(0.13)	-	(0.13)	-	51%	
		2018-19		-	-	-	-	-	-	-	-	-	-	-	
12	Ultra Tech Cement Limited (UTCL) - (Standalone)	2019-20	₹	288.63	38,007.69	71,816.92	33,520.60	10,082.62	40,033.25	5,219.76	(235.78)	5,455.54	375.21	57.29%	
		2018-19		274.64	33,022.07	69,270.95	35,974.24	7,064.51	39,233.87	3,492.38	1,079.93	2,412.45	380.76	57.29%	
13	Dakshin Cements Limited <sup>A</sup>	2019-20	₹	0.05	(0.05)	-	-	-	-	35.960	-	35.960	-	100%	
		2018-19		0.05	(0.05)	37,774	73,734	-	-	(10,000)	-	(10,000)	-	100%	
14	Harish Cement Limited	2019-20	₹	0.25	154.15	156.80	2.40	-	-	(6.520)	-	(6.520)	-	100%	
		2018-19		0.25	153.78	156.40	2.37	-	-	(1,097)	-	(1,097)	-	100%	
15	Gotan Limestone Khanij Udyog Pvt. Ltd.	2019-20	₹	2.33	17.83	21.04	0.88	-	-	(0.41)	-	(0.41)	-	100%	
		2018-19		2.33	18.24	21.45	0.88	-	-	(0.43)	-	(0.43)	-	100%	

Sr. No.	Name of the Subsidiary Companies	Year	Currency	Share Capital	Reserves and Surplus	Total Assets	Total Liabilities	Investments	Net Turnover	Profit/ (Loss) before Taxation	Provision for Taxation	Profit/ (Loss) after Taxation	Proposed Dividend (including Corporate Dividend Tax)	% of Shareholding	Amount in Crore	
															Dividend	Shareholding
16	Bhagwati Lime Stone Company Pvt. Ltd.	2019-20	₹	0.01	1.70	2.45	0.74	-	1.36	(0.06)	-	(0.06)	-	100%		
		2018-19		0.01	1.77	2.05	0.27	-	0.19	0.01	-	-	0.01	-	100%	
17	UltraTech Cement Lanka Pvt. Ltd.	2019-20	SLR	50.00	43.40	637.05	543.65	-	1,639.29	(66.24)	(10.85)	(55.38)	-	80%		
		2018-19	₹	20.00	17.36	254.82	217.46	-	647.94	(26.18)	(4.29)	(21.89)	-	80%		
18	UltraTech Cement Middle East Investment Ltd. (Standalone)	2019-20	₹	50.00	103.10	397.55	244.45	-	1,581.35	(51.97)	(14.27)	(37.71)	-	80%		
		2018-19	₹	19.76	40.75	157.14	96.63	-	656.16	(21.57)	(5.92)	(15.65)	-	80%		
19	Star Cement Co LLC, Dubai®	2019-20	AED	25.13	13.91	103.85	64.81	-	-	(0.11)	-	(0.11)	-	100%		
		2018-19	₹	517.66	286.60	2,139.27	1,335.02	-	-	(2.11)	-	(2.11)	-	100%		
20	Arabian Cement Industry LLC, Abu Dhabi®	2019-20	AED	25.13	14.43	108.64	69.08	-	-	(0.08)	-	(0.08)	-	100%		
		2018-19	₹	473.11	271.76	2,045.42	1,300.54	-	-	(1.53)	-	(1.53)	-	100%		
21	Star Cement Co LLC, Ras Al Khaimah®	2019-20	AED	1.50	(19.59)	37.89	55.98	-	27.16	(1.29)	-	(1.29)	-	100%		
		2018-19	₹	30.90	(403.53)	780.64	1,153.26	-	524.31	(24.81)	-	(24.81)	-	100%		
22	AI Nakhla Crushers LLC, Fujairah®	2019-20	AED	1.50	(17.82)	35.99	52.31	-	28.94	(2.36)	-	(2.36)	-	100%		
		2018-19	₹	28.24	(335.52)	677.51	984.80	-	550.95	(44.94)	-	(44.94)	-	100%		
23	UltraTech Cement Bahrain Company WLL, Bahrain®	2019-20	AED	1.00	(7.74)	16.93	23.67	-	21.06	(0.44)	-	(0.44)	-	100%		
		2018-19	₹	20.60	(159.48)	348.71	487.59	-	406.52	(8.53)	-	(8.53)	-	100%		
24	Emirates Cement Bangladesh Ltd., Bangladesh® (ceased w.e.f. 5 <sup>th</sup> Dec. 2019)	2019-20	AED	18.83	(133.80)	303.62	418.59	-	18.97	(0.84)	-	(0.84)	-	100%		
		2018-19	₹	0.50	17.17	52.12	34.45	-	361.19	(16.05)	-	(16.05)	-	100%		
25	Emirates Power Company Ltd., Bangladesh® (ceased w.e.f. 5 <sup>th</sup> Dec. 2019)	2019-20	AED	10.30	353.75	1,073.70	709.65	-	683.60	75.01	-	75.01	-	100%		
		2018-19	₹	0.50	14.48	53.38	38.40	-	39.01	3.85	-	3.85	-	100%		
26	UltraTech Cement Bahrain Company WLL, Bahrain®	2019-20	₹	9.41	272.57	1,004.95	722.96	-	742.74	73.22	-	73.22	-	100%		
		2018-19	AED	0.20	4.16	5.06	0.70	-	4.51	1.16	-	1.16	-	100%		
27	UltraTech Cement Bahrain Company WLL, Bahrain®	2019-20	₹	4.12	85.69	104.28	14.47	-	87.14	22.43	-	22.43	-	100%		
		2018-19	AED	0.20	2.99	4.64	1.45	-	4.51	1.12	-	1.12	-	100%		
28	UltraTech Cement Bahrain Company WLL, Bahrain®	2019-20	₹	3.77	56.32	87.31	27.22	-	85.93	21.40	-	21.40	-	100%		
		2018-19	Bahrain Dirham (BHD)	0.03	1.31	1.68	0.34	-	1.07	0.07	-	0.07	-	100%		
29	UltraTech Cement Bahrain Company WLL, Bahrain®	2019-20	₹	6.02	263.28	337.97	68.66	-	201.15	13.32	-	13.32	-	100%		
		2018-19	Bahrain Dirham (BHD)	0.03	1.32	1.45	0.10	-	1.28	0.14	-	0.14	-	100%		
30	Emirates Cement Bangladesh Ltd., Bangladesh® (ceased w.e.f. 5 <sup>th</sup> Dec. 2019)	2019-20	₹	5.51	242.39	266.37	18.47	-	238.37	25.75	-	25.75	-	100%		
		2018-19	Taka	-	-	-	-	-	-	-	-	-	-	-	0%	
31	Emirates Cement Bangladesh Ltd., Bangladesh® (ceased w.e.f. 5 <sup>th</sup> Dec. 2019)	2019-20	₹	158.93	(56.69)	207.12	104.88	-	239.31	49.82	6.35	43.47	-	100%		
		2018-19	Taka	131.84	(47.03)	171.82	87.01	-	199.93	41.62	5.30	36.32	-	100%		
32	Emirates Power Company Ltd., Bangladesh® (ceased w.e.f. 5 <sup>th</sup> Dec. 2019)	2019-20	Taka	-	-	-	-	-	-	-	-	-	-	0%		
		2018-19	Taka	27.00	(16.66)	16.17	5.84	-	2.03	-	(4.51)	4.51	-	100%		
33	Emirates Power Company Ltd., Bangladesh® (ceased w.e.f. 5 <sup>th</sup> Dec. 2019)	2019-20	₹	22.39	(13.82)	13.42	4.84	-	1.69	-	(3.77)	3.77	-	100%		
		2018-19	₹	-	-	-	-	-	-	-	-	-	-	-	100%	

Sr. No.	Name of the Subsidiary Companies	Year	Currency	Share Capital	Reserves and Surplus	Total Assets	Total Liabilities	Investments	Net Turnover	Profit/(Loss) before Taxation	Provision for Taxation	Profit/(Loss) after Taxation	Proposed Dividend (including Corporate Dividend Tax)	% of Shareholding
26	PT Ultra Tech Mining Indonesia	2019-20	Indonesian Rupee	1,158.90	(1,038.26)	120.64	-	-	-	-	-	-	-	80%
		2018-19	Indonesian Rupee	5.63	(5.05)	0.58	-	-	-	-	-	-	-	-
27	PT Ultra Tech Investment Indonesia	2019-20	Indonesian Rupee	1,992.40	34.07	2,037.01	10.54	-	-	-	-	-	-	100%
		2018-19	Indonesian Rupee	9.68	0.16	9.90	0.06	-	-	-	-	-	-	-
28	PT Ultra Tech Cement Indonesia	2019-20	Indonesian Rupee	2,033.46	(1,382.29)	651.95	0.78	-	-	-	-	-	-	99%
		2018-19	Indonesian Rupee	9.87	(6.72)	3.15	-	-	-	-	-	-	-	-
29	UltraTech Nathdwara Cement Limited (UNCL)	2019-20	₹	3,400.00	(4,593.98)	3,615.99	4,809.97	-	1,366.69	49.24	-	49.24	-	100%
		2018-19	₹	3,400.00	(4,645.68)	3,568.13	4,813.81	-	430.10	(59.75)	(0.11)	(59.65)	-	100%
30	Krishna Holdings Pte. Ltd. (KHL) <sup>1</sup> s	2019-20	USD	6.19	0.32	7.49	0.98	-	-	(0.04)	-	(0.04)	-	BCL-55.54% MHL-44.46%
		2018-19	₹	468.65	23.97	566.79	74.17	-	-	(2.55)	-	(2.55)	-	BCL-55.54% MHL-44.46%
31	Mukundan Holdings Ltd. (MHL) <sup>1</sup> s	2019-20	USD	7.70	(1.60)	10.26	4.16	-	-	0.23	-	0.23	-	100%
		2018-19	₹	582.66	(121.02)	776.32	314.68	-	-	16.22	-	16.22	-	100%
32	Murari Holdings Ltd., (MUHL) <sup>1</sup> s	2019-20	USD	7.70	(1.83)	10.26	4.39	-	-	(0.02)	-	(0.02)	-	100%
		2018-19	₹	534.77	(126.96)	712.46	304.65	-	-	(1.24)	-	(1.24)	-	100%
33	Swiss Merchandise Infrastructure Limited <sup>#</sup>	2019-20	₹	5.48	(0.80)	7.98	3.29	-	-	(0.00)	-	(0.00)	-	100%
		2018-19	₹	414.68	(60.19)	603.60	249.12	-	-	(0.05)	-	(0.05)	-	100%
34	Merit Plaza Limited <sup>#</sup>	2019-20	₹	5.48	(0.80)	7.98	3.29	-	-	(0.00)	-	(0.00)	-	100%
		2018-19	₹	414.68	(60.19)	603.60	249.12	-	-	(0.05)	-	(0.05)	-	100%
35	Bhumi Resources (Singapore) PTE. Ltd (Bhumi) <sup>1</sup> s	2019-20	INR	1.50	(0.11)	1.40	0.01	-	-	(0.08)	-	(0.08)	-	100%
		2018-19	₹	113.50	(8.21)	105.94	0.65	-	-	(5.59)	-	(5.59)	-	100%
		2018-19	AED	1.50	(0.03)	1.54	0.07	-	-	(0.06)	-	(0.06)	-	100%
		2018-19	₹	104.17	(2.06)	107.18	5.07	-	-	(4.19)	-	(4.19)	-	100%

Sr. No.	Name of the Subsidiary Companies	Year	Currency	Share Capital	Reserves and Surplus	Total Assets	Total Liabilities	Total Investments	Net Turnover	Profit/ (Loss) before Taxation	Provision for Taxation	Profit/ (Loss) after Taxation	Proposed Dividend (including Corporate Dividend Tax)	% of Shareholding
36	Star Super Cement Industries LLC (SSCI) <sup>1</sup> s	2019-20	AED	3.19	(4.76)	22.47	24.04	-	17.77	(2.95)	-	(2.95)	-	MUHL-51%
			₹	65.80	(98.05)	462.89	495.14	-	343.12	(56.88)	-	(56.88)	-	MHL-49%
37	Smooth Energy Private Ltd <sup>1</sup> A	2018-19	AED	3.19	(1.81)	25.52	24.14	-	7.57	(1.62)	-	(1.62)	-	MUHL-51%
			₹	60.39	(34.29)	482.45	466.34	-	145.14	(31.14)	-	(31.14)	-	MHL-49%
38	Shandong Binani Rongang Cement Co. Ltd. (SBRCC), China <sup>1</sup> s	2019-20	INR	0.01	0.02	0.03	23.107	-	-	136	5.364	5.500	-	100%
			RMB	45.00	6.14	66.91	15.77	-	54.80	14.53	3.78	10.75	-	100%
39	PT Anggana Energy Resources <sup>1</sup> s	2019-20	₹	480.51	65.57	714.49	168.41	-	574.19	152.24	39.60	112.64	-	KHL-92.5%
			RMB	45.00	(4.61)	75.50	35.11	-	18.98	5.10	1.47	3.63	-	KHL-92.5%
40	BCTradmlink Limited <sup>1</sup> s	2019-20	IDR	546.30	(103.09)	995.90	552.69	-	196.73	52.83	15.26	37.57	-	BHUMI-100%
			₹	2.52	(0.48)	4.60	2.55	-	-	0.02	-	0.02	-	BHUMI-100%
41	Binani Cement Tanzania Limited <sup>1</sup> s	2018-19	IDR	546.30	(106.58)	957.83	518.10	-	-	(294.08)	-	(294.08)	-	BHUMI-100%
			₹	2.66	(0.52)	4.67	2.53	-	-	(60,450.77)	-	(60,450.77)	-	BHUMI-100%
42	Binani Cement (Uganda) Ltd <sup>1</sup> s	2019-20	TZS	2.21	2.21	0.07	0.00	-	-	-	-	-	-	SSCI-100%
			₹	64.54	0.07	2.21	0.00	-	-	-	-	-	-	SSCI-100%
43	Bahar Ready Mix Concrete Limited <sup>1</sup> A	2018-19	TZS	2,000	2.21	2.21	0.00	-	-	-	-	-	-	SSCI-100%
			₹	60.00	0.07	0.07	0.00	-	-	-	-	-	-	SSCI-100%
44	Aditya Birla Capital Limited (ABCL)	2019-20	UGX	3.20	(408.67)	330.16	735.63	-	-	-	-	-	-	SSCI-100%
			₹	0.10	(13.19)	10.65	23.74	-	-	-	-	-	-	SSCI-100%
45	Aditya Birla PE Advisors Private Limited (Formerly known as Aditya Birla Capital Advisors Private Limited)	2018-19	TZS	3.20	(408.67)	330.16	735.63	-	-	(230.46)	-	(230.46)	-	SSCI-100%
			₹	0.10	(12.27)	9.91	22.08	-	-	(7.01)	-	(7.01)	-	SSCI-100%
46	Aditya Birla Capital Technology Services Limited (Formerly known as Aditya Birla MyUniverse Limited)	2019-20	UGX	0.59	0.59	(0.00)	(0.00)	-	-	-	-	-	-	SSCI-100%
			₹	39.00	0.01	0.01	(0.00)	-	-	-	-	-	-	SSCI-100%
47	Aditya Birla Trustee Company Private Limited	2018-19	₹	3700	0.01	0.01	(0.00)	-	-	-	-	-	-	SSCI-100%
			₹	6.21	(6.21)	-	-	-	-	-	-	-	-	SSCI-100%
48	Aditya Birla Insurance Brokers Limited	2019-20	₹	2,413.76	7,042.96	9,626.41	169.69	9,528.14	199.82	27.65	(2.20)	29.85	-	100%
			₹	2,201.40	5,093.59	8,899.31	1,604.32	8,709.18	177.78	(11.64)	(2.04)	(9.60)	-	54.24%
49	Aditya Birla Trustee Company Private Limited	2018-19	₹	3.50	2.17	8.91	3.24	6.15	2.67	(5.60)	0.80	(15.16)	-	100%
			₹	3.50	7.84	21.49	10.15	8.49	2.67	(14.36)	0.80	(15.16)	-	100%
50	Aditya Birla Trustee Company Private Limited	2019-20	₹	1.80	(34.49)	9.46	42.15	-	5.53	(18.76)	-	(18.76)	-	100%
			₹	18.00	(276.82)	24.52	283.34	-	9.65	(36.76)	-	(36.76)	-	100%
51	Aditya Birla Trustee Company Private Limited	2018-19	₹	0.05	0.35	0.43	0.03	0.43	₹	0.01	0.01	(0.01)	-	100%
			₹	0.05	0.36	0.44	0.03	0.42	0.05	0.05	0.01	0.01	-	100%
52	Aditya Birla Trustee Company Private Limited	2019-20	₹	5.13	66.10	194.58	123.35	20.10	511.05	42.10	11.13	30.97	17.90	50%
			₹	5.13	53.97	165.28	106.18	24.26	444.60	27.35	7.46	19.89	22.20	50%

Sr. No.	Name of the Subsidiary Companies	Year	Currency	Share Capital	Reserves and Surplus	Total Assets	Total Liabilities	Investments	Net Turnover	Profit/(Loss) before Taxation	Provision for Taxation	Profit/(Loss) after Taxation	Proposed Dividend (including Corporate Dividend Tax)	% of Shareholding
49	Aditya Birla Money Mart Limited	2019-20	₹	93.20	(1.70)	128.85	37.35	59.21	1.70	8.12	1.94	6.18	-	100%
		2018-19		0.10	(7.89)	30.65	38.44	29.75	0.45	(3.03)	-	(3.03)	-	100%
50	Aditya Birla Money Insurance Advisory Services Limited*	2019-20	₹	4.97	(1.83)	4.04	0.90	-	4.67	2.68	0.14	2.54	-	100%
		2018-19		2.47	(4.38)	1.60	3.51	-	0.84	0.14	0.22	(0.08)	-	100%
51	ABCAP Trustee Company Private Limited	2019-20	₹	0.03	(0.03)	₹	₹	-	-	(0.01)	-	(0.01)	-	100%
		2018-19		0.03	(0.03)	0.01	0.01	-	-	(0.01)	-	(0.01)	-	100%
52	Aditya Birla Sun Life Trustee Company Private Limited	2019-20	₹	0.02	1.10	1.19	0.07	1.09	0.27	0.24	0.06	0.18	-	51%
		2018-19		0.02	0.92	1.07	0.13	0.76	0.30	0.28	0.07	0.21	-	51%
53	Aditya Birla Wellness Private Limited	2019-20	₹	11.67	7.25	22.13	3.21	5.97	8.56	(2.58)	-	(2.58)	-	51%
		2018-19		11.67	9.89	27.00	5.44	12.52	8.10	(4.93)	-	(4.93)	-	51%
54	Aditya Birla Financial Shared Services Limited	2019-20	₹	0.05	0.78	106.45	105.62	0.07	-	0.40	(0.03)	0.43	-	100%
		2018-19		0.05	0.53	89.27	88.69	0.14	-	0.12	-	0.12	-	100%
55	Aditya Birla Health Insurance Company Limited	2019-20	₹	298.86	(24.61)	1,040.50	766.25	836.05	620.16	(241.16)	-	(241.16)	-	51%
		2018-19		212.03	(52.62)	634.04	474.63	487.65	366.76	(254.50)	-	(254.50)	-	51%
56	Birla Sun Life AMC (Mauritius) Limited**	2019-20	USD	0.01	0.11	0.12	0.00	-	0.04	0.02	0.00	0.02	-	51%
		2018-19		0.34	8.15	8.65	0.16	-	2.47	1.46	0.04	1.42	-	51%
57	Birla Sun Life AMC Pte. Limited, Singapore**	2019-20	USD	0.01	0.09	0.10	0.00	-	0.01	0.04	0.00	0.04	0.08	51%
		2018-19		0.31	6.08	6.59	0.20	-	3.83	2.73	0.08	2.65	5.31	51%
58	Birla Sun Life AMC Limited, Dubai**	2019-20	SGD	1.36	(0.89)	0.56	0.09	-	0.35	0.03	-	0.03	-	51%
		2018-19		72.11	(47.30)	29.70	4.89	-	17.96	1.41	-	1.41	-	51%
59	Aditya Birla Sun Life Asset Management Company Limited (Formerly known as Birla Sun Life AMC Limited)	2019-20	SGD Mh	1.36	(0.92)	0.51	0.07	-	0.34	0.02	-	0.02	-	51%
		2018-19		69.42	(46.92)	26.13	3.63	-	17.59	0.85	-	0.85	-	51%
60	Aditya Birla ARC Limited	2019-20	USD	0.31	(0.23)	0.12	0.04	-	0.13	0.01	-	0.01	-	51%
		2018-19		23.61	(17.09)	9.32	2.80	-	9.32	0.41	-	0.41	-	51%
61	Aditya Birla Stressed Asset/AMC Private Limited	2019-20	USD	0.31	(0.23)	0.13	0.05	-	0.17	0.01	-	0.01	-	51%
		2018-19		21.61	(16.04)	8.97	3.40	-	11.51	0.44	-	0.44	-	51%
62	Aditya Birla Sun Life Insurance Company Limited (Formerly known as Birla Sun Life Insurance Company Limited)	2019-20	₹	18.00	1,328.08	1,593.42	247.34	1,332.38	1,213.82	652.18	166.28	485.90	397.83	51%
		2018-19		18.00	1,245.17	1,468.48	205.31	1,212.32	1,305.23	648.01	199.14	448.87	360.57	51%
63	Aditya Birla Sun Life Pension Management Limited (Formerly known as Birla Sun Life Pension Management Limited)	2019-20	₹	100.00	2.11	505.85	403.74	447.93	24.47	8.02	1.45	6.57	-	100%
		2018-19		100.00	(4.39)	108.87	13.26	15.01	-	(3.30)	₹	(3.30)	-	100%
64	Aditya Birla Housing Finance Limited	2019-20	₹	14.80	3.52	18.90	0.58	18.17	5.43	4.89	1.20	3.69	-	100%
		2018-19		0.25	(0.15)	0.11	0.01	-	-	(0.15)	-	(0.15)	-	100%
65	Aditya Birla Sun Life Insurance Company Limited (Formerly known as Birla Sun Life Insurance Company Limited)	2019-20	₹	1,901.21	298.57	43,140.02	40,940.24	41,126.13	8,156.07	104.43	-	104.43	-	51%
		2018-19		1,901.21	198.58	42,381.37	40,281.58	40,442.42	10,393.95	125.62	-	-	125.62	-
66	Aditya Birla Sun Life Pension Management Limited (Formerly known as Birla Sun Life Pension Management Limited)	2019-20	₹	35.00	(8.80)	29.37	3.17	26.25	0.03	(3.81)	(0.05)	(3.76)	-	51%
		2018-19		32.00	(5.02)	28.38	1.40	26.10	0.01	(4.02)	(0.02)	(4.00)	-	51%
67	Aditya Birla Housing Finance Limited	2019-20	₹	501.20	881.66	13,161.49	11,778.63	546.92	1,299.61	136.19	33.54	102.65	-	100%
		2018-19		475.56	714.76	11,499.23	10,308.91	-	1,025.05	107.29	32.66	74.63	-	100%

Sr. No.	Name of the Subsidiary Companies	Year	Currency	Share Capital	Reserves and Surplus	Total Assets	Total Liabilities	Total Investments	Net Turnover	Profit/ (Loss) before Taxation	Provision for Taxation	Profit/ (Loss) after Taxation	Amount in Crore	
													Proposed Dividend (including Corporate Dividend Tax)	% of Shareholding
65	Aditya Birla Finance Limited	2019-20	₹	662.10	7,416.05	51,974.57	43,896.42	3,342.40	6,201.74	1,052.91	247.96	804.95	-	100%
		2018-19		656.25	6,760.30	52,178.08	44,761.53	1,576.51	5,607.27	1,328.01	459.29	868.72	-	100%
66	Aditya Birla Money Limited	2019-20	₹	5.63	25.64	548.21	516.94	90.48	166.66	16.50	4.51	11.99	-	74%
		2018-19		5.63	15.85	692.32	670.84	280.58	168.05	14.00	4.01	9.99	-	74%

The financials of all the above entities are as per statutory books

@ Subsidiaries of Ultra Tech Cement Middle East Investment Ltd.

# Subsidiaries of Ultra Tech Nathdwara Cement Ltd.

\* Subsidiary of Aditya Birla Money Mart Limited

\*\* Subsidiaries of Aditya Birla Sun Life Asset Management Company Limited

## Subsidiary of Aditya Birla Sun Life Insurance Company Limited

^ Applied for strike off

\$ These have been classified as assets held for sale

PT UltraTech Mining Sumatra is yet to start operations and no equity infusion

\$\$ Under liquidation w.e.f. 18<sup>th</sup> September, 2019

@ @ yet to commence operations

+ 74% shareholding held by Grasim and 26% held by UTCL

β Represents that the amount is less than ₹ 50,000

Note: For converting the figures given in foreign currency appearing in the accounts of the subsidiary companies into equivalent INR, following exchange rates are used for 1 INR.

Sr No	Currency	Balance Sheet (Closing Rate)		Profit & Loss Account (Average Rate)	
		2019-20	2018-19	2019-20	2018-19
1	Sri Lankan Rupee (SLR)	2.500	2.530	2.530	2.410
2	UAE Dirham (AED)	0.049	0.053	0.052	0.053
3	Taka (BDT)	1.120	1.205	1.192	1.197
4	Bahrain Dirham (BHD)	0.005	0.005	0.005	0.005
5	Indonesian Rupiah (IDR)	216.548	206.186	199.775	205.558
6	US Dollar (USD)	75.665	69.446	70.885	70.458
7	Chinese Yuan (CNY)	10.678	10.347	10.478	10.365
8	Ugandan Shilling (UGX)	0.019	0.019	0.019	0.019
9	Tanzanian Shilling (TZS)	0.032	0.030	0.031	0.030



## Part "B" - Joint Ventures/Associates

Sr. No.	Name of the Associates and Joint Ventures	Latest Audited Balance Sheet Date	Shares of Joint Ventures Held by the Company on year end			Networth attributable to shareholding as per latest Audited Balance Sheet	Profit/ (Loss) for the Year	Considered in Consolidation	Not considered in Consolidation
			Nos.	Amount of Equity Investment in Joint Venture/ Associate	Extent of Holding (%)				
1	Madanpura (North) Coal Company Pvt. Ltd.#	31.03.2020	11,52,560	1.06	11.17%	0.96	0.07	0.01	0.06
2	Bhaskarpara Coal Company Ltd.	31.03.2020	81,41,050	8.16	47.37%	6.25	0.03	0.01	0.02
3	AV Group NB Inc.	31.03.2020	2,04,750	153.04	45.00%	666.83	52.36	23.56	28.80
4	Birla Jingwei Fibres Co. Limited	31.03.2020	-	11740	26.63%	64.77	(98.72)	(26.29)	(72.43)
5	Bhubaneswari Coal Mining Limited	31.03.2020	3,35,40,000	33.54	26.00%	128.36	97.85	25.44	72.41
6	Aditya Birla Elyaf Sanayi Ve Ticaret Anonim Sirketi	31.03.2020	16,665	0.47	33.33%	1.19	0.33	0.11	0.22
7	Aditya Group AB	31.03.2020	50	274.89	33.33%	321.83	(104.71)	(34.90)	(69.81)
8	AV Terrace Bay Inc. (AVTB) <sup>®</sup>	31.03.2020	2,80,00,000	156.36	40.00%	-	43.15	-	43.15
9	Aditya Birla Science & Technology Co. Private Ltd.#	31.03.2020	98,99,500	11.35	49.50%	19.47	6.91	3.42	3.49
10	Waacox Energy Private limited <sup>#</sup>	31.03.2020	30,62,990	30.63	49.00%	30.19	0.43	0.21	0.22

# Represents Associates

® The Company has discontinued recognising its share of further losses as it exceeds the Company's interest in AVTB as per Ind AS 28

For and on behalf of the Board of Directors

**Dilip Gaur**Managing Director  
DIN: 02071393**Ashish Adukia**

Chief Financial Officer

**Hutokshi R. Wadia**Company Secretary  
Membership No.: A5761**Shalendra K Jain**Non-Executive Director  
DIN-00022454

## Annexure 'C' to the Board's Report

### Independent Auditor's Report on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

#### The Members of

#### Grasim Industries Limited

Birlagram, Nagda - 456331,

Ujjain, Madhya Pradesh

1. The Corporate Governance Report prepared by Grasim Industries Limited (hereinafter the "Company"), contains details as specified in regulations 17 to 27, clauses (b) to (i) of sub - regulation (2) of regulation 46 and para C, D, and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') for the year ended 31<sup>st</sup> March 2020 as required by the Company for annual submission to the Stock exchange.

#### Management's Responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

#### Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to provide a reasonable assurance in the form of an opinion whether, the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations.

5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of procedures performed include:
  - i. Read and understood the information prepared by the Company and included in its Corporate Governance Report;
  - ii. Obtained and verified that the composition of the Board of Directors with respect to Executive and Non-Executive Directors has been met throughout the reporting period;
  - iii. Obtained and read the Register of Directors as on 31<sup>st</sup> March 2020 and verified that at least one independent woman director was on the Board of Directors throughout the year;
  - iv. Obtained and read the minutes of the following committee meetings/other meetings held between 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020:
    - (a) Board of Directors;
    - (b) Audit Committee;

- (c) Annual General Meeting;
  - (d) Nomination and Remuneration Committee;
  - (e) Stakeholders' Relationship Committee;
  - (f) Risk Management Committee;
  - (g) Corporate Social Responsibility Committee;
  - (h) Finance Committee;
  - (i) Merger Committee; and
  - (j) Independent Director's Meeting.
- v. Obtained necessary declarations from the Directors of the Company;
  - vi. Obtained and read the policy adopted by the Company for related party transactions;
  - vii. Obtained the schedule of related party transactions during the year and balances at the year-end.
  - viii. Obtained and read the minutes of the audit committee meeting where in such related party transactions have been pre-approved by the audit committee; and
  - ix. Performed necessary inquiries with the management and also obtained necessary specific representations from management.
8. The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our

For **B S R & Co. LLP**  
Chartered Accountants  
Firm registration number: 101248W/W-100022

**Vikas R Kasat**  
Partner  
Membership No: 105317  
UDIN: 20105317AAAACC6460

Mumbai, 13<sup>th</sup> June 2020

scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

### Opinion

9. Based on the procedures performed by us, as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations, as applicable for the year ended 31<sup>st</sup> March 2020, referred to in paragraph 1 above.

### Other matters and Restriction on Use

10. This report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.
11. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For **S R B C & CO LLP**  
Chartered Accountants  
Firm registration number: 324982E/E300003

**Vijay Maniar**  
Partner  
Membership No: 36738  
UDIN: 20036738AAAACQ2909

Mumbai, 13<sup>th</sup> June 2020

# Annexure 'D' to the Board's Report

## Conservation of Energy, Technology Absorption and Foreign Exchange Earnings Outgo pursuant to provisions of Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014

### A. CONSERVATION OF ENERGY

#### a) The steps taken and impact on conservation of energy

The Company undertakes various initiatives for energy conservation through continuous improvements in operational efficiency, equipment upgradation, modernisation etc.

Following measures have been taken by different business units of the company:

#### i) Viscose Staple Fibre (VSF) and Pulp Units

- Improving utilization of heat available in the system by heat integration of various processes to save steam and power through
  - Improving utilization of heat available in scrubber water by using it for dryer air preheating and Desulph bath heating
  - Replacement of chilled water for press lye cooling by cooling tower water
  - Utilization of steam condensate of salt drum dryer for water evaporation in sodium salt Triple Effect Evaporator
  - Reducing chilling load in steep lye cooling by installation of PHE for heat integration
- Adoption of high efficiency equipment to reduce energy consumption:
  - Installation of VFDs in critical and high power applications like dissolvers, MSFE circulation pumps, cutters and filter water pumps
  - Replacement of old high power consuming Air conditioners with energy efficient ones and sodium/metal halide lamps with LEDs in phased manner
  - FRP Pultruded cooling towers in place of old wooden cooling towers
  - Replacing motors with high efficiency motors in cooling towers, WTP
  - Steam ejector replacement with new design for salt crystallization
  - Adoption of high efficiency helical gear box in place of worm & worm wheel reduction gear box in viscose dissolvers
  - Implementation of non-metallic wear rings in Boiler feed pump (high pressure-multi stage centrifugal pumps) of power plant for reduction of power consumption
- Process improvement to save energy
  - Installation of additional Biogas reactor to utilize left over Pre Hydrolysis liquor to generate Biogas and save furnace oil
  - Reducing salt mother liquor purging in crystalliser to reduce energy loss
  - Optimising viscose ripening loop to minimize double pumping
  - Balancing of exhaust air blowers to minimize power consumption in spinning section

- Optimisation of Pulping cycle time, mixing RPM & batch preparations logic to minimise power consumption
- Optimisation of viscose dissolving cycle time & process logic to minimise the power consumption
- Elimination of air conditioning requirement by insulating the equipment & piping in Viscose ripening area.
- Optimisation of residence time of Fiber in Dryers for effective use of steam

## ii) Chemical Units

The Company has started monitoring Power consumption both in the Cell Power and Aux Power at a granular level. Boiler and Turbine replacement project is in progress at one of our plants to improve Captive Power Plant efficiency. We have also developed mechanisms to reuse waste heat generated in the plants back into our processes to conserve energy. Re-membraning, re-coating and upgrading electrolyser membranes have been done to ensure that production technology is efficient and state of the art. Variable Cell power consumption per ton of Caustic has reduced by 0.24%.

## iii) Textile Units

The following projects have been completed for energy saving measure

### • Utilities:

- To improve boiler efficiency, Auto operation of FD, ID and PA fan have been done successfully
- Installed high efficiency bag filters at 16TPH Boiler
- Replacement of conventional Star/Delta starter with energy efficient VFD at the supply fan of H-Plant & at the pump-motor of Jigger machines
- Modification of Dust collection system of Preparatory section of flax-1 unit.

### • Thermal Energy:

- Installation of one more Steam Accumulator in Steam system for Flax 1, 2 & 3 units to reduce jerk load on Boiler and to achieve better efficiency
- Adoption of thermic fluid heater over steam for industrial heating application at Stenter machine at Fabric Dye House
- Installed flash jet pump for condensate flash steam recovery. The recovered condensate water is sent back to boiler feed water tank for further improving boiler efficiency

### • Water & Waste water

- Installation of 2700 KLD capacity ZLD (Zero liquid discharge) plant in order to reuse water
- Reuse/recovery of soft cooling water from HTHP machines in fabric dying process. Total water saving per day: 1 Lakh liter (approx./day)
- Installed 350 KLD Oil removal from waste water of Ring Frame section plant at Flax-4. Per day Water Saving: 150 KLD (Approx)

## iv) Viscose Filament Yarn (VFY) Units

- Frequency reduction from 130 Hz to 128 Hz in Spinning Machine
- Installation of VFD in Mother liquore pump-2 & Cooling Tower fan (4 nos) in place of starter at SSP
- Energy Efficient Pot motor rewinding in spinning machines (M/C 1 & 43)
- Installation of 8 nos. of energy efficient fans in cooling towers

- Installation of 7 nos. of energy efficient motors & lower capacity pumps in textile air washers
- Optimization of water pressure head of viscose cooling tower for chiller by installing VFD.
- Installation of 150 mm diameter pulley in textile L6 twisters to bring the output frequency of VFDs in power saving range
- Installation of energy efficient motors in ZE-11 textile twisters
- Energy Conservation by installation of VFD for Dissolver Agitator speed optimisation, Spinning exhaust fan speed optimisation, New AT washing line pump pressure optimisation and Superheated wash water pump in CSY

#### iv) Fertiliser Unit

- Replacement of catalyst in Low Temperature Shift (LTS) Converter with higher efficiency catalyst
- Catalyst top-up and upgradation of accessories in secondary reformer
- Replacement of conventional lights with LED lights in Plant and Township
- Replacement of old inefficient central air conditioner plant with improved design star rated efficient air conditioner for Power plant control room
- Replacement of several heat exchangers with upgraded design

#### v) Insulator Units

- Hot Air Generators set up modification for dryers to reduce LPG consumption alongwith electrical power reduction.
- Increasing the loading density of Kiln Cars to reduce the specific fuel consumption
- Conversion of Kiln Car pushing arrangement from pneumatic to electric to save compressed air consumption.
- Adjustment of kiln air balance resulting in stoppage of circulation fans.
- Improvement in loading density of Kiln 4 by loading 800 KV and railway insulators.
- Reduction in Thermopack burner cut off temperature to reduce fuel consumption.
- Prevention of heat loss through Kiln walls by periodic thermography and corrective measures
- VFD installed in Roto pumps at Slip house for varying output as per need.

#### vi) Epoxy Unit

- Replacement of old technology cooling tower fan blades by newest technology aerodynamic design energy efficient FRP hollow axial flow blades reducing energy consumption.
- Significant Power saving achieved by applying Ceramic coating on Cooling tower pumps.
- By Improving Power factor from 0.88 to 0.99 reduced KVA demand from 2386 KVA to 2021 KVA and achieved significant benefit.
- Reduce DM Water consumption by converting steam condensate to DM water

**b) The steps taken by the company for utilising alternate sources of energy****i) Viscose Staple Fibre (VSF) and Pulp Units**

The Company has co-gen power plants using steam for manufacturing process as well as power generation

**ii) Chemical Units**

The Company has entered into contracts to purchase wind power at Karwar. The company is also planning to source solar power for Ganjam and Rehla Units and also evaluating to have more Solar/Wind hybrid power for Vilayat Unit.

**iii) Fertiliser Unit**

Installation of 25 kw solar power plant in the township school (ABPS) and 5 kw in Residential colony of the unit.

**c) The capital investment on energy conservation equipments**

Total investment made ₹ 52.57 Cr.

**B. TECHNOLOGY ABSORPTION****a) The efforts made towards technology absorption****i) Viscose Staple Fibre (VSF) and Pulp Units**

- Capability of commercialization of in house developed new specialty products like Dye Catcher and Liva Eco were developed after successful pilot trials at customer end
- Adopted new machines at two old lines in Nagda during overhauling which is expected to improve fibre quality
- Adopted recycling of effluent through installation of Reverse Osmosis technology which for the first time in VSF to reduce fresh water consumption by increasing water recycling
- Implemented environment friendly Oxygen Delignification process in place of chlorine bleaching for pulp plant resulting in reduction in water consumption and effluent by 25% and improving pulp quality
- Finalised plan for implementation of Zero liquid discharge technology for the first time in the VSF industry
- In process to adopted waste gas recovery technology first at Kharach and Vilayat to improve environment footprint

**ii) Chemical Units**

- The Company has explored many new technology and processes. A case in point being a process which was developed and tested over last two years which confirms considerable improved extraction efficiency of Rock Phosphate thereby requiring fewer extraction and purification steps. Similar such efforts are in process for salt beneficiation plant where we are experimenting novel approaches.

**iii) Viscose Filament Yarn (VFY) Units**

- Installed WSF make 48 position cake rotating linear textile winding machine instead of old non-liner textile machine in the PSY Textile department. It has 5 kg cone/bobbine winding capacity, uniform length, improved productivity, 10% quality improvement and 1% operating cost reduction than old machine.
- Implemented an alternate eco-sound technology (Mist condenser) which can eliminate the high noise problem in New Sodium Sulphate Plant due to run of Twin Lobe Blower for Rotary Vacuum Filter on continuous basis.

- Replacement of Spin bath additive “Berol” with “SAPCO” for clarity improvement
- Developed inhouse production facility to produce Air Textured VFY
- Rewinding machine installed and commissioned for converting small CSY bobbins into Large bobbins
- New varieties of yarns for the development of new market segment: PSY 150/12(circular), 120/12(slit),130/24 colour yarn ('Z' twist).
- Development of 30/6 LG, 40/6 LG, 60/12 LG, 75/12 LG of Continuous Spun Yarn for Silk Segment
- New generation constant yarn tension winding machines (300 spindles) for quality & productivity improvement of PSY
- New Generation rewinding machine installed for rewinding of part cheeses of CSY to improve cheese weight. (Quality improvement)

#### iv) Fertiliser Unit

- Upgradation of PLC of Purge Gas Recovery (PGR) and Carbon Di-oxide Recovery (CDR) Plant
- Upgradation of ESD system of Ammonia plant
- Working with Group Data and Analytics for optimisation of energy consumption in reforming area of Ammonia Plant

#### v) Epoxy Unit

- Installations of waste polymer dyeing system at ETP to reduce water content from 60 to 10%. Thus drastically reducing the hazardous waste going outside for treatment.
- Modification to eliminate the salt entrainment from the reactor in LER production line. Thus increase the equipment availability for production.
- Auto sequence process implementation in RD line to optimize the process conditions resulting in safe operation and eliminating rejection
- Installation of 300 deg rotating sparger in Powder Coating reactor to avoid gel formation inside the reactor
- Installations of higher capacity brine chiller in Utilities for better recovery of Chemicals and thus reduce the consumptions
- Installations of chilled water system at Flaker to improve the productivity.

#### vi) Textile Units

- Installation & commissioning of super wash plant (First Plant in India) at Worsted Division for manufacturing of VAP
- Introduction and installation of motorized controlled trolley system for material transportation between Wet spinning section and Bleaching section. Earlier it was done by hand trolley, now it is being done by Motorized trolley system.
- Modification and technological up gradation of SLC 500 PLC and SCADA system of Scouring machines at Wool Combing Plant



**b) The benefits derived like product improvement, cost reduction, product development or import substitution****i) Chemical Units:**

The Company has explored many new technology and processes. A case in point being a process which was developed and tested over last two years which confirms considerable improved extraction efficiency of Rock Phosphate thereby requiring fewer extraction and purification steps. Similar such efforts are in process for salt beneficiation plant where we are experimenting novel approaches.

**ii) Viscose Filament Yarn (VFY) Units**

- Quality & productivity improvement in PSY yarn.
- Noise reduction in sodium sulphate plant twin lobe blower
- Spinbath clarity improvement
- Product development and improvement
- New technology development

**iii) Fertiliser Unit:**

- Testing protocol for some of the traded product have been developed and successfully evaluated to be superior in the in-house research farm testing phase.
- Less energy consuming process for Zinc with 39.5% formulation and bio active Cafura formulations has been developed in-house. These products are presently procuring from third party

**iv) Epoxy Unit:**

- Installation of Electrical filled system (Plant) for manufacturing of products required applications in making electrical equipment's
- New products Jari Resin developed by R&D team which finds application in making Jari related works in cloths
- New products Marble Resin developed by R&D team which finds application in making Marble related works

**c) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):****Chemical Units:**

The Company implemented variant of bleaching powder at Vilayat which has much higher bleaching properties and stability

**d) The expenditure incurred on Research and Development:**

Expenditure	₹ Crore
a. Capital	19.80
b. Revenue	77.09
	96.89

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

- Foreign Exchange used : ₹ 6,390.60 Crore
- Foreign Exchange earned : ₹ 2,593.44 Crore

# Annexure 'E' to the Board's Report

## FORM NO. MR-3 SECRETARIAL AUDIT REPORT

### FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2020

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members of,  
Grasim Industries Limited  
Birlagram, Nagda  
Ujjain, Madhya Pradesh - 456331

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Grasim Industries Limited** having **CIN: L17124MP1947PLC000410** (hereinafter called the 'Company') for the financial year ended on 31<sup>st</sup> March 2020 (the "audit period").

We conducted the Secretarial Audit in a manner that provided us a reasonable basis for evaluating the Company's corporate conducts/statutory compliances and expressing our opinion thereon.

We are issuing this report based on:

- (i) Our verification of the Company's books, papers, minutes books, forms and returns filed, records provided through data room and other records maintained by the Company;
- (ii) Our observations during our visits to the Corporate office of the Company;
- (iii) Compliance certificates confirming compliance with Corporate laws applicable to the Company given by the Key Managerial Personnel/Senior Managerial Personnel of the Company and taken on record by the Audit Committee/Board of Directors; and
- (iv) Representations made, documents shown and information provided by the Company, its officers, agents and authorized representatives during our conduct of Secretarial Audit

We hereby report that, in our opinion, during the audit period covering the financial year ended on 31<sup>st</sup> March 2020, the Company has:

- (i) Complied with the statutory provisions listed hereunder; and
- (ii) Board processes and compliance mechanism are in place

to the extent, in the manner and subject to the reporting made hereinafter.

The members are requested to read this report along with our letter of even date annexed to this report as Annexure-A.

#### 1. Compliance with specific statutory provisions

We further report that:

- 1.1 We have examined the books, papers, minutes books, forms and returns filed and other records maintained by the Company during the year according to the applicable provisions/clauses of:
  - (i) The Companies Act, 2013 (the "Act") and the Rules made thereunder;
  - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
  - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of External Commercial Borrowings transferred from erstwhile Aditya Birla Nuvo Limited pursuant to the Scheme and Overseas Direct Investment;
  - (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')
    - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
    - (c) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

- (d) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (e) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 pertaining the Companies Act, 2013 and dealing with client;
- (g) The Securities and Exchange Board of India (Issue and Listing of Debt securities) Regulations, 2008;
- (vi) Secretarial Standards relating to Board Meetings and General Meetings issued by The Institute of Company Secretaries of India (Secretarial Standards).

#### 1.2 During the period under review:

- (i) The Company has complied with the provisions of all the aforesaid Acts, Rules, Regulations, Guidelines and Secretarial Standards as mentioned above.
- (ii) Generally complied with the applicable provisions/clauses of:
  - (a) All the aforesaid Acts, Rules, Regulations, Guidelines as mentioned above.
  - (b) FEMA to the extent of External Commercial Borrowings and Overseas Direct Investment mentioned under paragraph 1.1 (iv) and
  - (c) The Secretarial Standards on meetings of Board of Directors (SS-1) and Secretarial Standards on General Meetings (SS-2) mentioned under paragraph 1.1 (vi) above to the extent applicable to Board meetings held during the year, the 72<sup>nd</sup> Annual General Meeting held on 23<sup>rd</sup> August 2019. The compliance of the provisions of the Rules made under the Act with regard to participation of Directors through video conference for the Board/Committee meeting(s) held during the year, were verified based on the minutes of the meeting provided by the Company.

#### 1.3 During the audit period under review, provisions of the following Act/Regulations were not applicable to the Company

- (i) FEMA to the extent of Foreign Direct Investment;
- (ii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (iii) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (iv) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018

#### 1.4 We have also examined, on test-check basis, the relevant documents and records maintained by the Company and provided to us with respect to the following laws which were applicable to the Company:

- a) The Environment Protection Act, 1986; and
- b) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

#### 2. Board processes:

We further report that:

- 2.1 The Board of Directors of the Company as on 31<sup>st</sup> March 2020 comprised of:
  - (i) One Executive Director;
  - (ii) Four Non-Executive and Non Independent Directors; and
  - (iii) Six Non-Executive Independent Directors, including a Woman Independent Director.
- 2.2 The processes relating to the following changes in the composition of the Board of Directors and Key Managerial Personnel during the year were carried out in compliance with the provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:
  - (i) Mr. Sushil Agarwal (DIN:- 00060017), Whole Time Director and Chief Financial Officer of the Company, relinquished his role w.e.f. closing of business hours on 30<sup>th</sup> June 2019. Mr. Ashish Adukia was appointed as the Chief Financial Officer of the Company with effect from 1<sup>st</sup> July 2019
  - (ii) Mr. N. Mohanraj (DIN:- 00181969) was appointed as a Non-Executive Independent Director by the Board of Directors of the Company w.e.f. 12<sup>th</sup> July 2019 and his appointment was regularized by the shareholders at 72<sup>nd</sup> Annual General Meeting held on 23<sup>rd</sup> August 2019

- (iii) Mr. B. V. Bhargava (DIN:- 00001823) and Mr. M. L. Apte (DIN:- 00003656), Independent Directors completed their first term of appointment as Independent Directors at the conclusion of the 72<sup>nd</sup> Annual General Meeting held on 23<sup>rd</sup> August 2019, and expressed their unwillingness to be re-appointed as Independent Directors for a second term of 5 years, due to their personal reasons.
- (iv) Continuation of directorship of Mr. Arun Thiagarajan (DIN:- 00292757) as Non-Executive Independent Director, who attained the age of 75 years in the month of September 2019, with the prior approval of members at the 72<sup>nd</sup> Annual General Meeting dated 23<sup>rd</sup> August 2019
- (v) Mr. Cyril Shroff (DIN:- 00018979) and Dr. Thomas M. Connelly Jr. (DIN:- 03083495) were re-appointed as Independent Directors for a second term of 5 consecutive years to hold office from the conclusion of 72<sup>nd</sup> Annual General Meeting held on 23<sup>rd</sup> August 2019 up to 22<sup>nd</sup> August 2024
- (vi) Mr. O. P. Rungta (DIN:- 00020559), Independent Director was re-appointed as an Independent Director for a second term of five consecutive years w.e.f. 25<sup>th</sup> September 2019 up to 24<sup>th</sup> September 2024
- (vii) Re-appointed Mr. Kumar Mangalam Birla (DIN: 00012813) and Ms. Usha Sangwan (DIN: 02609263) as director(s) retiring by rotation at the 72<sup>nd</sup> Annual General Meeting held on 23<sup>rd</sup> August 2019
- (viii) Mr. Himanshu Kapania (DIN:- 03387441) resigned as Non-Executive Director (Vice-Chairman) w.e.f. closing of business hours on 31<sup>st</sup> December 2019
- 2.3 Adequate notice was given to all the directors to enable them to plan their schedule for the Board meeting(s), except for few meetings which were convened at a shorter notice to transact urgent business, which were compliant with the provisions of the Act as prescribed.
- 2.4 Notice of the Board meetings was sent to all the directors at least seven days in advance except for the few meetings convened at a shorter notice, at which more than one independent director was present as required under Section 173 (3) of the Act and SS-1.
- 2.5 Agenda and detailed notes on agenda were generally sent to all the directors at least seven days before the Board meetings, except for few meetings which were convened at a shorter notice.
- 2.6 A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meeting and for their meaningful participation at the meeting.
- 2.7 We note from the minutes verified that, at the Board meetings held during the year:
- Majority decisions were carried through; and
  - No dissenting views were expressed by any Board member on any of the subject matters discussed, that were required to be captured and recorded as part of the minutes.
3. Compliance Mechanism
- There are reasonably adequate systems and processes in the Company, commensurate with the size and operations, to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines.
4. Specific events/actions
- 4.1 During the year under review, the following specific events/actions having a major bearing on the Company's affairs took place, in pursuance of the above referred laws, rules, regulations and standards:
- Pursuant to the approval tendered by the Board of Directors of the Company at its meeting held on 24<sup>th</sup> May 2019, and the Merger Committee of Board of Directors of the Company at its meeting held on 28<sup>th</sup> September 2019 a draft Scheme of Arrangement contemplating merger of Grasim Premium Fabric Private Limited (GPFPL), wholly owned subsidiary, with the Company, has been filed with National Company Law Tribunal (NCLT), Mumbai bench under Sections 230 to 232 of the Companies Act, 2013 on 30<sup>th</sup> September 2019 by GPFPL. The Scheme is subject to requisite approvals of NCLT, Members, Creditors and other regulatory authorities, as applicable.
  - The Board of Directors of ABNL Investment Limited (ABNLIL), a wholly-owned subsidiary of the Company and Sun God Trading and Investment Limited (SunGod), a step down subsidiary of the Company and a wholly-owned subsidiary of ABNLIL, have approved the Scheme of Amalgamation between SunGod

- and ABNLIL (the Scheme) under Section 233 of the Companies Act, 2013. The said Scheme is approved by the members and unsecured creditors of the ABNLIL and by the members of SunGod. The said scheme is subject to the requisite regulatory approvals, which is awaited.
3. Pursuant to the approval tendered by the Board of Directors of the Company at its meeting held on 14<sup>th</sup> August 2019, the Company entered into joint venture agreement with Maschinenfabrik Reinhausen GmbH (MR), Germany for setting up state-of-the-art Composite Hollow Core Insulators manufacturing plant at Aditya Birla Insulators, Halol. A separate joint venture Company viz. Aditya Birla Power Composites Limited has been incorporated on 15<sup>th</sup> October 2019 for undertaking the said business.
  4. Due to unviable business model, Aditya Birla Idea Payments Bank Limited (ABIPBL), subsidiary of the Company has filed a petition for voluntary winding up with Bombay High Court. Winding up Order has been passed by the Court and the Liquidator appointed by the Court on 18<sup>th</sup> September 2019. Liquidator is working on paying off liabilities including customers' deposits and realisation of assets.
  5. The Company subscribed to 7,70,00,000 equity shares of Aditya Birla Capital Limited (ABCL) pursuant to the preferential issue made by ABCL, at a price of ₹ 100 per share, aggregating to ₹ 770 Crore. As on 31<sup>st</sup> March 2020, the Company's shareholding in ABCL stands at 54.24%.
  6. The Company subscribed to 2,30,90,26,052 equity shares of Vodafone Idea Limited (VIL) pursuant to issue of shares on 'Rights' basis by VIL. The equity shares were allotted on 4<sup>th</sup> May 2019. As on 31<sup>st</sup> March 2020, the Company's shareholding in VIL stands at 11.55%.
  7. During the year under review, the Company has issued and allotted 2,00,575 equity shares of ₹ 2/- each, pursuant to exercise of Stock Options/RSUs in terms of the Employee Stock Option Scheme in various tranches.
  8. During the year under review, the Company issued and allotted 17,500 fully-paid up Unsecured Redeemable Non-Convertible Debentures (NCDs) of ₹ 10 lakh each aggregating to ₹ 1,750 Crore, on private placement basis in various tranches.
  9. During the year under review, the Company participated in Corporate Sustainability Assessment (CSA) by Dow Jones Sustainability Index (DJSI) and has attained a CSA score of 54 for the year 2019, much higher than the Global industry average score of 45.
  10. During the year under review, Competition Commission of India (CCI) has passed an order under Section 4 of the Competition Act, 2002 dated 16<sup>th</sup> March 2020, imposing a penalty of ₹ 301.61 Crore on the Company in respect of supply of certain staple fibre to spinners. The Company believes that it has sufficient grounds to go on appeal.
  11. During the year under review, the National Green Tribunal (NGT) had imposed a penalty of ₹ 1 Crore relating to a Chemical Unit acquired by the Company from Kanoria Chemicals Limited in 2011. The Company paid interim compensation of ₹ 1 Crore to Central Pollution Control Board. Basis report of National Environmental Engineering Research Institute (NEERI), the Company had filed an appeal before Supreme Court and the Court has granted a stay on NGT proceedings.
  12. Change in the name of Registrar & Transfer Agent from 'Karvy Fintech Private Limited' to 'KFin Technologies Private Limited' w.e.f. 5<sup>th</sup> December 2019.
  13. During the year under review, the Company received four complaints under 'The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013', the above complaints were duly investigated and addressed before 31<sup>st</sup> March, 2020 except one complaint which is under investigation.
  14. There was one complaint received from a whistle blower and on investigation it was found that there was no substance in the complaint and the same was closed.

**For BNP & Associates  
Company Secretaries  
[Firm Regn. No. P2014MH037400]**

**B. Narasimhan  
Partner**

**FCS No.:-1303**

**COP No.:-10440**

**PR No.:- 637/2019**

**Place: Mumbai  
Date: 13<sup>th</sup> June 2020**

**UDIN:- F001303B000340444**

## **Annexure A to the Secretarial Audit Report for the financial year ended 31<sup>st</sup> March 2020**

To,  
The Members of,  
Grasim Industries Limited

Our Secretarial Audit Report of even date is to be read along with this letter.

1. The Company's management is responsible for maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards. Our responsibility is to express an opinion on the secretarial records produced for our audit.
2. We have followed such audit practices and processes as we considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. We have considered compliance related actions taken by the company based on independent legal/professional opinion obtained as being in compliance with law.
4. We have verified the secretarial records furnished to us on a test basis to see whether the correct facts are reflected therein. We also examined the compliance procedures followed by the company. We believe that the processes and practices we followed, provides a reasonable basis for our opinion.
5. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
6. We have obtained the management's representation about the compliance of laws, rules and regulations and happening of events, wherever required.
7. Our Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For BNP & Associates  
Company Secretaries  
[Firm Regn. No. P2014MH037400]**

**B. Narasimhan  
Partner  
FCS No.:-1303  
COP No.:-10440  
PR No.:- 637/2019  
UDIN:- F001303B000340444**

Place: Mumbai  
Date: 13<sup>th</sup> June 2020

# Annexure 'F' to the Board's Report

## ANNUAL REPORT ON CSR ACTIVITIES

- 1 A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the weblink to the CSR policy and projects or programmes : To actively contribute to the social and economic development of the communities in which we operate. In so doing build a better, sustainable way of life for the weaker sections of society. Furthermore, to contribute effectively towards inclusive growth and raise the country's human development index.  
  
Our projects focus on – education, healthcare, environment and livelihood, rural development projects, social empowerment and protection of heritage, art & culture.  
  
The Company's CSR policy can be accessed on:  
<http://grasim.com/policies-and-code-of-conduct.aspx>
- 2 Composition of the CSR Committee : Mrs. Rajashree Birla, Chairperson  
Mr. Shailendra K. Jain, Director  
Ms. Anita Ramachandran, Independent Director  
Mr. Dilip Gaur, Managing Director  
Dr. Pragnya Ram, Group Executive President - CSR, Permanent Invitee
- 3 Average net profit of the Company for last three financial years : ₹ 2,421.32 Crore
- 4 Prescribed CSR Expenditure (two percent of the amount as in Item 3 above) : ₹ 48.43 Crore
- 5 **Details of CSR spent during the financial year:**
  - Total amount to be spent for the financial year : ₹ 48.43 Crore
  - Total amount spent for the financial year : ₹ 58.98 Crore
  - Amount unspent, if any : Nil

**Manner in which the amount spent during the financial year: Details given below**

Sr. No.	CSR Projects/Activities Identified	Sector in which the project covered	Project/Programmes Local Area/others. Specify the State/District where the Projects are Undertaken	Amount Outlay (Budget) Project or Programme wise (₹ in Lakh)	Amount Spent on the Project/Programmes Subheads: (1) Direct Expenditure on Project/ Programmes (₹ in Lakh)	Cumulative Spend up to reporting period (₹ in Lakh)	Amount Spent: Direct or through implementing agency*
1	<b>1. Pre-school Education Project</b> Balwadis/playschools/crèches; Strengthening Anganwadi Centres	Education	Ujjain (M.P.), Bharuch, Surat & Gir Somnath (Gujarat), Rehla (Jharkhand), Karwar (Karnataka)	21.55	20.16	3,228.79	All expenses incurred directly by the Company/ Trust through Implementing Agency
	<b>2. School Education Project</b> Enrolment awareness programmes/events; Formal schools outside campus (Company fun); Education Material (Study materials, Uniform, Books etc.); Scholarship (Merit and Need-based assistance) School competitions/Best teacher award; Cultural events, Quality of Education (support teachers, improve education methods); Specialised Coaching; Exposure visits/awareness, Formal schools inside campus (Company Schools), Support to Midday Meal Project		Bharuch, Surat & Gir Somnath, Panchmahal (Gujarat), Ujjain (MP), Rehla (Jharkhand), Ganjam (Odisha), Hooghly (WB), Amethi (UP)	699.75	2,985.06		
	<b>3. Education Support Programmes</b> Knowledge Centre/Library; Adult/Non Formal Education; Celebration of National days; Computer education; Reducing dropout rate and Continuing Education (Kasturba Balika/ counselling), Career counselling and orientation		Bharuch, Surat & Gir Somnath, Panchmahal (Gujarat), Ujjain (MP), Ganjam (Odisha)	43.36	24.69		
	<b>4. Vocational and Technical</b> Education: Strengthening ITI's; Skill-based Individual Training Programmes		Bharuch, Surat (Gujarat), Ujjain (MP), Hooghly (WB), Ganjam (Odisha), Amethi (UP)	130.08	103.26		
	<b>5. School Infrastructure</b> Building & Civil Structure (new), Building and Civil structures (renovation and maintenance), School sanitation/drinking water; School facilities and fixtures (Furniture/black boards/ computers)		Bharuch, Surat & Gir Somnath (Gujarat), Ujjain, Bhind (MP), Rehla (Jharkhand), Ganjam (Odisha), Haveri Karwar (Karnataka)	142.56	95.62		
2	<b>1. Preventive Health Care</b> Immunisation, Pulse polio, Health Check-up camps, Ambulance Mobile Dispensary Programme, Malaria/Diarrhoea/Control programmes, Health & Hygiene awareness programmes, School health/Eye/Dental camps, Yoga/ fitness classes	Health Care	Bharuch, Surat & Gir Somnath, Panchmahal (Gujarat), Ujjain (MP), Rehla (Jharkhand), Ganjam (Odisha), Hooghly (WB), Amethi (UP), Haveri (Karnataka)	76.44	73.84	1,541.27	All expenses incurred directly by the Company/ Trust through Implementing Agency



Sr. No.	CSR Projects/Activities Identified	Sector in which the project covered	Project/Programmes Local Area/others. Specify the State/District where the Projects are Undertaken	Amount Outlay (Budget) Project or Programme wise (₹ in Lakh)	Amount Spent on the Project/Programmes Subheads: (1) Direct Expenditure on Project/ Programmes (2) Overheads (₹ in Lakh)	Cumulative Spend up to reporting period (₹ in Lakh)	Amount Spent: Direct or through implementing agency*
	<b>2. Curative Health Care Programme</b> General Health Camps, Specialised Health Camps, Eye Camps, Treatment Camps (Skin, cleft, etc.), Homeopathic/ Ayurvedic Camps, Surgical Camps, Tuberculosis, Leprosy Company-operated hospitals/ dispensaries/clinic		Bharuch, Surat & Gir Somnath, Panchmahal (Gujarat), Ujjain (MP), Rehla (Jharkhand), Ganjam (Odisha), Hooghly (WB), Amethi (UP), Haveri (Karnataka)	352.98	1280.50		
	<b>3. Reproductive and Child Health</b> Mother and Child Health Care (Ante Natal Care, Pre Natal Care and Neonatal Care), Adolescent Health Care, Infant and child health (Healthy baby competition), Support to family planning/camps, Nutritional programmes for mother/child		Bharuch, Surat & Gir Somnath, (Gujarat), Ujjain (MP), Haveri (Karnataka)	16.19	11.63		
	<b>4. Quality/Support Programme</b> Referral services Treatment of BPL, old age or needy patient, HIV- AIDS Awareness Programme, RTI/STD Awareness programme, Support for differently abled, Ambulance services, Blood donation camps, Blood grouping		Bharuch & Gir Somnath, (Gujarat), Ujjain (MP), Ganjam (Odisha), Amethi (UP), Rehla (Jharkhand), Hooghly (WB)	28.10	17.61		
	<b>5. Health Infrastructure &amp; Others</b> Buildings and Civil structures (new), Buildings and Civil structures (renovation and maintenance), Village Community Sanitation (toilets/ drainage), Individual Toilets, Drinking water new sources, (Hand pump/RO/Water Tank/well), Drinking water existing sources (operation/ maintenance), Water source purification		Bharuch, Surat & Gir Somnath, Panchmahal (Gujarat), Ujjain (MP), Rehla (Jharkhand), Ganjam (Odisha), Hooghly (WB), Amethi (UP), Renukoot (U.P.)	276.58	157.69		
3	<b>1. Agriculture and Farm-Based</b> Agriculture & Horticulture training programme/Farmers group Transfer of Technology- Demonstration plots, Support for horticulture plots, Seeds Improvement Programme, Support for improved agriculture equipment and inputs, Exposure visits/Support for agricultural mela, Integrated agricultural/ horticultural improvement, programme/productivity improvement programmes, soil health and organic farming	Environment & Livelihood	Bharuch & Gir Somnath, (Gujarat), Ujjain (MP), Rehla (Jharkhand), Ganjam (Odisha), Hooghly (WB), Amethi, Renukoot (UP), Haveri (Karnataka)	101.77	56.94	310.28	All expenses incurred directly by the Company/ Trust through Implementing Agency

Sr. No.	CSR Projects/Activities Identified	Sector in which the project covered	Project/Programmes Local Area/others. Specify the State/District where the Projects are Undertaken	Amount Outlay (Budget) Project or Programme wise (₹ in Lakh)	Amount Spent on the Project/Programmes Subheads: (1) Direct Expenditure on Project/ Programmes (2) Overheads (₹ in Lakh)	Cumulative Spend up to reporting period (₹ in Lakh)	Amount Spent: Direct or through implementing agency*
	<b>2. Animal Husbandry-Based</b> Treatment and vaccination, Breed improvement Productivity, Improvement programmes and training		Bharuch & Gir Somnath, (Gujarat), Ujjain (MP), Rehla (Jharkhand), Amethi (UP), Haveri (Karnataka), Renukoot (U.P.)	49.96	24.06		
	<b>3. Non Farm &amp; Skill-Based Income Generation Programme</b> Capacity Building Programme- Tailoring, Beauty Parlour, Mechanical, Rural Enterprise Development & Income Generation Programmes, Support to SHGs for entrepreneurial activities		Bharuch, Surat & Gir Somnath (Gujarat), Ujjain, Bhind (MP), Rehla (Jharkhand), Ganjam (Odisha), Hooghly (WB), Amethi (UP), Haveri, Karwar (Karnataka), Renukoot (U.P.)	83.59	85.35		
	<b>4. Natural Resource Conservation Programmes &amp; Non Conventional Energy</b> Bio gas support programme, Solar energy support and other energy support programmes - (low smoke wood stoves/ sky light), Plantation/Green Belt Development/Roadside Plantation, Soil conservation/ Land improvement, Water conservation and harvesting (small structures/bigger structures), Community Pasture Land Development/Orchard Development		Bharuch & Gir Somnath, (Gujarat), Ujjain (MP), Rehla (Jharkhand), Ganjam (Odisha), Haveri (Karnataka), Renukoot (U.P.)	172.95	114.13		
	<b>5. Livelihood Infrastructure &amp; Others</b>		Gir Somnath (Gujarat), Ujjain (MP), Haveri (Karnataka), Rehla (Jharkhand)	30.02	29.80		
4	<b>Rural Infrastructure Development other than for the purpose of Health/ Education/Livelihood &amp; Others</b> New Roads/Culverts/Bridges/Bus Stands, Repair Roads/Culverts/ Bridges/Bus Stands/Community Halls/Housing, Other Community assets & shelters and rural development projects	Rural Development Projects	Bharuch & Gir Somnath (Gujarat), Ujjain (MP), Rehla (Jharkhand) Amethi (UP), Haveri (Karnataka)	257.16	162.53	162.53	All expenses incurred directly by the Company/ Trust through Implementing Agency
5	<b>1. Institutional Building &amp; Strengthening</b> Strengthening/formation of community-based organisation (SHGs), Support to development organisations, Old-age Home, Orphanage	Social Empowerment	Ujjain (M.P.), Rehla (Jharkhand), Amethi (U.P.)	12.80	0.03	156.32	All expenses incurred directly by the Company/ Trust through Implementing Agency
	<b>2. Social Security &amp; support to Development Organisation</b> Support to Old-age/Widow/ Physically Challenged Persons/ poor Insurance, Pension Scheme		Haveri (Karnataka), Ujjain (M.P.), Rehla (Jharkhand), Ganjam (Odisha)	13.46	5.75		

Sr. No.	CSR Projects/Activities Identified	Sector in which the project covered	Project/Programmes Local Area/others. Specify the State/District where the Projects are Undertaken	Amount Outlay (Budget) Project or Programme wise (₹ in Lakh)	Amount Spent on the Project/Programmes Subheads: (1) Direct Expenditure on Project/ Programmes (2) Overheads (₹ in Lakh)	Cumulative Spend up to reporting period (₹ in Lakh)	Amount Spent: Direct or through implementing agency*
3.	Awareness programmes Community Awareness programmes, awareness campaign, social abuse, early marriages/HIV prevention		Haveri (Karnataka), Ujjain (M.P.), Rehla (Jharkhand), Ganjam (Odisha)	4.70	2.50		
4.	Social Events to minimise causes of poverty Support to mass marriages/ widow remarriages; National day celebrations with community; Support with basic amenities		Haveri (Karnataka), Ujjain (M.P.), Rehla (Jharkhand), Renukoot (U.P.), Ganjam (Odisha), Gir Somnath (Gujarat), Amethi (U.P.)	15.25	19.83		
5.	Promotion of Heritage/Culture/ Sports Support to rural cultural programme, festivals & melas support to rural sports		Ujjain (M.P.), Haveri (Karnataka), Bharuch, Gir Somnath, Panchmahal (Gujarat), Ganjam (Odisha), Hoogly (W.B.), Amethi (U.P.)	46.65	27.18		
6.	Disaster Relief Programmes, Support to development organisations & Others		Ujjain, Bhind (M.P.), Rehla (Jharkhand), Renukoot (U.P.), Gir Somnath (Gujarat), Ganjam (Odisha), Hooghly (W.B.), Amethi (U.P.)	67.01	101.03		
6	Traditional Handicrafts Promotion/ Development (Handloom Textiles - Ikat, Jamdani & Banarasi Artisans)	Protection of heritage, art and culture	Bhind (M.P.)	507.00	395.57	395.57	All expenses incurred directly by the Company/ Trust through Implementing Agency
7	Salaries and Overheads		Bharuch, Surat & Gir Somnath, (Gujarat), Ujjain (MP), Rehla (Jharkhand), Hooghly (WB), Amethi (UP), Haveri Karwar (Karnataka)	120.99	102.88	102.88	All expenses incurred directly by the Company/ Trust through Implementing Agency
	<b>Total (₹ in Lakh)</b>			<b>3,270.90</b>	<b>5,897.64</b>	<b>5,897.64</b>	

\* Grasim Jana Seva Trust and Others

#### 6. Reason for not spending the Prescribed Amount on CSR:

Not Applicable

#### Responsibility Statement

The Responsibility Statement of the Corporate Social Responsibility Committee of the Board of Directors of the Company is reproduced below:

The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Mumbai, 13<sup>th</sup> August 2020

**Dilip Gaur**  
Managing Director  
(DIN: 02071393)

**Rajashree Birla**  
Chairperson, CSR Committee  
(DIN: 00022995)

# Annexure 'G' to the Board's Report

## FORM NO. MGT-9 EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31<sup>st</sup> March 2020

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

### I. REGISTRATION AND OTHER DETAILS:

i.	CIN	L17124MP1947PLC000410
ii.	Registration Date	25 <sup>th</sup> August 1947
iii.	Name of the Company	Grasim Industries Limited
iv.	Category/Sub-Category of the Company	Public Company limited by shares
v.	Address of the Registered Office and Contact Details	P. O. Birlagram, Nagda - 456 331, Dist. Ujjain (M.P.), India Tel: (07366) 246760/66 Fax: (07366) 244114/246024 Website: <a href="http://www.grasim.com/www.adityabirla.com">www.grasim.com/www.adityabirla.com</a> Email: <a href="mailto:grasim.secretarial@adityabirla.com">grasim.secretarial@adityabirla.com</a>
vi.	Whether Listed Company (Yes/No)	Yes
vii.	Name, Address and Contact Details of Registrar and Transfer Agent, if any	KFin Technologies Private Limited Selenium, Tower B, Plot No. 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Telangana - 500 032 Tel: +91 40 6716 2222, Fax: +91 040 23420814 Toll Free No. 1800 5724 001 Email: <a href="mailto:einward.ris@kfintech.com">einward.ris@kfintech.com</a>

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Sl. No.	Name and Description of Main Products/Services	NIC Code of the Product/Service	% to Total Turnover of the Company
1	Viscose Staple Fibre	20302	49.64%
2	Chemicals	20116	29.57%
3	Fertilisers	20121	14.40%

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate of the Company	% of Shares held	Applicable Section
1	UltraTech Cement Limited B-Wing, Ahura Centre, 2 <sup>nd</sup> Floor, Mahakali Caves Road, Andheri (East), Mumbai – 400093	L26940MH2000PLC128420	Subsidiary	57.28	2(87)

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate of the Company	% of Shares held	Applicable Section
2	Aditya Birla Capital Limited Indian Rayon Compound, Veraval - 362 266, Gujarat.	L67120GJ2007PLC058890	Subsidiary	54.24	2(87)
3	Samruddhi Swastik Trading and Investments Limited Birlagram, Nagda, Ujjain, Madhya Pradesh – 456331	U67120MP1994PLC008447	Subsidiary	100	2(87)
4	Grasim Premium Fabric Private Limited Plot No. T-8, Kagal Hatkanangle, Five Star MIDC, Kasba Sangaon, Taluka - Kagal, Kolhapur - 416217	U24233PN2007PTC133637	Subsidiary	100	2(87)
5	Aditya Birla Idea Payments Bank Limited A-4, Aditya Birla Centre, S. K. Ahire Marg, Worli Mumbai 400030	U65923MH2016PLC273308	Subsidiary	51.00	2(87)
6	Aditya Birla Solar Limited A-4, Aditya Birla Centre, S. K. Ahire Marg, Worli, Mumbai 400030	U40106MH2016PLC280762	Subsidiary	100	2(87)
7	Aditya Birla Renewables Limited A-4, Aditya Birla Centre, S. K. Ahire Marg, Worli, Mumbai 400030	U40300MH2015PLC267263	Subsidiary	100	2(87)
8	ABNL Investment Limited Indian Rayon Compound, Veraval - 362 266, Gujarat	U67910GJ1994PLC022685	Subsidiary	100	2(87)
9	Aditya Birla Power Composites Limited Survey No. 158 - 159, Meghasar, Taluka - Halol, HALOL- KALOL ROAD, Panch Mahals, GJ 389330	U31900GJ2019PLC110313	Subsidiary/ Joint Venture	51.00	2(87) & 2(6)
10	Aditya Birla Science & Technology Company Private Limited Aditya Birla Centre, C-Wing, 1 <sup>st</sup> Floor, S. K. Ahire Marg, Worli, Mumbai – 400030	U74200MH2006PTC158951	Associate	49.50	2(6)

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):

##### i. Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the Year				No. of Shares held at the end of the Year				% of Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>Promoters</b>									
<b>Indian</b>									
Individuals/HUFs	871162	0	871162	0.13	1421162	0	1421162	0.22	0.08
Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
Bodies Corporate	239175046	0	239175046	36.37	239415052	0	239415052	36.40	0.03
Banks/FIs	0	0	0	0.00	0	0	0	0.00	0.00
Others	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-Total - A(1)</b>	<b>240046208</b>	<b>0</b>	<b>240046208</b>	<b>36.50</b>	<b>240836214</b>	<b>0</b>	<b>240836214</b>	<b>36.61</b>	<b>0.11</b>

Category of Shareholders	No. of Shares held at the beginning of the Year				No. of Shares held at the end of the Year				% of Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Foreign									
NRI-Individuals	0	0	0	0.00	0	0	0	0.00	0.00
Other Individuals	0	0	0	0.00	0	0	0	0.00	0.00
Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
Banks/FIs	0	0	0	0.00	0	0	0	0.00	0.00
Others	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-Total-A(2):</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Shareholding Promoters(A) = A(1) + A(2)</b>	<b>240046208</b>	<b>0</b>	<b>240046208</b>	<b>36.50</b>	<b>240836214</b>	<b>0</b>	<b>240836214</b>	<b>36.61</b>	<b>0.11</b>
<b>Public Shareholding</b>									
<b>Institutions</b>									
Mutual Funds	49999071	39094	50038165	7.61	64164725	38844	64203569	9.76	2.15
Banks/FIs	994136	51367	1045503	0.16	1266618	48721	1315339	0.20	0.04
Central Govt./State Govt.(s)	7906	1250	9156	0.00	7906	1250	9156	0.00	0.00
Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
Insurance Companies	71664801	17952	71682753	10.90	84855249	17952	84873201	12.90	2.00
FIs	131543136	7995	131551131	20.00	88925186	7980	88933166	13.52	(6.48)
Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-Total - B(1)</b>	<b>254209050</b>	<b>117658</b>	<b>254326708</b>	<b>38.68</b>	<b>239219684</b>	<b>114747</b>	<b>239334431</b>	<b>36.38</b>	<b>(2.29)</b>
<b>Non-Institutions</b>									
Bodies Corporate	32566376	361982	32928358	5.01	46624115	333661	46957776	7.14	2.13
<b>Individuals</b>									
Individuals Shareholders holding nominal share capital upto ₹ 1 lakh	49568486	6032520	55601006	8.46	50156025	5276405	55432430	8.43	(0.03)
Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	4477669	0	4477669	0.68	8827364	0	8827364	1.34	0.66
Others(specify)									
Foreign Nationals	21809	0	21809	0.00	19769	0	19769	0.00	0.00
I E P F	2449651	0	2449651	0.37	2570691	0	2570691	0.39	0.02
NRIs (Rep.)	2046401	1169168	3215569	0.49	2415213	1058455	3473668	0.53	0.04
NRIs (Non-Rep.)	1487511	0	1487511	0.23	1416424	0	1416424	0.22	(0.01)
OCB	0	13115226	13115226	1.99	0	13115226	13115226	1.99	0.00
Trust	5928070	30091	5958161	0.91	5435039	25516	5460555	0.83	(0.08)
Clearing Members	272421	0	272421	0.04	991274	0	991274	0.15	0.11
NBFC	32063	0	32063	0.00	3847	0	3847	0.00	0.00
<b>Sub-Total- B(2)</b>	<b>98850457</b>	<b>20708987</b>	<b>119559444</b>	<b>18.18</b>	<b>118459761</b>	<b>19809263</b>	<b>138269024</b>	<b>21.02</b>	<b>2.84</b>
<b>Total Public Shareholding B = B(1) + B(2)</b>	<b>353059507</b>	<b>20826645</b>	<b>373886152</b>	<b>56.86</b>	<b>357679445</b>	<b>19924010</b>	<b>377603455</b>	<b>57.40</b>	<b>0.55</b>
<b>Total (A + B)</b>	<b>593105715</b>	<b>20826645</b>	<b>613932360</b>	<b>93.36</b>	<b>598515659</b>	<b>19924010</b>	<b>618439669</b>	<b>94.02</b>	<b>0.66</b>

Category of Shareholders	No. of Shares held at the beginning of the Year				No. of Shares held at the end of the Year				% of Change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>Shares held by Custodians for GDRs and ADRs</b>									
Promoters and Promoter Group	24011520	0	24011520	3.65	24011520	0	24011520	3.65	0.00
Public	18355917	750	18356667	2.79	13989624	750	13990374	2.13	(0.66)
Shares held by Employee Trust	1297816	0	1297816	0.20	1357375	0	1357375	0.21	0.01
<b>Total (C)</b>	<b>43665253</b>	<b>750</b>	<b>43666003</b>	<b>6.64</b>	<b>39358519</b>	<b>750</b>	<b>39359269</b>	<b>5.98</b>	<b>(0.66)</b>
<b>GRAND TOTAL (A + B + C)</b>	<b>636770968</b>	<b>20827395</b>	<b>657598363</b>	<b>100</b>	<b>637874178</b>	<b>19924760</b>	<b>657798938</b>	<b>100</b>	<b>0.00</b>

## ii. Shareholding of Promoters/Promoter Group:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the Year			Shareholding at the end of the Year			% Change in Shareholding during the Year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged/ Encumbered to Total Shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged/ Encumbered to Total Shares	
1	KUMAR MANGALAM BIRLA	36993	0.01	0.00	586993	0.09	0.00	0.08
2	ADITYA VIKRAM KUMARMANGALAM BIRLA HUF	89720	0.01	0.00	89720	0.01	0.00	0.00
3	RAJASHREE BIRLA	552850	0.08	0.00	552850	0.08	0.00	0.00
4	VASAVADATTA BAJAJ	118537	0.02	0.00	118537	0.02	0.00	0.00
5	NEERJA BIRLA	73062	0.01	0.00	73062	0.01	0.00	0.00
6	TURQUOISE INVESTMENT AND FINANCE PRIVATE LIMITED*	42119836	6.41	0.00	0	0.00	0.00	(6.41)
7	TRAPTI TRADING AND INVESTMENTS PRIVATE LIMITED*	41525217	6.31	0.00	0	0.00	0.00	(6.31)
8	PILANI INVESTMENT AND INDUSTRIES CORPORATION LIMITED	24274527	3.69	0.00	24714527	3.76	0.00	0.07
9	HINDALCO INDUSTRIES LIMITED	28222468	4.29	0.00	28222468	4.29	0.00	0.00
10	TGS INVESTMENT & TRADE PRIVATE LIMITED*	35882075	5.46	0.00	0	0.00	0.00	(5.46)
11	UMANG COMMERCIAL COMPANY PRIVATE LIMITED	26746262	4.07	0.00	26746262	4.07	0.00	0.00
12	IGH HOLDINGS PRIVATE LIMITED	33491293	5.09	0.00	33628393	5.11	0.00	0.02
13	BIRLA INSTITUTE OF TECHNOLOGY AND SCIENCE	661205	0.10	0.00	661205	0.10	0.00	0.00
14	RENUKA INVESTMENTS & FINANCE LIMITED	242185	0.04	0.00	242185	0.04	0.00	0.00
15	ECE INDUSTRIES LIMITED	337094	0.05	0.00	0	0.00	0.00	(0.05)
16	BIRLA GROUP HOLDINGS PRIVATE LIMITED	5477270	0.83	0.00	125004398	19.00	0.00	18.17
17	BIRLA INDUSTRIAL FINANCE (INDIA) LIMITED	87485	0.01	0.00	87485	0.01	0.00	0.00
18	BIRLA CONSULTANTS LIMITED	87382	0.01	0.00	87382	0.01	0.00	0.00
19	BIRLA INDUSTRIAL INVESTMENTS (INDIA) LIMITED	18657	0.00	0.00	18657	0.00	0.00	0.00
20	VIKRAM HOLDINGS PRIVATE LIMITED	750	0.00	0.00	750	0.00	0.00	0.00
21	VAIBHAV HOLDINGS PRIVATE LIMITED	670	0.00	0.00	670	0.00	0.00	0.00
22	RAJRATNA HOLDINGS PRIVATE LIMITED	670	0.00	0.00	670	0.00	0.00	0.00
23	P.T. INDO BHARAT RAYON	20004020	3.04	0.00	20004020	3.04	0.00	0.00
24	PT SUNRISE BUMI TEXTILES	1268750	0.19	0.00	1268750	0.19	0.00	0.00
25	PT ELEGANT TEXTILE INDUSTRY	808750	0.12	0.00	808750	0.12	0.00	0.00
26	THAI RAYON PUBLIC COMPANY LIMITED	1925000	0.29	0.00	1925000	0.29	0.00	0.00
27	SURYA KIRAN INVESTMENTS PTE LIMITED	5000	0.00	0.00	5000	0.00	0.00	0.00
	<b>TOTAL</b>	<b>264057728</b>	<b>40.15</b>	<b>0.00</b>	<b>264847734</b>	<b>40.26</b>	<b>0.00</b>	<b>0.11</b>

\* Amalgamated with Birla Group Holdings Private Limited w.e.f. 8<sup>th</sup> July 2019

## iii. Change in Promoters' Shareholding (please specify, if there is no change):

Sl. No.	Shareholder's Name	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	KUMAR MANGALAM BIRLA*				
	At the beginning of the Year	36993	0.01		
	Purchase on 18.03.2020	550000	0.08	586993	0.09
	At the end of the Year			586993	0.09
2	PILANI INVESTMENT AND INDUSTRIES CORPORATION LIMITED				
	At the beginning of the Year	24274527	3.69		
	Purchase on 31.12.2019	440000	0.07	24714527	3.76
	At the end of the Year			24714527	3.76
3	IGH HOLDINGS PRIVATE LIMITED				
	At the beginning of the Year	33491293	5.09		
	Purchase on 21.11.2019	137100	0.02	33628393	5.11
	At the end of the Year			33628393	5.11
4	ECE INDUSTRIES LIMITED				
	At the beginning of the Year	337094	0.05		
	Sale on 13.11.2019	(200000)	(0.03)	137094	0.02
	Sale on 21.11.2019	(137094)	(0.02)	-	0.00
	At the end of the Year			-	0.00
5	BIRLA GROUP HOLDINGS PRIVATE LIMITED				
	At the beginning of the Year	5477270	0.83		
	Vesting of shares pursuant to Scheme of Amalgamation w.e.f. 08.07.2019	119527128	18.17	125004398	19.00
	At the end of the Year			125004398	19.00
6	TURQUOISE INVESTMENT AND FINANCE PRIVATE LIMITED				
	At the beginning of the Year	42119836	6.41		
	Transfer of shares pursuant to Scheme of Amalgamation w.e.f. 08.07.2019	(42119836)	(6.41)	-	0.00
	At the end of the Year			-	0.00
7	TRAPTI TRADING AND INVESTMENTS PRIVATE LIMITED				
	At the beginning of the Year	41525217	6.31		
	Transfer of shares pursuant to Scheme of Amalgamation w.e.f. 08.07.2019	(41525217)	(6.31)	-	0.00
	At the end of the Year			-	0.00
8	TGS INVESTMENT & TRADE PRIVATE LIMITED				
	At the beginning of the Year	35882075	5.46		
	Transfer of shares pursuant to Scheme of Amalgamation w.e.f. 08.07.2019	(35882075)	(5.46)	-	0.00
	At the end of the Year			-	0.00

\* Excludes shares held as Karta of Aditya Vikram Kumar Mangalam Birla HUF



iv **Shareholding Pattern of Top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the Year		Date of transaction	Increase/ Decrease in shareholding during the Year	Reason	Cumulative Shareholding during the Year/Shareholding at the end of the Year	
		No. of Shares	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
1	LIFE INSURANCE CORPORATION OF INDIA	60824295	9.25	01/04/2019			60824295	9.25
				05/04/2019	229350	Transfer	61053645	9.28
				12/04/2019	860533	Transfer	61914178	9.42
				19/04/2019	258857	Transfer	62173035	9.45
				26/04/2019	606658	Transfer	62779693	9.55
				03/05/2019	279352	Transfer	63059045	9.59
				03/05/2019	(2080)	Transfer	63056965	9.59
				10/05/2019	958350	Transfer	64015315	9.73
				17/05/2019	991812	Transfer	65007127	9.89
				24/05/2019	1057598	Transfer	66064725	10.05
				31/05/2019	1251053	Transfer	67315778	10.24
				31/05/2019	(1200)	Transfer	67314578	10.24
				07/06/2019	1280706	Transfer	68595284	10.43
				07/06/2019	(30000)	Transfer	68565284	10.43
				14/06/2019	1302493	Transfer	69867777	10.62
				21/06/2019	1406672	Transfer	71274449	10.84
				28/06/2019	714969	Transfer	71989418	10.95
				05/07/2019	1054521	Transfer	73043939	11.11
				12/07/2019	1628432	Transfer	74672371	11.35
				19/07/2019	116086	Transfer	74788457	11.37
				26/07/2019	35000	Transfer	74823457	11.38
				26/07/2019	(35000)	Transfer	74788457	11.37
				23/08/2019	40500	Transfer	74828957	11.38
				23/08/2019	(40500)	Transfer	74788457	11.37
				06/09/2019	10000	Transfer	74798457	11.37
				06/09/2019	(10000)	Transfer	74788457	11.37
				13/09/2019	25000	Transfer	74813457	11.38
				20/09/2019	2000	Transfer	74815457	11.38
				27/09/2019	44850	Transfer	74860307	11.38
				04/10/2019	3250	Transfer	74863557	11.38
				04/10/2019	(250)	Transfer	74863307	11.38
11/10/2019	429114	Transfer	75292421	11.45				
18/10/2019	550	Transfer	75292971	11.45				
18/10/2019	(550)	Transfer	75292421	11.45				
08/11/2019	2150	Transfer	75294571	11.45				
08/11/2019	(2150)	Transfer	75292421	11.45				
22/11/2019	137500	Transfer	75429921	11.47				
29/11/2019	33800	Transfer	75463721	11.47				
29/11/2019	(1800)	Transfer	75461921	11.47				
06/12/2019	80000	Transfer	75541921	11.48				
13/12/2019	24750	Transfer	75566671	11.49				
31/12/2019	100000	Transfer	75666671	11.50				
31/12/2019	(100000)	Transfer	75566671	11.49				
31/01/2020	500	Transfer	75567171	11.49				
31/01/2020	(500)	Transfer	75566671	11.49				
14/02/2020	50	Transfer	75566721	11.49				
14/02/2020	(50)	Transfer	75566671	11.49				
21/02/2020	83990	Transfer	75650661	11.50				
21/02/2020	(83990)	Transfer	75566671	11.49				
20/03/2020	1815	Transfer	75568486	11.49				
27/03/2020	3000	Transfer	75571486	11.49				
31/03/2020			74513888	11.33				

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the Year		Date of transaction	Increase/ Decrease in shareholding during the Year	Reason	Cumulative Shareholding during the Year/Shareholding at the end of the Year	
		No. of Shares	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
2	ICICI PRUDENTIAL VALUE DISCOVERY FUND	1804378	0.27	01/04/2019			1804378	0.27
				05/04/2019	75087	Transfer	1879465	0.29
				05/04/2019	(1122)	Transfer	1878343	0.29
				12/04/2019	84	Transfer	1878427	0.29
				12/04/2019	(80000)	Transfer	1798427	0.27
				19/04/2019	281421	Transfer	2079848	0.32
				19/04/2019	(2599)	Transfer	2077249	0.32
				26/04/2019	210268	Transfer	2287517	0.35
				03/05/2019	695	Transfer	2288212	0.35
				10/05/2019	407	Transfer	2288619	0.35
				17/05/2019	25614	Transfer	2314233	0.35
				24/05/2019	1513	Transfer	2315746	0.35
				24/05/2019	(486)	Transfer	2315260	0.35
				31/05/2019	453283	Transfer	2768543	0.42
				31/05/2019	(152)	Transfer	2768391	0.42
				07/06/2019	761027	Transfer	3529418	0.54
				07/06/2019	(2295)	Transfer	3527123	0.54
				14/06/2019	354936	Transfer	3882059	0.59
				21/06/2019	250770	Transfer	4132829	0.63
				28/06/2019	160800	Transfer	4293629	0.65
				28/06/2019	(1453)	Transfer	4292176	0.65
				05/07/2019	60202	Transfer	4352378	0.66
				12/07/2019	500	Transfer	4352878	0.66
				19/07/2019	2467	Transfer	4355345	0.66
				26/07/2019	480	Transfer	4355825	0.66
				26/07/2019	(99)	Transfer	4355726	0.66
				02/08/2019	194451	Transfer	4550177	0.69
				09/08/2019	101258	Transfer	4651435	0.71
				16/08/2019	63729	Transfer	4715164	0.72
				16/08/2019	(200)	Transfer	4714964	0.72
				23/08/2019	222393	Transfer	4937357	0.75
				30/08/2019	179185	Transfer	5116542	0.78
				06/09/2019	71136	Transfer	5187678	0.79
				13/09/2019	76578	Transfer	5264256	0.80
				20/09/2019	820	Transfer	5265076	0.80
				20/09/2019	(750)	Transfer	5264326	0.80
				27/09/2019	39753	Transfer	5304079	0.81
				30/09/2019	200200	Transfer	5504279	0.84
				30/09/2019	(189)	Transfer	5504090	0.84
				04/10/2019	148786	Transfer	5652876	0.86
				04/10/2019	(2450)	Transfer	5650426	0.86
				11/10/2019	51056	Transfer	5701482	0.87
				11/10/2019	(7893)	Transfer	5693589	0.87
				18/10/2019	944	Transfer	5694533	0.87
				18/10/2019	(3800)	Transfer	5690733	0.87
				25/10/2019	34712	Transfer	5725445	0.87
				01/11/2019	431778	Transfer	6157223	0.94
				08/11/2019	199200	Transfer	6356423	0.97
				08/11/2019	(203)	Transfer	6356220	0.97
				15/11/2019	38250	Transfer	6394470	0.97

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the Year		Date of transaction	Increase/ Decrease in shareholding during the Year	Reason	Cumulative Shareholding during the Year/Shareholding at the end of the Year	
		No. of Shares	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
				15/11/2019	(10147)	Transfer	6384323	0.97
				22/11/2019	109536	Transfer	6493859	0.99
				29/11/2019	108949	Transfer	6602808	1.00
				06/12/2019	143708	Transfer	6746516	1.03
				13/12/2019	84190	Transfer	6830706	1.04
				20/12/2019	20532	Transfer	6851238	1.04
				20/12/2019	(14400)	Transfer	6836838	1.04
				27/12/2019	51941	Transfer	6888779	1.05
				27/12/2019	(3000)	Transfer	6885779	1.05
				31/12/2019	140870	Transfer	7026649	1.07
				03/01/2020	76653	Transfer	7103302	1.08
				10/01/2020	20813	Transfer	7124115	1.08
				10/01/2020	(2250)	Transfer	7121865	1.08
				17/01/2020	9666	Transfer	7131531	1.08
				24/01/2020	507998	Transfer	7639529	1.16
				31/01/2020	43517	Transfer	7683046	1.17
				31/01/2020	(1674)	Transfer	7681372	1.17
				07/02/2020	126169	Transfer	7807541	1.19
				07/02/2020	(4476)	Transfer	7803065	1.19
				14/02/2020	31644	Transfer	7834709	1.19
				21/02/2020	30245	Transfer	7864954	1.20
				21/02/2020	(3224)	Transfer	7861730	1.20
				28/02/2020	142564	Transfer	8004294	1.22
				06/03/2020	1480507	Transfer	9484801	1.44
				13/03/2020	863470	Transfer	10348271	1.57
				13/03/2020	(180750)	Transfer	10167521	1.55
				20/03/2020	1468453	Transfer	11635974	1.77
				27/03/2020	1522157	Transfer	13158131	2.00
				27/03/2020	(1302750)	Transfer	11855381	1.80
				31/03/2020	184567	Transfer	12039948	1.83
				31/03/2020			12038921	1.83
3	RELIANCE CAPITAL TRUSTEE CO LTD- A/C NIPPON INDIA EQUITY HYBRID FUND	11162266	1.70	01/04/2019			11162266	1.70
				05/04/2019	87038	Transfer	11249304	1.71
				05/04/2019	(451180)	Transfer	10798124	1.64
				12/04/2019	10621	Transfer	10808745	1.64
				12/04/2019	(286909)	Transfer	10521836	1.60
				19/04/2019	21318	Transfer	10543154	1.60
				19/04/2019	(553)	Transfer	10542601	1.60
				26/04/2019	9301	Transfer	10551902	1.60
				26/04/2019	(1)	Transfer	10551901	1.60
				03/05/2019	(1853)	Transfer	10550048	1.60
				10/05/2019	35284	Transfer	10585332	1.61
				10/05/2019	(8976)	Transfer	10576356	1.61
				17/05/2019	24150	Transfer	10600506	1.61
				24/05/2019	90130	Transfer	10690636	1.63
				24/05/2019	(5600)	Transfer	10685036	1.62
				31/05/2019	285619	Transfer	10970655	1.67

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the Year		Date of transaction	Increase/ Decrease in shareholding during the Year	Reason	Cumulative Shareholding during the Year/Shareholding at the end of the Year	
		No. of Shares	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
				31/05/2019	(398)	Transfer	10970257	1.67
				07/06/2019	21234	Transfer	10991491	1.67
				07/06/2019	(16)	Transfer	10991475	1.67
				14/06/2019	3915	Transfer	10995390	1.67
				14/06/2019	(56250)	Transfer	10939140	1.66
				21/06/2019	9078	Transfer	10948218	1.66
				21/06/2019	(60692)	Transfer	10887526	1.66
				28/06/2019	89319	Transfer	10976845	1.67
				28/06/2019	(589744)	Transfer	10387101	1.58
				05/07/2019	62402	Transfer	10449503	1.59
				05/07/2019	(959427)	Transfer	9490076	1.44
				12/07/2019	60	Transfer	9490136	1.44
				12/07/2019	(233949)	Transfer	9256187	1.41
				19/07/2019	552828	Transfer	9809015	1.49
				19/07/2019	(216479)	Transfer	9592536	1.46
				26/07/2019	178692	Transfer	9771228	1.49
				26/07/2019	(16)	Transfer	9771212	1.49
				02/08/2019	25294	Transfer	9796506	1.49
				09/08/2019	216959	Transfer	10013465	1.52
				09/08/2019	(119800)	Transfer	9893665	1.50
				16/08/2019	14785	Transfer	9908450	1.51
				23/08/2019	29883	Transfer	9938333	1.51
				30/08/2019	82438	Transfer	10020771	1.52
				30/08/2019	(437)	Transfer	10020334	1.52
				06/09/2019	8784	Transfer	10029118	1.52
				06/09/2019	(8)	Transfer	10029110	1.52
				13/09/2019	772	Transfer	10029882	1.53
				20/09/2019	9803	Transfer	10039685	1.53
				27/09/2019	22391	Transfer	10062076	1.53
				27/09/2019	(234)	Transfer	10061842	1.53
				30/09/2019	7268	Transfer	10069110	1.53
				04/10/2019	26117	Transfer	10095227	1.53
				04/10/2019	(17)	Transfer	10095210	1.53
				11/10/2019	(320417)	Transfer	9774793	1.49
				18/10/2019	25525	Transfer	9800318	1.49
				18/10/2019	(300)	Transfer	9800018	1.49
				25/10/2019	571	Transfer	9800589	1.49
				25/10/2019	(250)	Transfer	9800339	1.49
				01/11/2019	41330	Transfer	9841669	1.50
				01/11/2019	(1960)	Transfer	9839709	1.50
				08/11/2019	103	Transfer	9839812	1.50
				08/11/2019	(2288)	Transfer	9837524	1.50
				15/11/2019	43568	Transfer	9881092	1.50
				15/11/2019	(919)	Transfer	9880173	1.50
				22/11/2019	36	Transfer	9880209	1.50
				22/11/2019	(2292)	Transfer	9877917	1.50
				29/11/2019	9775	Transfer	9887692	1.50

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		No. of Shares	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
				29/11/2019	(103315)	Transfer	9784377	1.49
				06/12/2019	129	Transfer	9784506	1.49
				13/12/2019	186	Transfer	9784692	1.49
				13/12/2019	(1206)	Transfer	9783486	1.49
				20/12/2019	69750	Transfer	9853236	1.50
				20/12/2019	(314)	Transfer	9852922	1.50
				27/12/2019	260	Transfer	9853182	1.50
				27/12/2019	(23105)	Transfer	9830077	1.49
				31/12/2019	85	Transfer	9830162	1.49
				31/12/2019	(6186)	Transfer	9823976	1.49
				03/01/2020	95	Transfer	9824071	1.49
				03/01/2020	(2907)	Transfer	9821164	1.49
				10/01/2020	11739	Transfer	9832903	1.49
				17/01/2020	1107	Transfer	9834010	1.49
				24/01/2020	1158	Transfer	9835168	1.50
				24/01/2020	(1959)	Transfer	9833209	1.49
				31/01/2020	1849	Transfer	9835058	1.50
				31/01/2020	(201)	Transfer	9834857	1.50
				07/02/2020	53748	Transfer	9888605	1.50
				14/02/2020	123549	Transfer	10012154	1.52
				14/02/2020	(74)	Transfer	10012080	1.52
				21/02/2020	357	Transfer	10012437	1.52
				28/02/2020	49305	Transfer	10061742	1.53
				28/02/2020	(2086)	Transfer	10059656	1.53
				06/03/2020	44469	Transfer	10104125	1.54
				06/03/2020	(110000)	Transfer	9994125	1.52
				13/03/2020	24929	Transfer	10019054	1.52
				13/03/2020	(168432)	Transfer	9850622	1.50
				20/03/2020	471504	Transfer	10322126	1.57
				20/03/2020	(26799)	Transfer	10295327	1.57
				27/03/2020	47618	Transfer	10342945	1.57
				27/03/2020	(915449)	Transfer	9427496	1.43
				31/03/2020	8221	Transfer	9435717	1.43
				31/03/2020			9351187	1.42
4	ICICI PRUDENTIAL LIFE INSURANCE COMPANY LIMITED	11034430	1.68	01/04/2019			11034430	1.68
				05/04/2019	(25716)	Transfer	11008714	1.67
				12/04/2019	321368	Transfer	11330082	1.72
				19/04/2019	(16129)	Transfer	11313953	1.72
				26/04/2019	21151	Transfer	11335104	1.72
				26/04/2019	(19538)	Transfer	11315566	1.72
				03/05/2019	783	Transfer	11316349	1.72
				10/05/2019	58447	Transfer	11374796	1.73
				17/05/2019	(69390)	Transfer	11305406	1.72
				24/05/2019	(143784)	Transfer	11161622	1.70
				31/05/2019	(450541)	Transfer	10711081	1.63

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		No. of Shares	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
				07/06/2019	946	Transfer	10712027	1.63
				14/06/2019	(52613)	Transfer	10659414	1.62
				21/06/2019	(776864)	Transfer	9882550	1.50
				28/06/2019	(153569)	Transfer	9728981	1.48
				05/07/2019	10840	Transfer	9739821	1.48
				12/07/2019	(401910)	Transfer	9337911	1.42
				19/07/2019	(240242)	Transfer	9097669	1.38
				02/08/2019	(106496)	Transfer	8991173	1.37
				09/08/2019	(275910)	Transfer	8715263	1.33
				16/08/2019	(51019)	Transfer	8664244	1.32
				23/08/2019	(12)	Transfer	8664232	1.32
				30/08/2019	(88960)	Transfer	8575272	1.30
				06/09/2019	(33137)	Transfer	8542135	1.30
				13/09/2019	610	Transfer	8542745	1.30
				20/09/2019	(81999)	Transfer	8460746	1.29
				27/09/2019	8994	Transfer	8469740	1.29
				04/10/2019	(719)	Transfer	8469021	1.29
				11/10/2019	(191869)	Transfer	8277152	1.26
				18/10/2019	1066879	Transfer	9344031	1.42
				25/10/2019	(58017)	Transfer	9286014	1.41
				01/11/2019	(35130)	Transfer	9250884	1.41
				08/11/2019	(69584)	Transfer	9181300	1.40
				15/11/2019	(33)	Transfer	9181267	1.40
				22/11/2019	75791	Transfer	9257058	1.41
				29/11/2019	(340707)	Transfer	8916351	1.36
				06/12/2019	25422	Transfer	8941773	1.36
				13/12/2019	38781	Transfer	8980554	1.37
				20/12/2019	7029	Transfer	8987583	1.37
				27/12/2019	56619	Transfer	9044202	1.37
				31/12/2019	102979	Transfer	9147181	1.39
				03/01/2020	(979)	Transfer	9146202	1.39
				10/01/2020	93388	Transfer	9239590	1.40
				17/01/2020	12119	Transfer	9251709	1.41
				24/01/2020	(124285)	Transfer	9127424	1.39
				31/01/2020	42149	Transfer	9169573	1.39
				31/01/2020	(94982)	Transfer	9074591	1.38
				07/02/2020	7598	Transfer	9082189	1.38
				14/02/2020	(1107404)	Transfer	7974785	1.21
				21/02/2020	(104449)	Transfer	7870336	1.20
				28/02/2020	(24105)	Transfer	7846231	1.19
				06/03/2020	(69969)	Transfer	7776262	1.18
				13/03/2020	19339	Transfer	7795601	1.19
				20/03/2020	(75472)	Transfer	7720129	1.17
				27/03/2020	9490	Transfer	7729619	1.18
				31/03/2020	481	Transfer	7730100	1.18
				31/03/2020			7873884	1.20

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		No. of Shares	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
5	FRANKLIN INDIA EQUITY HYBRID FUND	8154997	1.24	01/04/2019			8154997	1.24
				05/04/2019	365000	Transfer	8519997	1.30
				05/04/2019	(6)	Transfer	8519991	1.30
				12/04/2019	140000	Transfer	8659991	1.32
				26/04/2019	197	Transfer	8660188	1.32
				31/05/2019	28694	Transfer	8688882	1.32
				07/06/2019	50000	Transfer	8738882	1.33
				14/06/2019	58	Transfer	8738940	1.33
				21/06/2019	50000	Transfer	8788940	1.34
				21/06/2019	(84)	Transfer	8788856	1.34
				05/07/2019	(197)	Transfer	8788659	1.34
				12/07/2019	290506	Transfer	9079165	1.38
				26/07/2019	109494	Transfer	9188659	1.40
				02/08/2019	550221	Transfer	9738880	1.48
				16/08/2019	475	Transfer	9739355	1.48
				23/08/2019	37000	Transfer	9776355	1.49
				30/08/2019	163000	Transfer	9939355	1.51
				06/09/2019	300000	Transfer	10239355	1.56
				04/10/2019	471885	Transfer	10711240	1.63
				11/10/2019	278289	Transfer	10989529	1.67
				01/11/2019	100000	Transfer	11089529	1.69
				29/11/2019	(211236)	Transfer	10878293	1.65
				06/12/2019	(238764)	Transfer	10639529	1.62
				13/12/2019	9496072	Transfer	20135601	3.06
				13/12/2019	(9596072)	Transfer	10539529	1.60
				20/12/2019	1043457	Transfer	11582986	1.76
				20/12/2019	(1043854)	Transfer	10539132	1.60
27/12/2019	(1087)	Transfer	10538045	1.60				
31/01/2020	(320424)	Transfer	10217621	1.55				
07/02/2020	(29409)	Transfer	10188212	1.55				
28/02/2020	798	Transfer	10189010	1.55				
06/03/2020	740	Transfer	10189750	1.55				
13/03/2020	175554	Transfer	10365304	1.58				
20/03/2020	10761	Transfer	10376065	1.58				
27/03/2020	101376	Transfer	10477441	1.59				
31/03/2020			10477441	1.59				
6	GOVERNMENT OF SINGAPORE	7768576	1.18	01/04/2019			7768576	1.18
				05/04/2019	186481	Transfer	7955057	1.21
				19/04/2019	83921	Transfer	8038978	1.22
				03/05/2019	387191	Transfer	8426169	1.28
				10/05/2019	(64441)	Transfer	8361728	1.27
				17/05/2019	(4580)	Transfer	8357148	1.27
				24/05/2019	20823	Transfer	8377971	1.27
				31/05/2019	(311725)	Transfer	8066246	1.23
				07/06/2019	409248	Transfer	8475494	1.29
				14/06/2019	28974	Transfer	8504468	1.29
				21/06/2019	85666	Transfer	8590134	1.31
				05/07/2019	15683	Transfer	8605817	1.31
				19/07/2019	(10389)	Transfer	8595428	1.31

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		No. of Shares	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
				26/07/2019	(15452)	Transfer	8579976	1.30
				02/08/2019	(233534)	Transfer	8346442	1.27
				09/08/2019	(32943)	Transfer	8313499	1.26
				16/08/2019	(13196)	Transfer	8300303	1.26
				23/08/2019	51030	Transfer	8351333	1.27
				30/08/2019	296590	Transfer	8647923	1.31
				06/09/2019	4904	Transfer	8652827	1.32
				20/09/2019	8707	Transfer	8661534	1.32
				27/09/2019	276689	Transfer	8938223	1.36
				30/09/2019	(2509)	Transfer	8935714	1.36
				04/10/2019	40310	Transfer	8976024	1.36
				11/10/2019	(10744)	Transfer	8965280	1.36
				18/10/2019	9539	Transfer	8974819	1.36
				25/10/2019	(1307)	Transfer	8973512	1.36
				01/11/2019	(2571)	Transfer	8970941	1.36
				08/11/2019	4271	Transfer	8975212	1.36
				15/11/2019	121555	Transfer	9096767	1.38
				22/11/2019	(1063)	Transfer	9095704	1.38
				29/11/2019	(94997)	Transfer	9000707	1.37
				06/12/2019	(243129)	Transfer	8757578	1.33
				13/12/2019	(1349)	Transfer	8756229	1.33
				20/12/2019	29251	Transfer	8785480	1.34
				31/12/2019	(15053)	Transfer	8770427	1.33
				03/01/2020	(42779)	Transfer	8727648	1.33
				10/01/2020	(10549)	Transfer	8717099	1.33
				17/01/2020	(29743)	Transfer	8687356	1.32
				24/01/2020	(22954)	Transfer	8664402	1.32
				31/01/2020	(189399)	Transfer	8475003	1.29
				07/02/2020	(143378)	Transfer	8331625	1.27
				14/02/2020	(7310)	Transfer	8324315	1.27
				21/02/2020	(2493)	Transfer	8321822	1.27
				28/02/2020	(3027)	Transfer	8318795	1.26
				06/03/2020	(547472)	Transfer	7771323	1.18
				13/03/2020	(624466)	Transfer	7146857	1.09
				20/03/2020	(2161032)	Transfer	4985825	0.76
				27/03/2020	(1055)	Transfer	4984770	0.76
				31/03/2020	(24777)	Transfer	4959993	0.75
				31/03/2020			4939170	0.75
7	SHAMYAK INVESTMENT PRIVATE LIMITED	0	0.00	01/04/2019			0	0.00
				11/10/2019	500000	Transfer	500000	0.08
				08/11/2019	250000	Transfer	750000	0.11
				15/11/2019	48765	Transfer	798765	0.12
				22/11/2019	302208	Transfer	1100973	0.17
				29/11/2019	27	Transfer	1101000	0.17
				06/03/2020	361676	Transfer	1462676	0.22
				13/03/2020	1513324	Transfer	2976000	0.45
				20/03/2020	2824586	Transfer	5800586	0.88
				27/03/2020	688996	Transfer	6489582	0.99
				31/03/2020			6489582	0.99



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		No. of Shares	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
8	NPSTRUST - A/C SBI PENSION FUND SCHEME - CORPORATE CG	5773007	0.88	01/04/2019			5773007	0.88
				17/05/2019	500	Transfer	5773507	0.88
				31/05/2019	1950	Transfer	5775457	0.88
				07/06/2019	10000	Transfer	5785457	0.88
				21/06/2019	1000	Transfer	5786457	0.88
				28/06/2019	(105500)	Transfer	5680957	0.86
				12/07/2019	15000	Transfer	5695957	0.87
				02/08/2019	23544	Transfer	5719501	0.87
				16/08/2019	12182	Transfer	5731683	0.87
				16/08/2019	(10940)	Transfer	5720743	0.87
				23/08/2019	429	Transfer	5721172	0.87
				30/08/2019	1495	Transfer	5722667	0.87
				13/09/2019	1101	Transfer	5723768	0.87
				27/09/2019	(125150)	Transfer	5598618	0.85
				25/10/2019	1102	Transfer	5599720	0.85
				25/10/2019	(112600)	Transfer	5487120	0.83
				01/11/2019	(117000)	Transfer	5370120	0.82
				08/11/2019	1390	Transfer	5371510	0.82
				08/11/2019	(450)	Transfer	5371060	0.82
				15/11/2019	(131700)	Transfer	5239360	0.80
				06/12/2019	7000	Transfer	5246360	0.80
				13/12/2019	5600	Transfer	5251960	0.80
				13/12/2019	(10152)	Transfer	5241808	0.80
				20/12/2019	150	Transfer	5241958	0.80
10/01/2020	(6505)	Transfer	5235453	0.80				
17/01/2020	5250	Transfer	5240703	0.80				
24/01/2020	(127265)	Transfer	5113438	0.78				
31/01/2020	(85878)	Transfer	5027560	0.76				
21/02/2020	(126656)	Transfer	4900904	0.75				
28/02/2020	61880	Transfer	4962784	0.75				
06/03/2020	146950	Transfer	5109734	0.78				
13/03/2020	111000	Transfer	5220734	0.79				
31/03/2020			5220734	0.79				
9	GAGANDEEP CREDIT CAPITAL PRIVATE LIMITED	492500	0.07	01/04/2019			492500	0.07
				21/06/2019	50000	Transfer	542500	0.08
				17/01/2020	310080	Transfer	852580	0.13
				24/01/2020	389903	Transfer	1242483	0.19
				31/01/2020	436018	Transfer	1678501	0.26
				07/02/2020	439543	Transfer	2118044	0.32
				14/02/2020	457651	Transfer	2575695	0.39
				21/02/2020	283012	Transfer	2858707	0.43
				28/02/2020	1171842	Transfer	4030549	0.61
				06/03/2020	989451	Transfer	5020000	0.76
				13/03/2020	46630	Transfer	5066630	0.77
				20/03/2020	253370	Transfer	5320000	0.81
31/03/2020	430000	Transfer	5750000	0.87				
31/03/2020			5750000	0.87				

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		No. of Shares	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
10	HDFCTRUSTEE COMPANY LTD. A/C HDFC CAPITAL BUILDER VALUE FUND	406210	0.06	01/04/2019			406210	0.06
				05/04/2019	1751	Transfer	407961	0.06
				12/04/2019	159	Transfer	408120	0.06
				12/04/2019	(1500)	Transfer	406620	0.06
				19/04/2019	(573)	Transfer	406047	0.06
				26/04/2019	422881	Transfer	828928	0.13
				26/04/2019	(1271)	Transfer	827657	0.13
				03/05/2019	518	Transfer	828175	0.13
				03/05/2019	(410)	Transfer	827765	0.13
				10/05/2019	121255	Transfer	949020	0.14
				17/05/2019	1161	Transfer	950181	0.14
				24/05/2019	111795	Transfer	1061976	0.16
				24/05/2019	(683)	Transfer	1061293	0.16
				31/05/2019	203795	Transfer	1265088	0.19
				31/05/2019	(208)	Transfer	1264880	0.19
				07/06/2019	348	Transfer	1265228	0.19
				14/06/2019	260155	Transfer	1525383	0.23
				21/06/2019	1939	Transfer	1527322	0.23
				28/06/2019	251537	Transfer	1778859	0.27
				28/06/2019	(247)	Transfer	1778612	0.27
				05/07/2019	323558	Transfer	2102170	0.32
				12/07/2019	378880	Transfer	2481050	0.38
				12/07/2019	(5250)	Transfer	2475800	0.38
				19/07/2019	501084	Transfer	2976884	0.45
				26/07/2019	874	Transfer	2977758	0.45
				02/08/2019	1260	Transfer	2979018	0.45
				09/08/2019	274077	Transfer	3253095	0.49
				16/08/2019	44931	Transfer	3298026	0.50
				23/08/2019	244993	Transfer	3543019	0.54
				30/08/2019	1375	Transfer	3544394	0.54
				06/09/2019	40108	Transfer	3584502	0.55
				13/09/2019	722	Transfer	3585224	0.55
				20/09/2019	170417	Transfer	3755641	0.57
				27/09/2019	394	Transfer	3756035	0.57
				27/09/2019	(193)	Transfer	3755842	0.57
				30/09/2019	120291	Transfer	3876133	0.59
				04/10/2019	162445	Transfer	4038578	0.61
				04/10/2019	(41)	Transfer	4038537	0.61
				11/10/2019	138093	Transfer	4176630	0.64
				18/10/2019	297910	Transfer	4474540	0.68
				25/10/2019	134075	Transfer	4608615	0.70
				01/11/2019	73119	Transfer	4681734	0.71
				08/11/2019	36481	Transfer	4718215	0.72
				15/11/2019	160	Transfer	4718375	0.72
				15/11/2019	(3644)	Transfer	4714731	0.72
				22/11/2019	55430	Transfer	4770161	0.73
				29/11/2019	645	Transfer	4770806	0.73

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		No. of Shares	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
				06/12/2019	142921	Transfer	4913727	0.75
				13/12/2019	114428	Transfer	5028155	0.76
				20/12/2019	18000	Transfer	5046155	0.77
				20/12/2019	(531)	Transfer	5045624	0.77
				27/12/2019	608	Transfer	5046232	0.77
				31/12/2019	678	Transfer	5046910	0.77
				03/01/2020	47801	Transfer	5094711	0.77
				10/01/2020	1001	Transfer	5095712	0.77
				17/01/2020	218137	Transfer	5313849	0.81
				24/01/2020	12025	Transfer	5325874	0.81
				31/01/2020	416	Transfer	5326290	0.81
				31/01/2020	(95)	Transfer	5326195	0.81
				07/02/2020	50094	Transfer	5376289	0.82
				14/02/2020	12790	Transfer	5389079	0.82
				14/02/2020	(119)	Transfer	5388960	0.82
				21/02/2020	352132	Transfer	5741092	0.87
				28/02/2020	90733	Transfer	5831825	0.89
				28/02/2020	(1500)	Transfer	5830325	0.89
				06/03/2020	72302	Transfer	5902627	0.90
				13/03/2020	76252	Transfer	5978879	0.91
				20/03/2020	395108	Transfer	6373987	0.97
				27/03/2020	111423	Transfer	6485410	0.99
				27/03/2020	(825750)	Transfer	5659660	0.86
				31/03/2020	8617	Transfer	5668277	0.86
				31/03/2020			5557165	0.84
11	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C	5425626	0.83	01/04/2019			5425626	0.83
				05/04/2019	52	Transfer	5425678	0.83
				12/04/2019	(500)	Transfer	5425178	0.82
				19/04/2019	547000	Transfer	5972178	0.91
				19/04/2019	(9750)	Transfer	5962428	0.91
				26/04/2019	191000	Transfer	6153428	0.94
				26/04/2019	(49500)	Transfer	6103928	0.93
				03/05/2019	386000	Transfer	6489928	0.99
				10/05/2019	100052	Transfer	6589980	1.00
				17/05/2019	240000	Transfer	6829980	1.04
				24/05/2019	153155	Transfer	6983135	1.06
				31/05/2019	253155	Transfer	7236290	1.10
				07/06/2019	(2000)	Transfer	7234290	1.10
				14/06/2019	9000	Transfer	7243290	1.10
				28/06/2019	132000	Transfer	7375290	1.12
				05/07/2019	16552	Transfer	7391842	1.12
				12/07/2019	(868)	Transfer	7390974	1.12
				19/07/2019	86250	Transfer	7477224	1.14
				19/07/2019	(3000)	Transfer	7474224	1.14
				02/08/2019	8257	Transfer	7482481	1.14
				02/08/2019	(8257)	Transfer	7474224	1.14
				30/08/2019	(15000)	Transfer	7459224	1.13

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the Year		Date of transaction	Increase/ Decrease in shareholding during the Year	Reason	Cumulative Shareholding during the Year/Shareholding at the end of the Year	
		No. of Shares	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
				13/09/2019	16500	Transfer	7475724	1.14
				20/09/2019	81000	Transfer	7556724	1.15
				27/09/2019	(16500)	Transfer	7540224	1.15
				30/09/2019	(93700)	Transfer	7446524	1.13
				04/10/2019	9750	Transfer	7456274	1.13
				04/10/2019	(172150)	Transfer	7284124	1.11
				11/10/2019	(435611)	Transfer	6848513	1.04
				18/10/2019	8250	Transfer	6856763	1.04
				25/10/2019	(72112)	Transfer	6784651	1.03
				08/11/2019	15750	Transfer	6800401	1.03
				08/11/2019	(1115000)	Transfer	5685401	0.86
				15/11/2019	(113000)	Transfer	5572401	0.85
				22/11/2019	(1081286)	Transfer	4491115	0.68
				29/11/2019	108000	Transfer	4599115	0.70
				29/11/2019	(158000)	Transfer	4441115	0.68
				06/12/2019	(104)	Transfer	4441011	0.68
				10/01/2020	106500	Transfer	4547511	0.69
				17/01/2020	140250	Transfer	4687761	0.71
				07/02/2020	12750	Transfer	4700511	0.71
				07/02/2020	(104000)	Transfer	4596511	0.70
				14/02/2020	6000	Transfer	4602511	0.70
				14/02/2020	(67997)	Transfer	4534514	0.69
				21/02/2020	75039	Transfer	4609553	0.70
				21/02/2020	(359212)	Transfer	4250341	0.65
				28/02/2020	147684	Transfer	4398025	0.67
				28/02/2020	(424796)	Transfer	3973229	0.60
				06/03/2020	79665	Transfer	4052894	0.62
				06/03/2020	(299139)	Transfer	3753755	0.57
				13/03/2020	515	Transfer	3754270	0.57
				13/03/2020	(694333)	Transfer	3059937	0.47
				20/03/2020	301377	Transfer	3361314	0.51
				27/03/2020	2811	Transfer	3364125	0.51
				27/03/2020	(252750)	Transfer	3111375	0.47
				31/03/2020	312	Transfer	3111687	0.47
				31/03/2020			2958532	0.45
12	SBI ARBITRAGE OPPORTUNITIES FUND	5346291	0.81	01/04/2019			5346291	0.81
				05/04/2019	40244	Transfer	5386535	0.82
				12/04/2019	327	Transfer	5386862	0.82
				12/04/2019	(100931)	Transfer	5285931	0.80
				19/04/2019	24	Transfer	5285955	0.80
				19/04/2019	(4408)	Transfer	5281547	0.80
				26/04/2019	3074	Transfer	5284621	0.80
				03/05/2019	12560	Transfer	5297181	0.81
				10/05/2019	54604	Transfer	5351785	0.81
				17/05/2019	58754	Transfer	5410539	0.82
				24/05/2019	19288	Transfer	5429827	0.83
				24/05/2019	(809)	Transfer	5429018	0.83

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the Year		Date of transaction	Increase/ Decrease in shareholding during the Year	Reason	Cumulative Shareholding during the Year/Shareholding at the end of the Year	
		No. of Shares	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
				31/05/2019	36989	Transfer	5466007	0.83
				31/05/2019	(709)	Transfer	5465298	0.83
				07/06/2019	14058	Transfer	5479356	0.83
				07/06/2019	(3054)	Transfer	5476302	0.83
				14/06/2019	19921	Transfer	5496223	0.84
				21/06/2019	23119	Transfer	5519342	0.84
				28/06/2019	24	Transfer	5519366	0.84
				28/06/2019	(6353)	Transfer	5513013	0.84
				05/07/2019	37879	Transfer	5550892	0.84
				05/07/2019	(469)	Transfer	5550423	0.84
				12/07/2019	76491	Transfer	5626914	0.86
				19/07/2019	58198	Transfer	5685112	0.86
				26/07/2019	28634	Transfer	5713746	0.87
				02/08/2019	38398	Transfer	5752144	0.87
				09/08/2019	48151	Transfer	5800295	0.88
				09/08/2019	(2652)	Transfer	5797643	0.88
				16/08/2019	67374	Transfer	5865017	0.89
				23/08/2019	143160	Transfer	6008177	0.91
				30/08/2019	15969	Transfer	6024146	0.92
				30/08/2019	(1794)	Transfer	6022352	0.92
				06/09/2019	22992	Transfer	6045344	0.92
				13/09/2019	13056	Transfer	6058400	0.92
				13/09/2019	(1759)	Transfer	6056641	0.92
				20/09/2019	17760	Transfer	6074401	0.92
				20/09/2019	(23)	Transfer	6074378	0.92
				27/09/2019	12	Transfer	6074390	0.92
				27/09/2019	(16535)	Transfer	6057855	0.92
				30/09/2019	43770	Transfer	6101625	0.93
				30/09/2019	(22)	Transfer	6101603	0.93
				04/10/2019	14097	Transfer	6115700	0.93
				11/10/2019	7903	Transfer	6123603	0.93
				18/10/2019	36265	Transfer	6159868	0.94
				25/10/2019	18629	Transfer	6178497	0.94
				01/11/2019	39663	Transfer	6218160	0.95
				08/11/2019	33178	Transfer	6251338	0.95
				15/11/2019	30211	Transfer	6281549	0.95
				15/11/2019	(4048)	Transfer	6277501	0.95
				22/11/2019	23776	Transfer	6301277	0.96
				22/11/2019	(40)	Transfer	6301237	0.96
				29/11/2019	20662	Transfer	6321899	0.96
				06/12/2019	67425	Transfer	6389324	0.97
				06/12/2019	(120)	Transfer	6389204	0.97
				13/12/2019	22191	Transfer	6411395	0.97
				20/12/2019	16137	Transfer	6427532	0.98
				20/12/2019	(752)	Transfer	6426780	0.98
				27/12/2019	1936	Transfer	6428716	0.98
				27/12/2019	(61)	Transfer	6428655	0.98

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the Year		Date of transaction	Increase/ Decrease in shareholding during the Year	Reason	Cumulative Shareholding during the Year/Shareholding at the end of the Year	
		No. of Shares	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
				31/12/2019	51991	Transfer	6480646	0.99
				03/01/2020	13187	Transfer	6493833	0.99
				10/01/2020	11925	Transfer	6505758	0.99
				17/01/2020	10152	Transfer	6515910	0.99
				17/01/2020	(1242)	Transfer	6514668	0.99
				24/01/2020	14844	Transfer	6529512	0.99
				31/01/2020	8460	Transfer	6537972	0.99
				31/01/2020	(1938)	Transfer	6536034	0.99
				07/02/2020	21751	Transfer	6557785	1.00
				07/02/2020	(44)	Transfer	6557741	1.00
				14/02/2020	13583	Transfer	6571324	1.00
				21/02/2020	9552	Transfer	6580876	1.00
				21/02/2020	(1131)	Transfer	6579745	1.00
				28/02/2020	189201	Transfer	6768946	1.03
				06/03/2020	117326	Transfer	6886272	1.05
				13/03/2020	60211	Transfer	6946483	1.06
				20/03/2020	6466	Transfer	6952949	1.06
				20/03/2020	(1975)	Transfer	6950974	1.06
				27/03/2020	163619	Transfer	7114593	1.08
				31/03/2020	91507	Transfer	7206100	1.10
				31/03/2020			7187621	1.09
13	VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS	5090167	0.77	01/04/2019			5090167	0.77
				12/04/2019	11661	Transfer	5101828	0.78
				10/05/2019	12168	Transfer	5113996	0.78
				21/06/2019	(27378)	Transfer	5086618	0.77
				28/06/2019	(62830)	Transfer	5023788	0.76
				27/09/2019	(135044)	Transfer	4888744	0.74
				27/12/2019	(92715)	Transfer	4796029	0.73
				27/03/2020	(44553)	Transfer	4751476	0.72
				31/03/2020			4751476	0.72
14	VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	5030442	0.76	01/04/2019			5030442	0.76
				26/04/2019	(90817)	Transfer	4939625	0.75
				10/05/2019	51390	Transfer	4991015	0.76
				24/05/2019	45457	Transfer	5036472	0.77
				31/05/2019	45457	Transfer	5081929	0.77
				07/06/2019	42369	Transfer	5124298	0.78
				26/07/2019	30106	Transfer	5154404	0.78
				09/08/2019	48807	Transfer	5203211	0.79
				23/08/2019	91892	Transfer	5295103	0.81
				07/02/2020	44757	Transfer	5339860	0.81
				28/02/2020	85819	Transfer	5425679	0.82
				06/03/2020	40791	Transfer	5466470	0.83
				13/03/2020	50588	Transfer	5517058	0.84
				20/03/2020	158987	Transfer	5676045	0.86
				27/03/2020	54369	Transfer	5730414	0.87
				31/03/2020			5684957	0.86

The above information is based on the weekly beneficiary position received from Depositories.

**v. Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	Name of Directors and KMP	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
<b>1</b>	<b>Mr. Kumar Mangalam Birla* (Director)</b>				
	At the beginning of the year	126713	0.02		
	Purchase of Shares	550000	0.08	676713	0.10
	At the end of the year			676713	0.10
<b>2</b>	<b>Mrs. Rajashree Birla (Director)</b>				
	At the beginning of the year	552850	0.08		
	Date-wise Increase/Decrease:	-	0.00		
	At the end of the year			552850	0.08
<b>3</b>	<b>Mr. Himanshu Kapania** (Director)</b>				
	At the beginning of the year	1000	0.00		
	Date-wise Increase/Decrease:	-	0.00		
	As on the date of cessation			1000	0.00
<b>4</b>	<b>Mr. M. L. Apte# (Director)</b>				
	At the beginning of the year	650	0.00		
	Date-wise Increase/Decrease:	-	0.00		
	As on the date of cessation			650	0.00
<b>5</b>	<b>Mr. B. V. Bhargava# (Director)</b>				
	At the beginning of the year	2000	0.00		
	Date-wise Increase/Decrease:	-	0.00		
	As on the date of cessation			2000	0.00
<b>6</b>	<b>Mr. Cyril Shroff (Director)</b>				
	At the beginning of the year	335	0.00		
	Sale of Shares	(335)	0.00	-	0.00
	At the end of the year			-	0.00
<b>7</b>	<b>Mr. Shailendra K. Jain (Director)</b>				
	At the beginning of the year	65430	0.01		
	Date-wise Increase/Decrease:	-	0.00		
	At the end of the year			65430	0.01
<b>8</b>	<b>Mr. O. P. Rungta (Director)</b>				
	At the beginning of the year	250	0.00		
	Purchase of Shares	375	0.00	625	0.00
	At the end of the year			625	0.00
<b>9</b>	<b>Mr. Arun Thiagarajan (Director)</b>				
	At the beginning of the year	1475	0.00		
	Date-wise Increase/Decrease:	-	0.00		
	At the end of the year			1475	0.00
<b>10</b>	<b>Mr. Sushil Agarwal^ (Whole Time Director &amp; CFO)</b>				
	At the beginning of the year	34622	0.01		
	Date-wise Increase/Decrease:	-	0.00		
	As on the date of cessation			34622	0.01

\* Including shares held by HUF

\*\* Ceased to be a Director w.e.f. close of business hours on 31<sup>st</sup> December 2019# Ceased to be Director w.e.f. 23<sup>rd</sup> August 2019^ Ceased to be Whole-time Director & CFO w.e.f. close of business hours on 30<sup>th</sup> June 2019

Dr. Thomas M. Connelly, Jr., Director; Ms. Anita Ramachandran, Director; Mr. N. Mohanraj, Director (appointed w.e.f. 12<sup>th</sup> July 2019); Ms. Usha Sangwan, Director (ceased to be a Director w.e.f. 16<sup>th</sup> May 2020); Mr. Dilip Gaur, Managing Director; Mr. Ashish Adukia, Chief Financial Officer (appointed w.e.f. 1<sup>st</sup> July 2019); Mrs. Hutokshi Wadia, Company Secretary did not hold any shares during the period.

## V. INDEBTEDNESS:

Indebtedness of the Company including Interest Outstanding/Accrued but not due for Payment (₹ in Crore)

Sl. No.	Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
	<b>Indebtedness at the beginning of the Financial Year – 1<sup>st</sup> April 2019</b>				
i)	Principal Amount	679.80	2,630.96	-	3,310.76
ii)	Interest Due but not Paid	-	-	-	-
iii)	Interest Accrued but not Due	0.43	21.23	-	21.66
	<b>Total (i + ii + iii)</b>	<b>680.23</b>	<b>2,652.19</b>	<b>-</b>	<b>3,332.42</b>
	<b>Change in Indebtedness during the Financial Year</b>				
	• Addition	1,150.52	14,335.12	-	15,485.64
	• Reduction	(1,096.79)	(12,631.49)	-	(13,728.28)
	<b>Net Change</b>	<b>53.37</b>	<b>1,703.63</b>	<b>-</b>	<b>1,757.36</b>
	<b>Indebtedness at the end of the Financial Year – 31<sup>st</sup> March 2020</b>				
i)	Principal Amount	733.53	4,334.59	-	5,068.12
ii)	Interest Due but not Paid	-	-	-	-
iii)	Interest Accrued but not Due	0.27	141.93	-	142.20
	<b>Total (i + ii + iii)</b>	<b>733.80</b>	<b>4,476.52</b>	<b>-</b>	<b>5,210.32</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

### A. Remuneration to Managing Director, Whole-time Director and/or Manager:

(₹ in Lakh)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Mr. Dilip Gaur, Managing Director	Mr. Sushil Agarwal <sup>@</sup> , Whole-time Director & CFO	
1	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	415.36	111.66	527.02
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	22.30	1.86	24.16
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- As % of Profit	-	-	-
	- Others, specify	-	-	-
5	Others, please specify Provident Fund and Other Funds (PF, SAF, NPS)	52.43	9.89	62.32
6	Performance Bonus	257.41	257.31	514.72
	<b>Total (A)</b>	<b>747.50</b>	<b>380.72</b>	<b>1,128.22</b>
	Ceiling as per the Act	(Being 10% of the Net profit of the Company as worked out as per Section 198 of the Companies Act, 2013)		<b>15,259.90</b>

<sup>@</sup> Ceased to be Whole-time Director & CFO w.e.f. close of business hours on 30<sup>th</sup> June 2019



**B. Remuneration of other Directors:****I. Independent Directors:**

(₹ in Lakh)

Particulars of Remuneration	Name of Directors								Total Amount
	Mr. M. L. Apte <sup>#</sup>	Mr. B. V. Bhargava <sup>#</sup>	Mr. Arun Thiagarajan	Dr. Thomas M. Connelly, Jr.	Mr. O. P. Rungta	Mr. Cyril Shroff	Ms. Anita Ramachandran	Mr. N. Mohanraj <sup>^</sup>	
Fee for attending Board/Committee Meetings	2.70	2.75	5.30	3.50	6.05	2.40	3.40	2.65	28.75
Commission proposed*	8.00	11.00	23.00	10.00	21.00	9.00	10.00	10.00	102.00
Others, please specify	0	0	0	0	0	0	0	0	0.00
<b>Total (I)</b>	<b>10.70</b>	<b>13.75</b>	<b>28.30</b>	<b>13.50</b>	<b>27.05</b>	<b>11.40</b>	<b>13.40</b>	<b>12.65</b>	<b>130.75</b>

\* The above commission is excluding GST. The Commission for the financial year ended 31<sup>st</sup> March 2020 will be paid after adoption of accounts by the shareholders at the AGM to be held on 14<sup>th</sup> September 2020

# Ceased to be Director w.e.f. 23<sup>rd</sup> August 2019

<sup>^</sup> Appointed as a Director w.e.f. 12<sup>th</sup> July 2019

**II. Other Non-Executive Directors:**

(₹ in Lakh)

Particulars of Remuneration	Name of Directors					Total Amount
	Mr. Kumar Mangalam Birla	Mrs. Rajashree Birla	Mr. Shailendra K. Jain	Ms. Usha Sangwan <sup>^</sup>	Mr. Himanshu Kapania <sup>§</sup>	
Fee for attending Board/Committee Meetings	2.60	1.90	4.90	2.00	2.00	13.40
Commission proposed <sup>#</sup>	0.00	120.00	18.00	5.00*	5.00	148.00
Others, please specify	0	0	0	0	0	0.00
<b>Total (II)</b>	<b>2.60</b>	<b>121.90</b>	<b>22.90</b>	<b>7.00</b>	<b>7.00</b>	<b>161.40</b>
<b>Total (B) = (I + II)</b>						<b>292.15</b>
Ceiling as per the Act	Being 1% of the Net profit of the Company as worked out as per Section 198 of the Companies Act, 2013					<b>1,525.99</b>

\* To be paid to LIC.

# The above commission is excluding GST. The Commission for the financial year ended 31<sup>st</sup> March 2020 will be paid after adoption of accounts by the shareholders at the AGM to be held on 14<sup>th</sup> September 2020

<sup>^</sup> Ceased to be a Director w.e.f. 16<sup>th</sup> May 2020

<sup>§</sup> Ceased to be a Director w.e.f. close of business hours on 31<sup>st</sup> December 2019

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:**

(₹ in Lakh)

Sl. No.	Particulars of Remuneration	Name of the KMP		Total Amount
		Mr. Ashish Adukia, Chief Financial Officer*	Mrs. Hutokshi R. Wadia, Company Secretary	
1	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	154.42	72.02	226.44
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.29	4.57	4.86
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961			
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- As % of Profit	-	-	-
	- Others, specify	-	-	-
5	Others, please specify Provident Fund and Other Funds (PF, SAF, NPS)	9.90	5.85	15.75
6	Performance Bonus	0	19.92	19.92
	<b>Total (C)</b>	<b>164.61</b>	<b>102.36</b>	<b>266.97</b>

\* Appointed as Chief Financial Officer w.e.f. 1<sup>st</sup> July 2019

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

There were no penalties/punishment/compounding of offences for the financial year ended 31<sup>st</sup> March 2020.

# Annexure 'H' to the Board's Report

**Grasim Industries Limited, an Aditya Birla Group Company, has adopted the Executive Remuneration Philosophy/Policy as applicable across Group Companies. This Philosophy/Policy is detailed below:**

## ADITYA BIRLA GROUP: EXECUTIVE REMUNERATION PHILOSOPHY/POLICY

At the Aditya Birla Group, we expect our executive team to foster a culture of growth and entrepreneurial risk-taking. Our Executive Remuneration Philosophy/Policy supports the design of programmes that align executive rewards - including incentive programmes, retirement benefit programmes, promotion and advancement opportunities - with the long-term success of our stakeholders.

### *Our Business and Organisational Model*

Our Group is a conglomerate and organised in a manner such that there is sharing of resources and infrastructure. This results in uniformity of business processes and systems thereby promoting synergies and exemplary customer experiences.

#### *I. Objectives of the Executive Remuneration Programme*

Our executive remuneration programme is designed to attract, retain, and reward talented executives, who will contribute to our long-term success, and thereby build value for our shareholders.

Our executive remuneration programme is intended to:

1. Provide for monetary and non-monetary remuneration elements to our executives on a holistic basis; and
2. Emphasise "Pay for Performance" by aligning incentives with business strategies to reward executives, who achieve or exceed Group business and individual goals.

#### *II. Executives*

Our Executive Remuneration Philosophy/Policy applies to the following:

1. Directors of the Company;
2. Key Managerial Personnel: Chief Executive Officer and equivalent e.g., Deputy Managing Director, Chief Financial Officer and Company Secretary; and
3. Senior Management.

#### *III. Business and Talent Competitors*

We benchmark our executive pay practices and levels against peer companies in similar industries, geographies and of similar size. In addition, we look at secondary reference (internal and external) benchmarks in order to ensure that the pay policies and levels across the Group are broadly equitable and support the Group's global mobility objectives for executive talent. Secondary reference points bring to the table, the executive pay practices and pay levels in other markets and industries, to appreciate the differences in levels and medium of pay, and build in as appropriate for decision making.

#### *IV. Executive Pay Positioning*

We aim to provide competitive remuneration opportunities to our executives by positioning target total remuneration (including perks and benefits, annual incentive pay-outs, long-term incentive pay-outs at target performance) and target the total cash compensation (including annual incentive pay-outs) at target performance directionally between median and top quartile of the primary talent market. We recognise the size and scope of the role and the market standing, skills and experience of incumbents while positioning our executives.

We use secondary market data only as a reference point for determining the types and amount of remuneration while principally believing that the target total remuneration packages should reflect the typical cost of comparable executive talent available in the sector.

#### *V. Executive Pay-Mix*

Our executive pay-mix aims to strike the appropriate balance between key components: (i) Fixed Cash Compensation (Basic Salary + Allowances); (ii) Annual Incentive Plan; (iii) Long-Term Incentives; and (iv) Perks and Benefits.

#### Annual Incentive Plan:

We tie annual incentive plan pay-outs of our executives to the relevant financial and operational metrics achievement and their individual performance. We annually align the financial and operational metrics with priorities/focus areas for the business.

#### Long-Term Incentives:

Our long-term incentive plans incentivise stretch performance, link executive remuneration to sustained long-term growth and act as a retention and reward tool.

We use stock options as the primary long-term incentive vehicles for our executives as we believe that they best align executive incentives with stockholder interests.

We grant restricted stock units as a secondary long-term incentive vehicle, to motivate and retain our executives.

### VI. Performance Goal Setting

We aim to ensure that, for both annual incentive plans and long-term incentive plans, the target performance goals shall be achievable and realistic.

Threshold performance (the point at which incentive plans are paid out at their minimum, but non-zero, level) shall reflect a base-line level of performance, reflecting an estimated 90% probability of achievement.

Target performance is the expected level of performance at the beginning of the performance cycle, taking into account all known relevant facts likely to impact measured performance.

Maximum performance (the point at which the maximum plan pay-out is made) shall be based on an exceptional level of achievement, reflecting no more than an estimated 10% probability of achievement.

### VII. Executive Benefits and Perquisites

Our executives are eligible to participate in our broad-based retirement, health and welfare, and other employee benefits plans. In addition to these

broad-based plans, they are eligible for perquisites and benefits plans commensurate with their roles. These benefits are designed to encourage long-term careers with the Group.

#### Other Remuneration Elements:

Each of our executives is subject to an employment agreement. Each such agreement generally provides for a total remuneration package for our executives, including continuity of service across the Group Companies.

We limit other remuneration elements, for example, Change in Control (CIC) agreements, severance agreements, to instances of compelling business need or competitive rationale, and generally do not provide for any tax gross-ups for our executives.

#### Risk and Compliance:

We aim to ensure that the Group's remuneration programmes do not encourage excessive risk taking. We review our remuneration programmes for factors, such as remuneration mix overly weighted towards annual incentives, uncapped pay-outs, unreasonable goals or thresholds, steep pay-out cliffs at certain performance levels that may encourage short-term decisions to meet pay-out thresholds.

#### Clawback Clause:

In an incident of restatement of financial statements, due to fraud or non-compliance with any requirement of the Companies Act, 2013, and the rules made thereafter, we shall recover from our executives, the remuneration received in excess, of what would be payable to him/her as per restatement of financial statements, pertaining to the relevant performance year.

#### Implementation:

The Group and Business Centre of Expertise teams will assist the Nomination and Remuneration Committee in adopting, interpreting and implementing the Executive Remuneration Philosophy/Policy. These services will be established through "arm's-length" agreements entered into as needs arise in the normal course of business.

## Annexure 'I' to the Board's Report

### Details pertaining to remuneration as required under Section 197(12) of the Companies Act 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

- i. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2019-20, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2019-20 are as under:

Sl. No.	Name of Director/Key Managerial Personnel (KMP) and Designation	Remuneration <sup>(ii)</sup> of Director/KMP for financial year 2019-20 (₹ in Lakh)	Ratio of remuneration of each Director to the Median remuneration of employees for the Financial Year 2019-20	% Increase/ (Decrease) in remuneration in the Financial Year 2019-20
1	Mr. Kumar Mangalam Birla, Chairman and Non-Executive Director	-	-	-
2	Mrs. Rajashree Birla, Non-Executive Director	120.00	27.23	(4)
3	Mr. Himanshu Kapania*, Vice-Chairman and Non-Executive Director	5.00	Not Applicable	Not Applicable
4	Mr. Shailendra K. Jain, Non-Executive Director	18.00	4.08	(10)
5	Ms. Usha Sangwan#, Non-Executive Director	5.00	1.13	(38)
6	Mr. Cyril Shroff, Independent Director	9.00	2.04	(25)
7	Mr. Arun Thiagarajan, Independent Director	23.00	5.22	(23)
8	Dr. Thomas M. Connelly, Jr., Independent Director	10.00	2.27	(17)
9	Mr. O. P. Rungta, Independent Director	21.00	4.77	17
10	Ms. Anita Ramachandran, Independent Director	10.00	2.27	(9)
11	Mr. M. L. Apte\$, Independent Director	8.00	Not Applicable	Not Applicable
12	Mr. B. V. Bhargava\$, Independent Director	11.00	Not Applicable	Not Applicable
13	Mr. N. Mohanraj®, Independent Director	10.00	Not Applicable	Not Applicable
14	Mr. Sushil Agarwal^, Whole-time Director & CFO	380.72	Not Applicable	Not Applicable
15	Mr. Dilip Gaur, Managing Director	747.50	169.63	14
16	Mr. Ashish Adukia^^, Chief Financial Officer	164.61	Not Applicable	Not Applicable
17	Mrs. Hutokshi R. Wadia, Company Secretary	102.36	Not Applicable	7

**Note:**

- Ratio of remuneration of each Director to the median remuneration is not calculated for Directors who were with the Company for part of FY 2019-20
- Percentage increase/decrease in remuneration is not calculated for Directors/KMP who were with the Company for part of FY 2019-20

\* Ceased to be a Director w.e.f. from close of business hours on 31<sup>st</sup> December 2019

# Ceased to be Director w.e.f. 16<sup>th</sup> May 2020

\$ Ceased to be Independent Director(s) w.e.f. 23<sup>rd</sup> August 2019 upon completion of their term

® Appointed as Independent Director w.e.f. 12<sup>th</sup> July 2019

^ Ceased to be Whole-time Director and CFO w.e.f. close of business hours on 30<sup>th</sup> June 2019

^^ Appointed as Chief Financial Officer w.e.f. 1<sup>st</sup> July 2019

- ii. Remuneration to Non-Executive and Independent Directors includes commission payable for the financial year ended 31<sup>st</sup> March 2020, which is subject to the approval of the members of the Company. Sitting fees paid to the Directors is excluded.
- iii. Remuneration figures have been regrouped and rearranged, hence percentage increase in median remuneration and percentage increase in average salaries of employees/managerial personnel, are not comparable with the previous year.
- iv. During the financial year 2019-20, there was an increase of 11.83% over the previous financial year, in the Median remuneration of the employees.
- v. The calculation of percentage increase in the Median Remuneration is based on the comparable employees.
- vi. There were 24,123 permanent employees on the rolls of the Company as on 31<sup>st</sup> March 2020.
- vii. Average percentage increase made in the salaries of employees, other than the managerial personnel in the financial year 2019-20, was 10.21% over the previous financial year, which is in line with the industry benchmark and cost of living index. However, the average salaries of the managerial personnel for the same financial year increased by 10.62%.
- viii. It is hereby affirmed that the remuneration paid is as per the Remuneration Philosophy/Policy of the Company.

# Management Discussion and Analysis



Newly Commissioned State-of-the-Art Speciality Fibre Plant: Gujarat (Kharach)

## Macro-Economy & Industry Updates

India's GDP growth slipped to 4.2% in FY2019-20, compared to 6.8% in FY2018-19. Primary factors responsible for growth deceleration are the global economic slowdown, subdued consumption and private investment, liquidity constraints and, finally, towards the end of the year, the COVID-19-induced nationwide lockdown.

According to data released by the National Statistical Office, the manufacturing sector grew merely by 0.03% in FY2019-20, compared to 5.7% in the previous year. The growth of the construction sector, which has a spillover effect on several other industries, declined to 1.3%.

During the year, fiscal deficit is said to have risen to 4.6% of the GDP, as against the revised estimate of

3.8% in the previous financial year. Stress in the banking sector and non-bank financial institutions constrained the supply of credit.

Countering the impact of the COVID-19 pandemic, our top priority is employee health and safety. This immensely difficult and unprecedented situation, like the one we are facing today, requires considerable resilience, positive energy, and new ideas to come back to normalcy in business operations, once the resumption of business activities is permitted by the authorities. We are confident that with the dedication and agility of our employees, we will tide over this crisis and emerge stronger.

## BUSINESS PERFORMANCE REVIEW

VISCOSE  
BUSINESS

Liva Fluid Fashion

The global textiles fibre market during the year witnessed moderate growth of ~2%-3%. The market sentiment was dampened by the trade war between the United States and China and escalation in geopolitical tension; it impacted demand and resulted in price weakness. The Global Viscose Staple Fibre demand grew at ~5.5% (CY19), higher than other natural fibres. The VSF supply went up because of the capacities commissioned in the past 12-18 months in China and Indonesia. The consequent rise in the production level led to excess supply situation and softening of prices.

VSF demand has grown well for the past few years, driven by the pull created by LIVA. Customer preference for LIVA-tagged garments received a further boost with the launch of the most traditional women's wear, LIVA saris.

However, the novel coronavirus outbreak and its impact on the world economy and consumption are expected to create headwinds for global VSF demand. The demand recovery for VSF and other natural fibres hinges on the outcome of fiscal and monetary stimulus packages, an uptick in global employment figures, and turnaround in the consumer sentiment.

The prices of VSF, Cotton and Polyester witnessed a double-digit decline in FY2019-20, because of the abovementioned factors. In line with that, the prices of dissolving grade pulp also declined. Caustic Soda prices and Sulphur prices saw a weakening trend, too.

	Unit	FY2019-20	FY2018-19	Change
<b>Standalone Performance</b>				
Installed Capacity – VSF	KT	578	566	2%
Installed Capacity – VFY	KT	48	47	2%
Production – VSF	KT	567	541	5%
Production – VFY	KT	42	46	-8%
Sales Volumes – VSF	KT	554	541	2%
Sales Volumes – VFY	KT	41	46	-11%
Revenue	₹ in Crore	9,237	10,325	-11%
EBITDA	₹ in Crore	1,339	2,052	-35%
EBITDA Margin	%	14%	20%	

During the year, the Company commissioned the third-generation 16 KTPA speciality fibre plant using in-house green technology at Kharach, Gujarat. This is a significant development, considering the Company would be able to enter newer end-use segments.

The business also achieved a breakthrough in manufacturing viscose fibre using pre-consumer waste – in this process, textile waste becomes an alternative raw material.

The Viscose Filament Yarn (VFY) operational and financial performance was impacted by the lack of demand for tyre cord due to the slowdown in the global automotive market, apart from the general

economic slowdown leading to lower demand in the fashion industry.

### Outlook

The economic uncertainty created by COVID-19 may impact global consumer spending going forward, in turn impacting the demand for textile products. VSF continues to be the fastest growing textile fibre globally. However, new capacities recently commissioned in Asia may continue to create temporary demand-supply mismatch and put pressure on prices. In India, through brand LIVA, we have been able to establish a customer connect and improve domestic sales.

## CHEMICALS BUSINESS



	Unit	FY2019-20	FY2018-19	Change
<b>Standalone Performance</b>				
- Installed Capacity	KT	1,147	1,147	0%
- Production	KT	998	995	0%
- Sales Volume	KT	991	1,003	-1%
<b>Specialty Chemicals (Chlorine Value-Added Products)</b>				
- Production	KT	611	555	10%
- Sales Volume	KT	605	549	10%
<b>Chemicals Business</b>				
Revenue	₹ in Crore	5,504	6,437	-14%
EBITDA	₹ in Crore	1,008	1,827	-45%
EBITDA Margin	%	18%	28%	



Our Chemicals business comprises Chlor-Alkali and Epoxy Resin products, which are the most widely used chemicals across industries. In the Chlor-Alkali business, caustic soda is the main product and chlorine is the byproduct. The prices of caustic soda have been under pressure across the world mainly on account of demand-supply imbalance.

The Indian Chlor-Alkali industry started on a strong note. Caustic soda imports dropped considerably as the Government of India made it mandatory for caustic soda importers to have certification from the Bureau of Indian Standards (BIS). However, the prices of caustic soda maintained their downward trajectory taking a cue from the international prices and commissioning of new capacities by domestic player. The prices of Chlorine, which were in the positive territory in FY2018-19, turned negative in FY2019-20, due to weak demand from end-user industries, accentuated by excess supply in the domestic market.

The Company's production and sales fell short of touching the 1 Million Tonne mark in FY2019-20. However, because

of the COVID-19 pandemic, the demand for chlorine-based value-added products, which are in turn used in health and hygiene products such as disinfectants witnessed a big spike in the last quarter of the financial year, helping this segment end FY2019-20 with a 10% YoY growth.

The Epoxy business maintained its leadership position in the domestic market by offering tailor-made solutions and market-leading products to customers. The financial performance for FY2019-20 was comparable to the previous year, and the business benefited from the easing of input costs.

### Outlook

The demand for caustic soda will depend on the prospects of the end-user industries such as aluminium, textiles, paper etc. The ECU realisation may remain under pressure, given that global prices may take time to recover, in addition to the demand-supply imbalance in the domestic market. The chlorine derivative products (value-added products) are expected to perform better, given the increased demand in the health and hygiene segment.

## FERTILISER BUSINESS



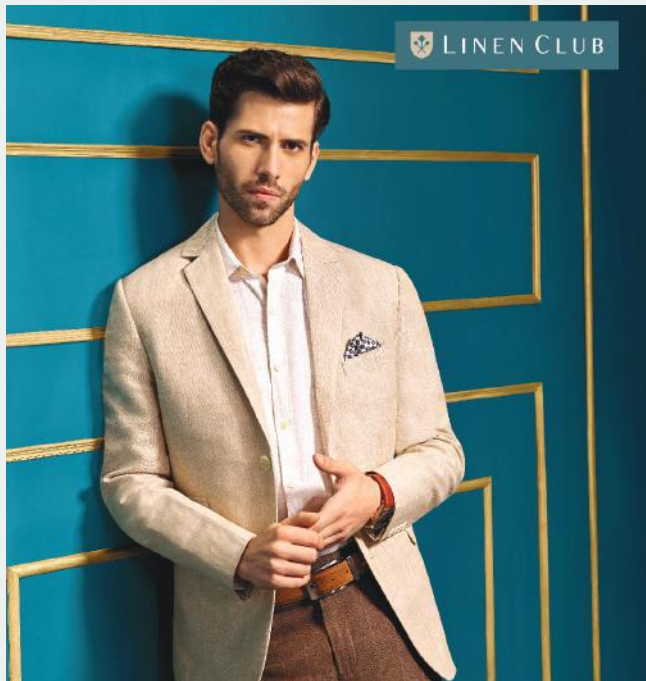
The domestic production of urea improved to 24.5 MTPA in FY2019-20 from ~24 MTPA in FY2018-19, following better capacity utilisation. The sale of urea in the domestic market increased by 5% YoY to 33.6 MTPA in FY2019-20 from ~32 MTPA the year before. The import of urea increased by 22% from 7.56 MTPA to 9.20 MTPA to cater to the domestic sales.

The Fertiliser business achieved a sales revenue of ₹ 2,680 Crore and EBITDA of ₹ 198 Crore in FY2019-20. The EBITDA includes credit of fixed cost reimbursement pertaining to earlier years accrued during the year.

The Fertiliser business includes the non-urea business (referred to as PURAK), comprising agro solutions, seeds, crop protection products, and soil health products, sold to farmers through a common distribution channel. The sales volume and value of PURAK saw an improvement of 11% YoY and 16% YoY, respectively.

The operational performance of the business was marginally impacted by the maintenance shutdown undertaken during Q3 and Q4.

## TEXTILES BUSINESS



Grasim's Textiles business has Linen and Wool as the popular product lines. For FY2019-20, this business reported a revenue of ₹ 1,601 Crore and EBITDA of ₹ 41 Crore.

The demand for Linen fabric remained muted due to sluggish market conditions. Wool prices, which had

weakened at the start of the year, witnessed some recovery during H2FY20. European fabric and garment makers are viewing COVID-19 as the major game-changer; this could mark the revival of the European industry as brands have to now look for sourcing beyond China, where the contagion began.

The retail arm of the Textiles business, under the brand 'Linen Club', is one of the largest single brand franchise networks in India. It added 25 new 'Linen Club' exclusive brand outlets during FY2019-20, taking the total count to 200 EBOs. Besides fabrics, Linen Club stores also offer a wide range of linen apparel.

Grasim premium fabric segment markets products from the Company's wholly-owned subsidiary Grasim Premium Fabrics Private Ltd\*. GPFPL is focussed on the premium cotton segment, with brands such as SÖKTAS, Excellence by Söktas, and Giza House, complementing Grasim's linen business. The operational performance of the business during the year has been good, with GPFPL reporting revenue and EBITDA of ₹ 165 Crore and ₹ 23 Crore during FY2019-20.

GPFPL is being merged with the Company and regulatory process for the same is in progress. The merger is expected to be completed in FY2020-21 upon receipt of requisite regulatory sanction.

\*Grasim Premium Fabrics Private Ltd is using these brands under a licence from Söktas Tekstil Sanayi Ve Ticaret Anonim Sirketi

## INSULATOR BUSINESS



The demand growth for the Insulator business is being driven by power generation, transmission, and distribution. The business generated revenue of ₹ 406 Crore and EBITDA of ₹ 11 Crore for FY2019-20.

The Company has formed a Joint Venture with Maschinenfabrik Reinhausen GmbH (MR), foraying into the manufacture and sale of Composite Hollow Core Insulator (CHCI). The state-of-the-art CHCI manufacturing plant will be set up at Halol, Gujarat. The JV entity would manufacture and sell CHCI and serve the power transmission & distribution industry globally.

Known for its cutting-edge technology, MR is the global leader in power transformer automation and control solutions. Almost 50% of the electricity generated worldwide flows through MR products. Further, it is the leading global player for CHCI outside China.

## CEMENT BUSINESS (ULTRATECH CEMENT LIMITED)



India's cement sector witnessed degrowth in FY2019-20 after a double-digit growth in FY2018-19. The slowdown started after the general elections in April-May 2019, impacted by a lull in infrastructure and road spending, a prolonged monsoon, and weakness in the housing sector due to the NBFC crisis and liquidity crunch. While there were signs of cement demand revival from December 2019, the spread of COVID-19 in March 2020 and the March-end lockdown completely stopped all construction activities.

UltraTech's financial performance for FY2019-20 was: consolidated revenue at ₹ 42,125 Crore; consolidated EBITDA rising 24% YoY to ₹ 9,931 Crore; and normalised PAT increasing by 54% to ₹ 3,703 Crore. The consolidated sales volume stood at ~82.33 MTPA.

The cement plants acquired from Century Textiles and Industries Ltd. (which had a cement division) ramped up production, touching a capacity utilisation of 80% in March 2020. Brand integration is underway — 65% of sales from the acquired Century plants during Q4 were under the UltraTech brand, which is expected to reach

more than 80% by Q3FY21. The operating margin also witnessed a remarkable improvement.

Phase I of the Bara Grinding Unit, with capacity of 2 MTPA, has been commissioned. This was part of the 21.2 MTPA capacity acquired in June 2017 from Jaypee Cement.

Nathdwara Cement, which UltraTech acquired in FY19, has been fully integrated with UltraTech Systems and Processes. The Nathdwara plant has been able to achieve cost reduction through efficiency improvement and logistical synergies.

The consolidated net debt for FY2019-20 witnessed a YoY reduction of ₹ 5,251 Crore to ₹ 16,860 Crore. The net debt/EBITDA of Indian operations stood at 1.55x as on 31<sup>st</sup> March, 2020.

The COVID-19 pandemic, the lockdown, and the overall economic slowdown will all have a significant near-term impact on the cement industry. A sluggish economic recovery and weak real estate demand may be primary contributors to UltraTech's subdued performance in the current financial year.

## FINANCIAL SERVICES BUSINESS (ADITYA BIRLA CAPITAL LIMITED)

Amol Patwari / Pallavi Mohadikar Patwari | Entrepreneurs

**WHAT DO YOU WANT  
YOUR MONEY TO DO FOR YOU?**

You want to live a life that you've always dreamed of - a life where your loved ones are protected, your future is secure and your aspirations become a reality without having to wait. Let us partner with you in this journey, so you can maximize the true potential of your money and live the life you deserve.

To know more about our Protecting, Investing and Financing Solutions, call us on our customer care number or visit our website.

PROTECTING INVESTING FINANCING ADVISING

**ADITYA BIRLA  
CAPITAL**

adityabirlacapital.com  
1800-270-7000

Offered by subsidiary companies of Aditya Birla Capital Ltd.

Aditya Birla Capital reported good financial performance despite the challenging economic environment. The revenue and net profit after minority interest for FY2019-20 improved by 11% and 6% YoY to ₹ 16,792 Crore and ₹ 920 Crore, respectively. The customer base of the company grew to ~20 Million.

The Company raised ₹ 2,100 Crore of equity capital in FY20 through a preferential allotment to the Promoter/Promoter group and marquee investors. As a result, ABCL is a zero debt company with liquidity to fund growth.

The combined lending book of NBFC (Aditya Birla Finance Ltd) and HFC (Aditya Birla Housing Finance Limited) stood at ₹ 59,159 Crore for FY2019-20.

The NBFC business has been able to trim its exposure/disbursements to the large and mid-corporate segment in specific sectors; it is focussed on diversifying the loan book to high-margin segments like retail. The net interest margin expanded by 38 bps to 5.29% in FY20 and was driven by change in the product mix and

repricing across the portfolio. The NBFC business, with its strong parentage and liquidity, is well-equipped to build future growth.

The HFC business has a loan book of ₹ 12,102 Crore, growing at a CAGR of 22% over the past two years. The business has been aiming to build a scalable and profitable book through optimal product sourcing and customer mix. The company has raised long-term borrowing of over ₹ 15,000 Crore for its lending business during the year.

Aditya Birla Sun Life AMC Limited is India's fourth largest mutual fund (excluding exchange-traded funds) and it had reported domestic Average Assets Under Management (AAUM) of ₹ 2,66,988 Crore in FY20, expanding at a CAGR of 19% in the past five years. The business continues to focus on growing high-margin retail assets and Equity AAUM.

The Asset Management business will continue to focus on increasing higher-margin AUM and expanding investor base.

The Life Insurance business reported a growth of 7% YoY in total gross premium to ₹ 8,010 Crore. The first-year premium (FYP) at ₹ 1,804 Crore ended with a flat growth curve, as sales were impacted in March 2020 due to the COVID-19 crisis. The group business degrew by 13% YoY to ₹ 1,854 Crore, while the renewal premium grew by 21% YoY to ₹ 4,353 Crore.

In FY20, the business maintained a gross margin of 33.8%, compared to 34.6% in FY19, with its improved product mix despite a fall in the interest rates. The embedded value of the business increased year-on-year to touch ₹ 5,187 Crore from ₹ 4,900 Crore in FY19.

The Life Insurance business will focus on growing faster than the industry and gaining market share with a balance of channel and product strategy.

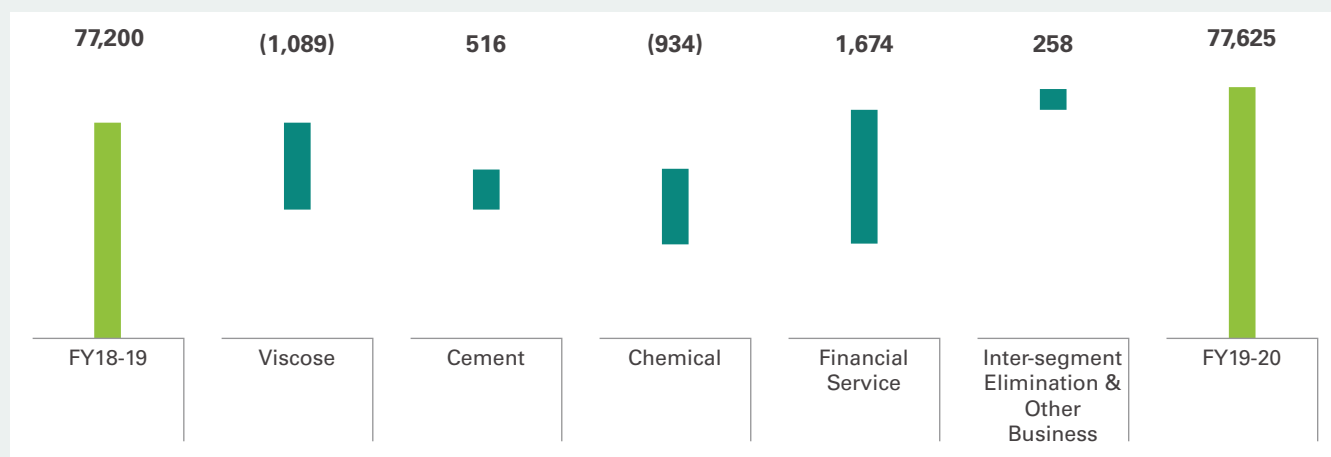
The Health Insurance (Aditya Birla Health Insurance) business reported a growth of 76% in the gross written premium, which improved to ₹ 872 Crore and covered 8.3 Million lives. The retail business contributed 72% of the overall revenue in FY20, against 65% in FY19.

The health insurance business will focus on three main growth drivers: customer acquisition and retention at scale; health risk management; and health management.

## CONSOLIDATED FINANCIAL PERFORMANCE

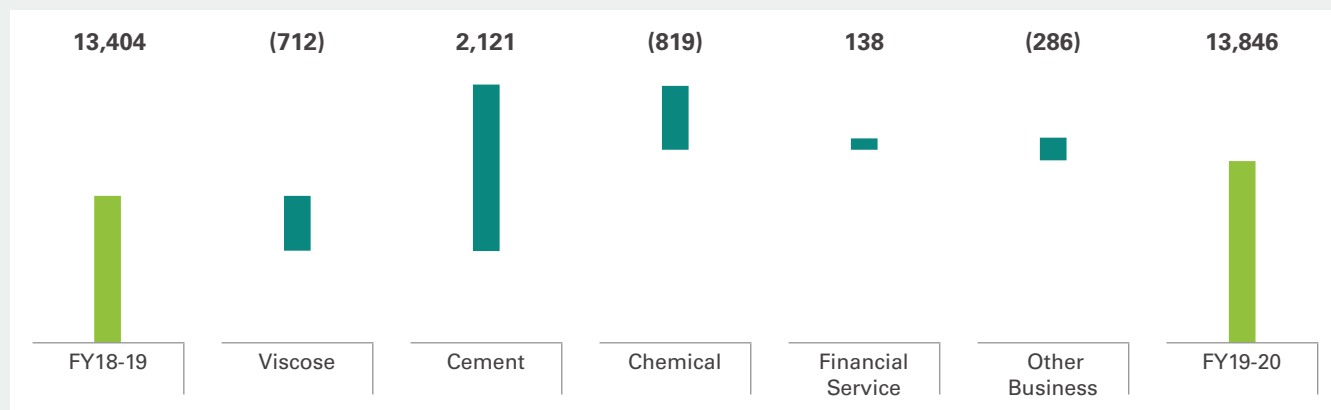
### Revenue from Operations

The Consolidated Revenue from operations marginally increased to ₹ 77,625 Crore in FY2019-20 from ₹ 77,200 Crore in FY2018-19. The Company's performance was impacted due to reduction in realisation in the Viscose and Chemicals segment and overall on account of the countrywide lockdown announced towards the end of the year.



### Operating Profit (EBITDA)

Consolidated EBITDA rose from ₹ 13,404 Crore in FY2018-19 to ₹ 13,846 Crore in FY2019-20, was majorly driven by the performance of the Cement and Financial services.



### Finance Cost

The Finance Cost moved up from ₹ 2,010 Crore in FY2018-19 to ₹ 2,339 Crore in FY2019-20, mainly due to the higher borrowing cost of UltraTech. At the Standalone level, the Finance Cost increased from ₹ 199 Crore in FY2018-19 to ₹ 304 Crore in FY2019-20, due to increase in the debt level to support brownfield expansion projects.

At the Standalone level, Net Debt position stood at ₹ 2,975 Crore as on 31<sup>st</sup> March, 2020, as against the Net Surplus (liquid investment over gross debt) of ₹ 458 Crore as on 31<sup>st</sup> March, 2019.

At the Consolidated level, the Company's net debt was ₹ 20,682 Crore as on 31<sup>st</sup> March, 2020, compared to ₹ 22,171 Crore as on 31<sup>st</sup> March, 2019.

### Depreciation

The Depreciation Charge increased from ₹ 3,571 Crore in FY2018-19 to ₹ 4,041 Crore in FY2019-20 on account of acquisition of assets and capitalisation of a new cement plant.

### Tax Expenses

The total Tax Expenses were reduced significantly from ₹ 2,419 Crore in FY2018-19 to ₹ -31 Crore



in FY2019-20 on account of one-time reversal of opening net deferred tax liability amounting to ₹ 2,334 Crore.

#### Profit after Tax (PAT)

The Profit after Tax (before exceptional items and one-time deferred tax benefit) was at ₹ 5,315 Crore in FY2019-20 compared to ₹ 5,159 Crore in FY2018-19.

During FY2019-20, exceptional item (net of tax) of ₹ 1,270 Crore represents the impairment loss of Aditya Birla Finance Limited and Aditya Birla Housing Finance Limited that has been charged to the Profit and Loss Statement.

#### Grasim's Standalone Financial Performance

Revenue from operations stood at ₹ 18,609 Crore in FY2019-20 from ₹ 20,550 Crore in FY2018-19. Net Revenue of the Viscose business is down 11% YoY to ₹ 9,237 Crore in FY2019-20 from ₹ 10,325 Crore in FY2018-19 due to lower realisation. However, Sales Volume has improved YoY due to the commissioning of new capacity at Kharach, Gujarat. The Chemicals business reported Revenue of ₹ 5,504 Crore in FY2019-20 from ₹ 6,437 Crore in FY2018-19, with a dip in the caustic soda and chlorine realisation.

Standalone EBITDA declined to ₹ 2,836 Crore in FY2019-20 from ₹ 4,639 Crore in FY2018-19.

PAT before exceptional items declined to ₹ 1,507 Crore in FY2019-20 from ₹ 2,574 Crore in FY2018-19. PAT after exceptional items increased to ₹ 1,270 Crore in FY2019-20 from ₹ 515 Crore for FY 2018-19.

Key Standalone ratios capturing our financial performance have been illustrated below:

S No.	Particulars	FY20	FY19	Change
1	Debtors T/o Ratio (Net Sales/Average Debtors)	5.82	6.74	-14%
2	Debtors T/o Ratio (Net Sales/Closing Debtors)	6.41	5.89	9%
3	Inventory T/o Ratio (Operating Cost i.e. Total Income - EBITDA/Average Inventory)	5.87	5.97	-2%
4	Inventory T/o Ratio (Operating Cost i.e. Total Income - EBITDA/Closing Inventory)	6.21	5.62	10%
5	Interest Coverage Ratio ((EBITDA - Current Tax)/Interest)	7.60	17.90	-58%
6	Current Ratio (Current Assets/Current Liabilities)	1.10	1.52	-28%
7	Debt Equity Ratio (Borrowings/Net Worth)	0.13	0.08	71%
8	Operating Profit Margin (%) (EBIT/Net Revenue from Operations)	10.69	18.87	-43%
9	Net Profit Margin (%) (PAT/Total Income)	6.64	2.44	172%

## Risks and Concerns

Risk	Description	Mitigation Plan
<b>Availability of natural resource-based inputs</b>	Scarcity of water may impact business operations in Viscose and Chemical businesses	<ul style="list-style-type: none"> <li>- Continuous reduction in freshwater consumption (40% and 10% reduction in water consumption achieved in VSF and Chemicals businesses, respectively, from FY17 levels)</li> <li>- Water recycling and zero liquid discharge plans under implementation across plants</li> <li>- Creating new reservoirs closer to plant locations</li> </ul>
	Scarcity of coal driven by high consumption in key user industries may increase the prices	<ul style="list-style-type: none"> <li>- Government taking various measures, such as auctioning of coal mines to private players, removing bottlenecks for coal mining, and transportation and soft demand for coal globally to improve supply of coal</li> <li>- Entering into long-term contracts, securing coal supplies at competitive prices</li> <li>- Optimising the fuel mix and energy efficiency as well as exploring the use of alternative fuels in Cement business</li> </ul>
	Non-availability of limestone may impact the growth plans of Cement business in long term	<ul style="list-style-type: none"> <li>- Cement business currently possesses sufficient limestone reserve</li> <li>- Apart from preservation and elongation of existing reserves, a range of measures, including strategic sourcing and changing input mix, are adopted by the business</li> </ul>
<b>Price volatility of input materials and finished products</b>	High volatility in global prices for both raw material and finished products and demand for finished products	<b>VSF:</b> <ul style="list-style-type: none"> <li>- Securing the supplies of key raw materials for the Viscose business by setting up captive caustic soda and pulp plants</li> <li>- Exploring new markets and improving penetration in existing markets</li> <li>- Continuous customer engagement</li> <li>- Increasing speciality products portfolio</li> <li>- Continuous focus on R&amp;D and application development/New product development</li> <li>- Focus on cost reduction and higher efficiency on continuous basis</li> </ul>
		<b>Chemicals:</b> <ul style="list-style-type: none"> <li>- Securing the supplies of key raw material (salt) for Chemicals business by improving the sourcing mix between captive and third party</li> <li>- Minimising reliance on grid/energy exchange by setting up captive power plants in all businesses and long-term tie-ups</li> <li>- Increasing portfolio of value-added products and speciality chemicals</li> </ul> <p><b>Epoxy:</b> Long-term tie-up for inputs with index-linked price contract with bulk manufacturers</p> <p><b>Textile:</b> Procurement of wool (imports) against confirmed customer orders, reducing inventory holding and price fluctuation risk</p>
<b>Product dumping by overseas suppliers</b>	Dumping of products by overseas players/ rising imports in India leading to oversupply/ supply at uncompetitive rates	<ul style="list-style-type: none"> <li>- Focus on cost competitiveness, continuous improvement in product quality and customer service</li> <li>- Other than these, representations are made for trade measures against dumping of products by overseas producers</li> </ul>

<b>Risk</b>	<b>Description</b>	<b>Mitigation Plan</b>
<b>Competent human resources availability risk</b>	Attrition and non-availability of the required talent can affect the performance of the Company	<ul style="list-style-type: none"> <li>- Continuous benchmarking of the best HR practices across the industry and carrying out necessary improvements to attract and retain the best talent</li> <li>- Regular review, monitoring and engagement on personal development plans of high performers and high potential employees</li> <li>- Proactive action to strengthen technical and other functional bench strength by mapping internal/external talent market and accelerated hiring</li> <li>- Focussed talent development</li> </ul>
<b>Competition risk</b>	<p>VSF and Chemicals are global commodities; thus, they are exposed to any change in the competition intensity in the global market. Further, capacities have been added by competitors in the domestic markets in Chemical business</p> <p>With expanding capacity of existing players and emergence of new entrants, competition is a sustained risk for Cement business</p>	<ul style="list-style-type: none"> <li>- Strategic initiatives and continuous investments to enhance the brand equity of the Company by focussing on R&amp;D, quality, cost, timely delivery and customer service</li> <li>- Increasing level of customer engagement</li> <li>- Customer connect initiatives to reach out to end-users (such as LIVA brand for VSF)</li> </ul> <p>- Strategic initiatives to enhance brand equity through enhanced marketing activities, along with value-added products and services, have been the thrust areas of the Company. UltraTech is a leading brand in the cement industry.</p>
<b>Information technology/ cyber-security risk</b>	Risk of financial loss, disruption or damage to Company reputation, resulting from the failure of its information technology systems. There can be deliberate and unauthorised breaches of security to gain access to information systems	<ul style="list-style-type: none"> <li>- Implementation of a Group-level Information Security Policy</li> <li>- Grasim uses back-up procedures and stores information at two different locations. Systems are upgraded regularly with latest security standards. For critical applications, security policies and procedures are updated continually; users are educated on adherence to the policies so as to eliminate data leakage</li> <li>- Ensuring end-user awareness (E-Learning Module and Classroom Programme)</li> <li>- Brand protection for keyword "Grasim"</li> <li>- Disaster Recovery System is in place</li> </ul>
<b>Environmental and other regulatory risks</b>	Any default can attract penal provisions and may impact the Company's reputation. Further, increased activism by society	<ul style="list-style-type: none"> <li>- Adherence to current norms is being ensured</li> <li>- Technology/equipment upgradation focussed on the environment is done on a continuous basis</li> <li>- Continuous monitoring of regulatory changes to ensure compliance with all applicable statutes and regulations</li> <li>- Implementation of various sustainability initiatives such as zero liquid discharge at different plants</li> <li>- Commitment to comply with the sustainability roadmap to meet international norms</li> <li>- Community engagement programmes along with NGOs, grievance management procedures, transparency in declaring our policy and performance and a series of Corporate Social Responsibility programmes are put in place to improve our relations with the community and for partnering with them for supply of materials and services</li> <li>- Health management programmes and periodic monitoring are in place around the community. The best available technologies are installed at all the sites to minimise the impact of manufacturing operations as a preventive measure</li> </ul>



Risk	Description	Mitigation Plan
<b>Industrial safety, employee health and safety risk</b>	Manufacturing businesses are labour-intensive and people are exposed to health and injury risks due to machinery breakdown, human negligence etc. The Chemicals business has exposure to risk arising from the production and handling of hazardous chemicals	<ul style="list-style-type: none"> <li>- Association with DuPont Safety Resources to build a culture of safety and strengthen the Company's Safety Management System in Chemicals and Cement Businesses</li> <li>- Development and implementation of critical safety standards across the units and project sites, establishing processes for training need identification at each employee level, introduction of 'Life Saving Rules'</li> <li>- Continuous focus on building of safety culture across units covering entire workforce</li> <li>- Adequate insurance coverage</li> </ul>
<b>Pandemic-related risks</b>	Any pandemics and their recurrence may impact business operations and employee safety	<ul style="list-style-type: none"> <li>- Crisis Management Teams formed at all locations</li> <li>- Adequate policies, procedures, and infrastructure to enable Work from Home to ensure business continuity</li> <li>- Broad-basing supply chains</li> <li>- Adequate insurance coverage</li> <li>- Maintaining adequate financial liquidity for sustained operations</li> </ul>
<b>Climate change</b>	Climate change may lead to increase in frequency and severity of natural disasters (e.g. drought, floods, cyclones)	<ul style="list-style-type: none"> <li>- Identifying and implementing green technologies and sustainable products development e.g. Livaeco fibre</li> <li>- Increased usage of renewable sources of energy for Company's operations as well as a third-party supplier of renewable energy for other Group companies in manufacturing sector and state grids</li> <li>- Commitments to comply with the global environmental and sustainability norms</li> <li>- Adequate insurance coverage for all natural calamities</li> <li>- Vulnerability study conducted for natural calamities and required protective measures are initiated</li> <li>- Necessary steps taken to reduce losses in case of calamity (e.g. raising of boundary wall at flood-prone sites)</li> </ul>
<b>Investments impairment risk</b>	Business performance of subsidiary companies and other investments could give rise to impairment charges in the future	<ul style="list-style-type: none"> <li>- Investments are reviewed regularly and corrective actions are supported</li> <li>- Impairment testing being done periodically and wherever the impairment is noticed, it is being accounted for</li> </ul>
<b>Delayed recovery of subsidy from Government</b>	Working capital blockage due to delayed recovery of subsidy in Fertiliser business	<ul style="list-style-type: none"> <li>- Continuous monitoring and follow-up/representations being made to relevant authorities for recovery of subsidies</li> </ul>
<b>Litigation risk</b>	The Company faces various litigations. Any unfavourable outcome may have an adverse financial impact	<ul style="list-style-type: none"> <li>- Compliance with all laws, rules and regulations and contractual obligations</li> <li>- Legal compliance monitoring system has been implemented</li> <li>- Contesting case with relevant authorities following due legal course of action</li> <li>- In-house legal experts as well as consultation with experts</li> </ul>

## Internal Control Systems

Your Company has well-established and robust internal control systems in place that are commensurate with the nature of its businesses, size & scale and complexity of its operations. Roles and responsibilities are clearly defined and assigned.

Standard operating procedures (SOPs) are in place and have been designed to provide reasonable assurance. Your Company has carried out the evaluation of design and operating effectiveness of the internal controls to ensure adherence to the SOPs and noted no significant deficiencies/material weaknesses.

In addition to the above, Internal Audits are undertaken on a continuous basis by a reputable CA firm and Corporate Audit team of the Group, covering all units and business

operations periodically, to independently validate the existing controls. The Internal Audit programme is reviewed by the Audit Committee to ensure that the coverage of the areas is adequate.

Internal Audit Reports are regularly reviewed by the management and corrective action is initiated to strengthen the controls and enhance the effectiveness of the existing systems. Significant audit observations are reviewed by the Audit Committee along with the status of management actions and the progress of implementation of recommendations.

The Audit Committee also reviews the adequacy and effectiveness of internal control systems and provides guidance for further strengthening them.

# REPORT ON CORPORATE GOVERNANCE

## I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance refers to a set of laws, regulations and good practices that enables an organisation to perform its business efficiently and ethically to generate long-term wealth and create value for all its stakeholders. The essence of Corporate Governance lies in promoting and maintaining integrity, transparency and accountability across all business practices. Good Corporate Governance emerges from the application of the best and sound management practices and compliance with the laws coupled with adherence to the highest standards of transparency and business ethics.

Corporate Governance has always been intrinsic to the management of the business and affairs of our Company. In line with the above philosophy, your Company continuously strives for excellence and focuses on enhancement of long-term stakeholder value through adoption of best governance and disclosure practices. Your Company is committed to the adoption of best governance practices and its adherence in true spirit, at all times. Your Company aims at fostering and sustaining a culture that demonstrates highest standard of ethical and responsible business conduct.

Your Company's governance practices are self-driven, reflecting the culture of the trusteeship that is deeply ingrained in its value system and reflected in its strategic growth process. Your Company's governance philosophy rests on five basic tenets, viz.

- Board accountability to the Company and stakeholders
- Equitable treatment to all shareholders
- Strategic guidance and effective monitoring by the Board
- Protection of minority interests and rights
- Transparency and timely disclosure

Your Company confirms compliance with the Corporate Governance requirements stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements)

Regulations, 2015 [hereinafter referred to as 'Listing Regulations'], the details of which for the Financial Year ended 31<sup>st</sup> March 2020 are as set out hereunder:

## II. BOARD OF DIRECTORS

### Composition of Board of Directors (Board)

Your Company has a balanced and diverse Board, which includes independent professionals and confirms to the provisions of the Companies Act, 2013 ('the Act') and the Listing Regulations. Your Board represents a confluence of varied skills, experience and expertise from diverse background. The Directors possess requisite qualification, experience and expertise in their respective functional areas, which enable them to discharge their responsibilities and provide effective leadership to the management.

The Listing Regulations mandates that for a company with a non-executive chairman, who is a promoter, at least half of the Board should comprise of independent directors. As on 31<sup>st</sup> March 2020, your Company's Board comprises of 11 Directors, of which 6 are Independent Directors, 4 are Non-Executive Directors and 1 is an Executive Director. The Listing Regulations also mandates that the Board of Directors of the top 500 listed entities shall have at least one independent woman director. 3 out of 11 Directors on your Company's Board are women directors, of which 1 is an Independent Director. The position of Chairman and Managing Director are held by different individuals, where Chairman of the Board is a Non-Executive Chairman. The Board periodically evaluates the need for change in its size and composition in order to remain aligned with statutory and business requirements.

None of the Directors is a director on the Board of more than 10 public limited companies or acts as an Independent Director in more than 7 listed companies. None of the Directors holds directorship in more than 8 listed companies. Further, none of the Directors is a Member of more than 10 committees or chairperson of more than 5 committees, across all listed companies in which he/she is a Director. For the purpose of determination of limit of the Board Committees, chairpersonship and membership of the Audit Committee and Stakeholders' Relationship Committee has been considered as per Regulation 26(1)(b) of the Listing Regulations. No Director is related to any other Director on the Board, except for

Mr. Kumar Mangalam Birla and Mrs. Rajashree Birla, who are related to each other as son and mother respectively. The composition of the Board is in conformity with the requirements of the Act and the Listing Regulations.

All Independent Directors are free from any business or other relationship that could materially influence their judgment. The Company has issued the formal letter of appointment to all the Independent Directors as prescribed under Schedule IV of the Act and the Listing Regulations. The terms and conditions of their appointment are also available on the Company's website, [www.grasim.com](http://www.grasim.com). The Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as specified under regulation 16(1)(b) of the Listing Regulations and under section 149(6) of the Act and they are qualified to act as Independent Directors. In terms of regulation 25(8) of the Listing Regulations, Independent Directors have confirmed that they are

not aware of any circumstance or situation which exists or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective of independent judgement and without any external influence. The brief profile of the Directors on the Board is available on the Company's website, [www.grasim.com](http://www.grasim.com).

Appointment/re-appointment of Directors is subject to the shareholders approval. Directors hold office in accordance with the provisions of the law and the retirement policy laid down by the Board from time-to-time. The Independent Directors are appointed for a fixed term of five years. The Managing Director is appointed for a term of five years and is not liable to retire from office by rotation. Non-Executive Directors (except Independent Directors) are liable to retire from office by rotation and are eligible for re-appointment, unless otherwise specifically provided under the Articles of Association or under any statute.

The details of the Board of Directors of the Company and the outside directorships and committee positions held by them as on 31<sup>st</sup> March 2020 are as under:

Name of the Directors	Executive/ Non-Executive/ Independent <sup>1</sup>	No. of Equity Shares Held	No. of outside directorship(s) held in other Public Companies <sup>2</sup>	No. of outside committee position(s) held <sup>3</sup>		Names of outside listed entities where the person is a director and the category of directorship
				Member	Chairman	
Mr. Kumar Mangalam Birla, Chairman (DIN: 00012813)	Non-Executive	6,76,713 <sup>4</sup>	8	-	-	1. Vodafone Idea Limited: Non-Executive Director 2. Aditya Birla Capital Limited: Non-Executive Director 3. Century Textiles and Industries Limited: Non-Executive Director 4. Hindalco Industries Limited: Non-Executive Director 5. UltraTech Cement Limited: Non-Executive Director
Mrs. Rajashree Birla (DIN: 00022995)	Non-Executive	5,52,850	6	-	-	1. Pilani Investment and Industries Corporation Limited: Non-Executive Director 2. Century Enka Limited: Non-Executive Director 3. UltraTech Cement Limited: Non-Executive Director 4. Hindalco Industries Limited: Non-Executive Director 5. Century Textiles and Industries Limited: Non-Executive Director
Mr. Shailendra K. Jain (DIN:00022454)	Non-Executive	65,430	2	-	-	-

Name of the Directors	Executive/ Non-Executive/ Independent <sup>1</sup>	No. of Equity Shares Held	No. of outside directorship(s) held in other Public Companies <sup>2</sup>	No. of outside committee position(s) held <sup>3</sup>		Names of outside listed entities where the person is a director and the category of directorship
				Member	Chairman	
Ms. Usha Sangwan <sup>5</sup> (DIN: 02609263)	Non-Executive	-	3	2	1	1. Century Enka Limited: Independent Director 2. BSE Limited: Non-Executive Director 3. UltraTech Cement Limited: Independent Director
Dr. Thomas M. Connelly, Jr. (DIN: 03083495)	Independent	-	-	-	-	-
Mr. Cyril Shroff (DIN: 00018979)	Independent	-	-	-	-	-
Mr. O. P. Rungta (DIN: 00020559)	Independent	625	-	-	-	-
Mr. Arun Thiagarajan (DIN: 00292757)	Independent	1,475	4	3	1	1. GE Power India Limited: Independent Director 2. TTK Prestige Limited: Independent Director 3. Aditya Birla Fashion and Retail Limited: Independent Director 4. Vodafone Idea Limited: Independent Director
Ms. Anita Ramachandran (DIN: 00118188)	Independent	-	7	6	-	1. Rane (Madras) Limited: Independent Director
Mr. N. Mohanraj <sup>6</sup> (DIN: 00181969)	Independent	-	1	1	-	-
Mr. Dilip Gaur (DIN: 02071393)	Managing Director	-	-	-	-	-

1. Independent Directors are Non-Executive Directors as defined under regulation 16(1)(b) of the Listing Regulations and section 149(6) of the Act.
2. Excluding Private Limited Companies/Foreign Companies/Section 8 Companies.
3. Includes only Audit Committee and Stakeholders' Relationship Committee as per regulation 26(1)(b) of the Listing Regulations.
4. Including equity shares held by HUF.
5. Ms. Usha Sangwan ceased to be Director w.e.f. 16<sup>th</sup> May 2020.
6. Mr. N. Mohanraj was appointed as Non-Executive Independent Director with effect from 12<sup>th</sup> July 2019, as approved by the shareholders at the 72<sup>nd</sup> AGM held on 23<sup>rd</sup> August 2019.
7. None of the Directors hold any convertible instruments of your Company.

## Role of Board of Directors

The Company's Board of Directors plays a primary role in ensuring good governance, smooth functioning of the Company and in the creation of stakeholders' value.

The Board's role, functions, responsibility and accountability are clearly defined. As the Board's primary role is fiduciary in nature, it is responsible for ensuring that the Company runs on sound ethical business practices and that the resources of the Company are utilised in a manner so as to create sustainable growth and value for the Company's shareholders and the other

stakeholders and also fulfil the aspirations of the society and the communities in which it operates.

The Board has complete access to all information within your Company. As a part of its function, the Board periodically reviews all the relevant information, which is required to be placed before it, pursuant to the Listing Regulations and in particular, reviews and approves financial statements, corporate strategies, business plans, annual budgets, projects (including CSR projects) and capital expenditure.

The Board monitors the Company's overall performance, directs and guides the activities of the Management towards the set goals and seeks accountability. The Board also sets standards of corporate behaviour, ensures transparency in corporate dealings and compliance with the laws and regulations.

### Board Meetings

During the year under review, the Board met 7 times on 5<sup>th</sup> April 2019, 11<sup>th</sup> April 2019, 24<sup>th</sup> May 2019, 12<sup>th</sup> July 2019, 14<sup>th</sup> August 2019, 14<sup>th</sup> November 2019 and 10<sup>th</sup> February 2020. The necessary quorum was present for all the meetings. The maximum interval between any 2 meetings did not exceed 120 days. Video conference facility was made available to facilitate Directors travelling/ residing abroad or at other locations to participate in the meetings. Details of attendance of Directors at the Board Meetings and at the last Annual General Meeting (AGM) held during the FY 2019-20 are as under:

Name of the Directors	Number of Board Meetings held	Number of Board Meetings attended	Attended last AGM held on 23 <sup>rd</sup> August 2019
Mr. Kumar Mangalam Birla	7	4	No
Mrs. Rajashree Birla	7	3	No
Mr. Himanshu Kapania*	6	4	Yes
Mr. Shailendra K. Jain	7	7	Yes
Ms. Usha Sangwan <sup>@</sup>	7	4	No
Mr. M. L. Apte <sup>\$</sup>	5	4	No
Mr. B. V. Bhargava <sup>\$</sup>	5	4	No
Dr. Thomas M. Connelly, Jr.	7	7	No
Mr. Cyril Shroff	7	4	No
Mr. O. P. Rungta	7	7	No
Mr. Arun Thiagarajan	7	6	Yes
Mr. N. Mohanraj <sup>#</sup>	3	3	No
Ms. Anita Ramachandran	7	6	No
Mr. Dilip Gaur	7	7	Yes
Mr. Sushil Agarwal <sup>^</sup>	3	3	NA

\* Ceased to be a Director and Vice Chairman w.e.f. close of business hours on 31<sup>st</sup> December 2019.

@ Ceased to be Director w.e.f. 16<sup>th</sup> May 2020

\$ Ceased to be Independent Director(s) w.e.f. 23<sup>rd</sup> August 2019 upon completion of their term.

# Appointed as an Independent Director w.e.f. 12<sup>th</sup> July 2019.

^ Ceased to be Whole-time Director and CFO w.e.f. close of business hours on 30<sup>th</sup> June 2019.

### Meeting of Independent Directors

A separate meeting of Independent Directors of the Company was held on 10<sup>th</sup> February 2020, without the presence of Non-Independent Directors and the management, *inter-alia*, to discuss:

- Evaluation of the performance of Non-Independent Directors and the Board of Directors as a whole;
- Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors;
- Evaluation of the quality, quantity and timelines of flow of information between the Management and the Board, that is necessary for the Board to effectively and reasonably perform its duties.

Suggestions made by the Independent Directors were discussed at the Board meeting and are being implemented.

### Code of Conduct

The Board of Directors has laid down a 'Code of Conduct for the Board of Directors and Senior Management' of your Company, which is available on the Company's website, [www.grasim.com](http://www.grasim.com). All Board Members and Senior Management Personnel have confirmed compliance with the Code of Conduct for the Board of Directors and Senior Management. A declaration to that effect signed by the Managing Director is attached and forms part of this Report.

### Training, Induction and Familiarisation Programme

Letters of appointment, stipulating the terms of appointment, role, rights and responsibilities, are issued to the Independent Directors at the time of their appointment. In terms of the Listing Regulations, the terms and conditions of appointment of Independent Directors are placed on the Company's website, [www.grasim.com](http://www.grasim.com). When a director joins the Board of the Company, your Company conducts introductory familiarisation programme, *inter-alia*, covering the nature of the industry in which the Company operates, business model of the Company, etc. On an on-going basis, the Directors are familiarised with the Company's business, its operations, strategy, functions, policies and procedures at the Board and Committee meetings. Changes in regulatory framework and its impact on the operations of the Company are also presented at the Board/Committee meetings. The Directors are also apprised about risk assessment and minimisation procedures.

Independent Directors have the freedom to interact with the Company's Senior Management Personnel to discuss matters pertaining to the Company's affairs.

The details of familiarisation programme, imparted to the Directors of the Company are available on the Company's website, [www.grasim.com](http://www.grasim.com).

### Prevention of Insider Trading

In compliance with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading)

Regulations, 2015, as amended, the Company has formulated and adopted the revised “Code of Conduct to regulate, monitor and report trading by designated persons in Listed or Proposed to be Listed Securities” of the Company (“the Insider Trading Code”). The object of the Insider Trading Code is to set framework, rules and procedures which all concerned should follow, both in letter and spirit, while trading in listed or proposed to be listed securities of the Company. The Company has also adopted the Code of Practice and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (‘the Code’) in line with the Securities and Exchange Board of India (Prohibition of Insider Trading) Amendment Regulations, 2018 and formulated a Policy for determination of ‘legitimate purposes’ as a part of the Code. The Code also includes policy and procedures for inquiry in case of leakage of Unpublished Price Sensitive Information (UPSI) and aims at preventing misuse of UPSI. The Code is available on the Company’s website, [www.grasim.com](http://www.grasim.com). A structured digital database is being maintained by the Company’s RTA, which contains the names and other prescribed particulars of the persons covered under the Insider Trading Code. This online tracking mechanism for monitoring trade in the Company’s securities by the ‘Designated Employees’ and their relatives helps in real time detection and taking appropriate action, in case of any violation/non-compliance of the Company’s Insider Trading Code.

### III. COMMITTEES OF THE BOARD

The Board has constituted various Committees with specific terms of reference in line with the provisions of the Listing Regulations and the Act. The Board Committees play a vital role in improving the Board effectiveness in the areas where more focused and extensive discussions are required. As on 31<sup>st</sup> March 2020, the Company had 8 Committees of the Board, namely, Audit Committee, Nomination and Remuneration Committee, Stakeholders’ Relationship Committee, Corporate Social Responsibility Committee, Risk Management Committee, Finance Committee, Merger Committee and Determination of Legitimate Purpose Committee.

#### A. AUDIT COMMITTEE

##### Composition, Meetings and Attendance

The Audit Committee of the Board comprises of 3 Independent Directors and 1 Executive Director. The members of the Audit Committee are financially literate and have accounting or related financial management expertise. The composition of the Audit Committee complies with the requirements of the Listing Regulations and the Act.

During the year under review, 6 Audit Committee meetings were held on 1<sup>st</sup> April 2019, 24<sup>th</sup> May 2019,

14<sup>th</sup> August 2019, 14<sup>th</sup> November 2019, 10<sup>th</sup> February 2020 and 28<sup>th</sup> February 2020.

The details of composition and attendance of the members at the Audit Committee meetings are given below:

Name of the Members	Categories	No. of Meetings	
		Held	Attended
Mr. Arun Thiagarajan, Chairman	Non-Executive-Independent	6	6
Mr. O. P. Rungta <sup>@</sup>	Non-Executive-Independent	3	3
Mr. N. Mohanraj <sup>@</sup>	Non-Executive-Independent	3	3
Mr. M. L. Apte <sup>\$</sup>	Non-Executive-Independent	3	2
Mr. B. V. Bhargava <sup>\$</sup>	Non-Executive-Independent	3	3
Mr. Dilip Gaur	Managing Director	6	5

<sup>@</sup> Appointed as the member(s) of the Committee w.e.f. 14<sup>th</sup> August 2019.

<sup>\$</sup> Ceased to be the member(s) of the Committee w.e.f. 14<sup>th</sup> August 2019.

Mr. Arun Thiagarajan is the Chairman of the Audit Committee. The Company Secretary acts as the Secretary to the Audit Committee.

The Chief Financial Officer of the Company is a permanent invitee to the Audit Committee meetings. The Joint Statutory Auditors and the Internal Auditors of the Company are also invited to the Audit Committee meetings.

Representatives of the Cost Auditors are invited to the Audit Committee meetings, whenever matters relating to the Cost Audit are considered.

The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company held on 23<sup>rd</sup> August 2019.

The Audit Committee acts as link between the management, the Statutory and Internal Auditors and the Board. The Audit Committee monitors and effectively supervises your Company’s financial reporting process with a view to provide accurate, timely and proper disclosure, maintain the integrity and quality of financial reporting. The Audit Committee also reviews, from time to time, the audit and internal control procedures, the accounting policies of your Company, annual compliances under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015,

reviewing complaints under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The recommendations of the Audit Committee have been accepted by the Board.

#### Brief Description of Terms of Reference

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
4. Reviewing, with the management, the annual financial statements and auditors' report thereon before submission to the Board for approval, with particular reference to:
  - (a) matters required to be included in the Directors' Responsibility Statements to be included in the Board's Report in terms of clause (c) of sub-section (3) of section 134 of the Act;
  - (b) changes, if any, in accounting policies and practices and reasons for the same;
  - (c) major accounting entries involving estimates based on the exercise of judgement by the management;
  - (d) significant adjustments made in the financial statements arising out of audit findings;
  - (e) compliance with listing and other legal requirements relating to the financial statements;
  - (f) disclosure of any related party transactions; and
  - (g) modified opinion(s) in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
6. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for the purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Reviewing and monitoring the auditors' independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the Company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Reviewing the utilization of loans and/or advances from/investment by the holding company in the subsidiary exceeding ₹ 100 Crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advances/investments existing as on the date of coming into force of this provision;
11. Valuation of undertakings or assets of the Company, wherever it is necessary;
12. Evaluation of internal financial controls and risk management systems;
13. Monitoring the end use of funds raised through public offers and related matters;
14. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
15. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
16. Discussion with internal auditors of any significant findings and follow up thereon;
17. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
18. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;



19. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
20. To review the functioning of the Whistle Blower Mechanism;
21. In consultation with the Internal Auditor, formulate the scope, functioning, periodicity and methodology for conducting the internal audit;
22. Approval of appointment of CFO after assessing the qualifications, experience and background, etc. of the candidate; and
23. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

**The Audit Committee mandatorily reviews the following information:**

- (1) Management Discussion and Analysis of financial condition and results of operations;
- (2) Financial statements, in particular, the investments made by the unlisted subsidiary companies;
- (3) Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management;
- (4) Management letters/letters of internal control weaknesses issued by the Statutory Auditors;
- (5) Internal audit reports relating to internal control weaknesses;
- (6) Appointment, removal and terms of remuneration of the Internal Auditor;
- (7) Statement of deviations:
  - a. quarterly statement of deviation(s), including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Listing Regulation;
  - b. annual statement of funds utilised for the purposes other than those stated in the offer document/prospectus/notice in terms of Listing Regulation.
- (8) Any Show cause, demand, prosecution and penalty notices against the Company or its Directors which are materially important, including any correspondence with regulators or government agencies and any published reports which raise material issues regarding the Company's financial statements or accounting policies;

- (9) Any material default in financial obligations by the Company; and
- (10) Any significant or important matters affecting the business of the Company.

**Vigil Mechanism/Whistle Blower Policy**

Your Company has adopted Whistle Blower Policy that provides a formal vigil mechanism for Directors and Employees to report genuine concerns about the unethical behaviour, actual or suspected frauds of violation of the Company's Code of Conduct or Ethics Policy. The said mechanism also provides for direct access to the Chairman of the Audit Committee in appropriate or exceptional cases. The policy provides for adequate safeguards against victimisation and all personnel have access to the Audit Committee. The Whistle Blower Policy has been uploaded on the Company's website, [www.grasim.com](http://www.grasim.com). The Policy is in line with the Company's Code of Conduct, Vision and Values and forms part of good Corporate Governance.

**B. NOMINATION AND REMUNERATION COMMITTEE**

**Composition, Meetings and Attendance**

The Nomination and Remuneration Committee (NRC) comprises of 3 Non-Executive Directors, of which 2 are Independent Directors.

During the year under review, 3 NRC meetings were held on 24<sup>th</sup> May 2019, 14<sup>th</sup> August 2019 and 14<sup>th</sup> November 2019. The recommendations of the NRC have been accepted by the Board.

The details of composition and attendance of the members at the NRC meetings are given below:

Name of the Members	Categories	No. of Meetings	
		Held	Attended
Mr. M.L. Apte <sup>\$</sup> , Chairman	Non-Executive Independent	2	1
Mr. Cyril Shroff	Non-Executive Independent	3	2
Mr. Kumar Mangalam Birla	Non-Executive	3	3
Mr. O. P. Rungta <sup>@</sup> , Chairman	Non-Executive Independent	1	1

<sup>\$</sup> Ceased to be the member and Chairman of the Committee w.e.f. 14<sup>th</sup> August 2019.

<sup>@</sup> Appointed as the member and Chairman of the Committee w.e.f. 14<sup>th</sup> August 2019.

Mr. O. P. Rungta is the Chairman of the Committee. The Company Secretary acts as the Secretary to the NRC.

#### Brief Description of Terms of Reference

- (1) Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to, the remuneration of the Directors, Key Managerial Personnel and other employees;
  - (2) Formulate the criteria for effective evaluation of performance of the Board, its Committees and individual Directors and review its implementation and compliance;
  - (3) Devise a policy on diversity of the Board of Directors;
  - (4) Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal;
  - (5) To consider whether to extend or continue the term of appointment of independent directors, on the basis of the report of performance evaluation of independent directors;
  - (6) Set the level and composition of remuneration which is reasonable and sufficient to attract, retain and motivate Directors and Senior Management of the quality required to run the Company successfully;
  - (7) Set the relationship of remuneration to performance;
  - (8) Check whether the remuneration provided to Directors, Key Managerial Personnel and Senior Management includes a balance between fixed and incentives pay reflecting short-term and long-term performance objectives appropriate to the working of the Company and its goals;
  - (9) Review and implement succession plans for Managing Director, Executive Directors and Senior Management; and
  - (10) Review and make recommendations to the Board with respect to any incentive-based compensation and equity-based plans that are subject to Board or shareholder approval (including broad-based plans).
11. Recommend to the Board, all remuneration, in whatever form, payable to senior management.

#### Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations, the Board of Directors has carried out an annual evaluation of its own performance, its Committees, Independent Directors, Non-Executive Directors, Executive Director and the Chairman of the Board.

The Nomination and Remuneration Committee of the Board has laid down the manner in which formal annual evaluation of the performance of the Board, its Committees and Individual Directors has to be made. It includes circulation of evaluation forms separately for evaluation of the Board and its Committees, Independent Directors/Non-Executive Directors/Executive Directors and the Chairman of the Company. The Directors completed evaluation forms providing feedback on functioning of the Board, Committees and Chairman of the Board.

The performance of Non-Independent Directors, the Board as a whole, and the Committees of the Board has been evaluated by Independent Directors in a separate meeting. At the same meeting, the Independent Directors also evaluated the performance of the Chairman of your Company, after taking into account the views of Executive Director and Non-Executive Directors. Evaluation as done by the Independent Directors was submitted to the Nomination and Remuneration Committee and subsequently to the Board.

The performance of the Board and its Committees was evaluated by the Nomination and Remuneration Committee after seeking inputs from all the Directors, on the basis of criteria such as the Board/Committee composition and structure, effectiveness of the Board/Committee process, information and functioning, etc.

Following the meetings of Independent Directors and of Nomination and Remuneration Committee, the Board at its meeting discussed the performance of the Board, as a whole, its committees and individual Directors. The performance evaluation of all the Directors of your Company, (including Independent Directors, Executive and Non-Executive Directors and Chairman), is done at the Board meeting by all the Board members, excluding the Director being evaluated on the basis of criteria, such as contribution at the meetings, effective decision making, strategic perspective or inputs regarding the growth and performance of your Company, among others.

### Core Skills/Expertise/Competencies available with the Board

Your Company's Board of Directors have identified the following skills/expertise/competencies to function and discharge their responsibilities effectively and as available to the Board:

- Leadership:** Effective management of business operations, ability to guide on complex business decisions, anticipate changes, setting priorities, aligning resources towards achieving goals and protecting and enhancing stakeholders value.
- Governance:** Ensuring adherence to the Corporate Governance Principles, ability to benchmark with the best governance practices globally, protecting and enhancing stakeholders value.
- Sustainability:** Ability to guide on sustainability initiatives and corporate social responsibility activities for betterment of the underprivileged and society at large are additional competencies required.
- Strategy Planning:** Good business instincts and acumen, ability to get to the crux of the issue, ability to provide guidance and active participation in complex decision making, set priorities and focus energy and resources towards achieving goals.
- Technical Expertise:** Sound Technical knowledge, ability to anticipate technological trends, create advanced business models, provide guidance for technical collaboration etc.
- Financial Management:** In depth understanding of financial statements, financial controls, proficiency in financial management and reporting process, expertise in dealing with complex financial transactions.
- Legal Expertise:** Having profound legal knowledge and expertise in corporate law matters and other regulatory aspects.
- Risk Management:** In depth knowledge and expertise of risk management, risk framework, adequacy and efficiency of controls, mitigation of risks etc. in respect of the businesses of the Company.
- Sales & Marketing:** Experience in sales and marketing, understanding of brand equity, provide guidance in developing strategies for increasing sales, enhancing brand value customer satisfaction etc.
- Human Resource Development:** Having profound knowledge and expertise in the areas of Human Resource Development, attracting and retaining the right talent, benchmarking with the best human resource practices adopted globally ensuring safety, well being of employees etc.

Directors (as on 13<sup>th</sup> August 2020) who possess aforesaid core skills/expertise/competence is as under:

Name of Directors	Leadership	Governance	Sustainability	Strategy Planning	Technical Expertise	Financial Management	Legal Expertise	Risk Management	Sales & Marketing	Human Resource Development
Mr. Kumar Mangalam Birla, Chairman	√	√	√	√		√		√		√
Mrs. Rajashree Birla	√	√	√							√
Mr. Shailendra K. Jain	√	√	√	√	√			√	√	√
Dr. Santrupt Misra <sup>#</sup>	√	√	√	√		√	√	√		√
Dr. Thomas M. Connelly, Jr.	√	√	√	√	√	√		√	√	
Mr. Cyril Shroff	√	√	√		√		√			
Mr. O. P. Rungta	√	√		√		√	√	√	√	
Mr. Arun Thiagarajan	√	√		√		√		√	√	
Ms. Anita Ramachandran	√	√								√
Mr. N. Mohanraj	√	√	√	√		√		√	√	
Mr. Vipin Anand <sup>@</sup>	√	√	√	√	√	√	√	√	√	√
Mr. Dilip Gaur	√	√	√	√	√	√		√	√	√

<sup>#</sup> Appointed as a Director w.e.f 13<sup>th</sup> June 2020

<sup>@</sup> Appointed as a Director w.e.f. 13<sup>th</sup> August 2020

Ms. Usha Sangwan ceased to be Director w.e.f. 16<sup>th</sup> May 2020 and thus her skills are not included above.

### Remuneration Policy

The Board has, on the recommendation of the Nomination and Remuneration Committee framed a policy on Remuneration of Directors and Senior Management Employees, which is available on the Company's website, [www.grasim.com](http://www.grasim.com). Performance Review System is primarily based on competencies and values. The Company closely monitors growth and development of top talent in the Company to align personal aspiration with the organisation's goal.

### Remuneration of Directors

All decisions relating to the remuneration of the Directors are taken by the Board of Directors of the Company in accordance with the Shareholders' approval on recommendation of Nomination and Remuneration Committee.

Sitting fees is paid to the Non-Executive/Independent Directors for attending Board/Committee meetings, is as under:

Board/Committee	Sitting Fee Per Meeting (₹)
Board	50,000/-
Audit Committee	25,000/-
All other Committees	20,000/-

Based on recommendation of Nomination and Remuneration Committee, all decisions relating to remuneration of Directors are taken by the Board of your Company in accordance with the shareholder's approval, wherever necessary. Shareholders have approved payment of commission to the Non-Executive Directors of an amount not exceeding 1% per annum of the net profit of your Company. The amount of the commission payable to the Non-Executive/Independent Directors is determined after assigning weightage to various factors, which, *inter-alia*, include providing strategic perspective, Chairmanship and contributions made by the Directors, type of the meeting and responsibilities under various statutes, performance evaluation, etc. For FY 2019-20, the Board has approved payment of ₹ 250 Lakh as commission to the Non-Executive/Independent Directors.

Details of remuneration paid/to be paid to the Non-Executive/Independent Directors for the year under review is as under:

(₹ in Lakh)

Name of the Directors	Commission	Sitting Fees (for Board and its Committees)
Mr. Kumar Mangalam Birla	-	2.60
Mrs. Rajashree Birla	120.00	1.90
Mr. Himanshu Kapania <sup>1</sup>	5.00	2.00
Mr. Shailendra K. Jain	18.00	4.90
Ms. Usha Sangwan <sup>2</sup>	5.00	2.00
Mr. M. L. Apte <sup>3</sup>	8.00	2.70
Mr. B. V. Bhargava <sup>3</sup>	11.00	2.75
Dr. Thomas M. Connelly, Jr.	10.00	3.50
Mr. Cyril Shroff	9.00	2.40
Mr. O. P. Rungta	21.00	6.05
Mr. Arun Thiagarajan	23.00	5.30
Ms. Anita Ramachandran	10.00	3.40
Mr. N. Mohanraj <sup>4</sup>	10.00	2.65
<b>Total</b>	<b>250.00</b>	<b>42.15</b>

1. Ceased to be a Director and Vice Chairman w.e.f. close of business hours on 31<sup>st</sup> December 2019.
2. Ms. Usha Sangwan ceased to be Director w.e.f 16<sup>th</sup> May 2020. Sitting fees for FY 2019-20 was paid to Ms. Usha Sangwan and Commission for FY 2019-20 will be paid to LIC.
3. Ceased to be Independent Director(s) w.e.f. 23<sup>rd</sup> August 2019 upon completion of their term.
4. Appointed as an Independent Director w.e.f. 12<sup>th</sup> July 2019.

#### Note:

There are no pecuniary relationship or transaction between your Company and its Non-Executive/Independent Directors for the financial year under review.

Details of remuneration paid/to be paid to the Executive Directors for the year under review is as under:

(₹ in Lakh)

Executive Directors	Salary, Benefits, Bonus, Pension, etc., paid during the Year	Performance-linked Incentive paid during the Year <sup>1</sup>	Service Contract, Notice Period and Severance Fee	Stock Option Details, if any
Mr. Dilip Gaur (Managing Director)	490.09	257.41	See Note 2	See Note 4
Mr. Sushil Agarwal <sup>3</sup> (Whole-time Director and CFO)	123.41 <sup>3</sup>	257.31	See Note 3	See Note 5

- The Board has approved payment of performance-linked variable pay for the FY 2018-19 as aforesaid to the Managing Director and the Whole-Time Director & CFO on achievement of their respective targets.
- The Managing Director's appointment may be terminated by three months' notice in writing on either side and no severance fees is payable to the Managing Director of the Company.
- Mr. Sushil Agarwal relinquished the office of Whole-time Director & CFO of the Company w.e.f. close of business hours on 30<sup>th</sup> June 2019 to pursue another role in Aditya Birla Group. No severance fee was payable to Mr. Sushil Agarwal by the Company. His salary, benefits, bonus etc. as reflected in the table above is calculated upto 30<sup>th</sup> June 2019.
- During the year, in terms of the Company's Employee Stock Option Scheme 2013 (ESOS 2013), 7,610 Stock Options and 4,165 RSUs have vested in Mr. Dilip Gaur and in terms of the Company's Employee Stock Option Scheme 2018 (ESOS 2018) 29,762 Stock Options have vested in Mr. Dilip Gaur.
- During the year, 30,440 Stock Options have vested in Mr. Sushil Agarwal in terms of the Company's ESOS 2013.

### Employee Stock Options Scheme (ESOS)

#### a. ESOS-2006

During the year under review, the Stakeholders' Relationship Committee of the Board of Directors allotted 66,195 Equity Shares of ₹ 2/- each of the Company to Options Grantees, pursuant to the exercise of the Stock Options under ESOS-2006.

#### b. ESOS-2013

During the year under review, the Nomination and Remuneration Committee of the Board of Directors approved vesting of 48,716 Stock Options and 21,877 Restricted Stock Units (RSUs) to the Eligible Employees, subject to the provisions of the ESOS-2013, statutory provisions, as may be applicable from time to time, and the rules and procedures set out by the Company in this regard.

Further, the Stakeholders' Relationship Committee of the Board of Directors allotted 1,34,380 equity shares of ₹ 2/- each of the Company to Stock Options and RSUs Grantees, pursuant to the exercise of the Stock Options and RSUs, under ESOS-2013

#### c. ESOS- 2018

During the year under review, the Nomination and Remuneration Committee of the Board of Directors approved grant of 79,936 Stock

Options and 33,459 Restricted Stock Units (RSUs) to the Eligible Employees, including Chief Financial Officer of the Company, under ESOS-2018 and also approved vesting of 2,43,534 Stock Options to the Eligible Employees, subject to the provisions of the ESOS-2018, statutory provisions, as may be applicable from time to time, and the rules and procedures set out by the Company in this regard. The ESOS-2018 is being administered by the Nomination and Remuneration Committee through the Grasim Employees' Welfare Trust (Trust).

The details of Employee Stock Options granted pursuant to ESOS-2006 and the Employee Stock Options and RSUs granted pursuant to ESOS-2013 and ESOS-2018, and the other disclosures in compliance with the provisions of the Securities and Exchange Board of India (Employee Share Based Employee Benefits) Regulations, 2014, are available on the Company's website, [www.grasim.com](http://www.grasim.com).

#### Directors and Officers Insurance:

In line with the requirements of regulation 24(10) of the Listing Regulations, the Company has a Directors and Officers Insurance policy ('D&O') for all its Directors (including Independent Directors) and Members of the senior management for such quantum and for such risks as determined by the Board.

## C. STAKEHOLDERS' RELATIONSHIP COMMITTEE

### Composition, Meeting and Attendance

The Stakeholders' Relationship Committee comprises of 2 Independent Directors and 1 Executive Director.

During the year under review, 2 Stakeholders' Relationship Committee meetings were held on 13<sup>th</sup> November 2019 and 10<sup>th</sup> February 2020. The recommendations, if any, of the Stakeholders' Relationship Committee have been accepted by the Board.

The details of composition and attendance of the members at the Stakeholders' Relationship Committee meetings are given below:

Name of the Members	Categories	No. of Meetings	
		Held	Attended
Mr. B. V. Bhargava <sup>§</sup> , Chairman	Non-Executive Independent	-	-
Mr. Cyril Shroff	Non-Executive Independent	2	0
Mr. M. L. Apte <sup>§</sup>	Non-Executive Independent	-	-
Mr. O. P. Rungta <sup>@</sup> , Chairman	Non-Executive Independent	2	2
Mr. Sushil Agarwal <sup>^</sup>	Whole-time Director and CFO	-	-
Mr. Dilip Gaur <sup>*</sup>	Managing Director	2	2

<sup>§</sup> Ceased to be member(s) of the Committee w.e.f. 14<sup>th</sup> August 2019.

<sup>@</sup> Appointed as member and Chairman of the Committee w.e.f. 14<sup>th</sup> August 2019.

<sup>^</sup> Ceased to be member of the Committee w.e.f. 30<sup>th</sup> June 2019.

<sup>\*</sup> Appointed as member of the Committee w.e.f. 14<sup>th</sup> August 2019.

Mr. O. P. Rungta is the Chairman of the Committee. The Company Secretary acts as Secretary to the Committee and is the Compliance Officer.

Due to his inability to attend the Annual General Meeting (AGM), the Chairman of the Stakeholders' Relationship Committee authorized Mr. Dilip Gaur, Managing Director and member of the Committee, to attend the last AGM of the Company held on 23<sup>rd</sup> August 2019 and answer the queries raised by the Shareholders in the AGM on his behalf.

### Brief Description of Terms of Reference

1. To monitor complaints received by your Company from its Shareholders, Debenture holders, other security holders, Securities and Exchange Board of India (SEBI), Stock Exchanges, Ministry of Corporate Affairs, Registrar of Companies etc. and action taken by your Company for redressing the same;
2. To approve allotment of shares, debentures or any other securities as per the authority conferred/to be conferred to the Committee by the Board of Directors from time to time;
3. To approve requests for transposition, deletion, consolidation, sub-division, change of name, dematerialisation, rematerialisation etc. of shares, debentures and other securities;
4. To authorise Officers of your Company to approve requests for transposition, deletion, consolidation, sub-division, change of name, dematerialisation, rematerialisation etc. of shares, debentures and other securities;
5. To approve and ratify the action taken by the authorised officers of your Company in compliance of the requests received from the shareholders/investors for issue of duplicate/ replacement / consolidation / sub-division, dematerialisation, rematerialisation and other purposes for the shares, debentures and other securities of your Company;
6. To monitor and expedite the status and process of dematerialisation and rematerialisation of shares, debentures and other securities of your Company;
7. To give directions for monitoring the stock of blank stationery and for printing of stationery required by the Secretarial Department of your Company from time to time for issuance of share certificates, debenture certificates, allotment letters, dividend warrants, pay orders, cheques and other related stationery;
8. To review the measures taken to reduce the quantum of unclaimed dividend/interest and ensuring timely receipt of dividend warrants/ annual reports/statutory notices by the shareholders of your Company;
9. Resolving grievances of security holders including complaints related to transfers/ transmission of shares, non-receipt of annual report, non-receipt of dividends, issue of new/ duplicate certificates, general meetings etc.;

10. Review measures taken for effective exercise of voting rights by shareholders;
11. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Transfer Agent; and
12. To perform such other acts, deeds, and things as may be delegated to the Committee by the Board from time to time.

#### Shareholders' complaints

The number of shareholders' complaints received and resolved as on 31<sup>st</sup> March 2020 is given in the 'Shareholders' Information' section, which forms an integral part of this Annual Report.

### D. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR COMMITTEE)

#### Composition, Meeting and Attendance

The CSR Committee comprises of 2 Non-Executive Directors, 1 Independent Director and 1 Executive Director.

During the year under review, 2 CSR Committee meetings were held on 24<sup>th</sup> October 2019 and 16<sup>th</sup> March 2020. The recommendations of CSR Committee have been accepted by the Board.

The CSR Committee recommends to the Board the activities to be undertaken during the year and the amount to be spent on these activities. The CSR Policy and CSR Report forms an integral part of this Annual Report.

The details of composition and attendance of the members at the CSR Committee meeting are given below:

Name of the Members	Categories	No. of Meetings	
		Held	Attended
Mrs. Rajashree Birla, Chairperson	Non-Executive	2	2
Mr. B. V. Bhargava <sup>§</sup>	Non-Executive Independent	-	-
Mr. Shailendra K. Jain	Non-Executive	2	2
Ms. Anita Ramachandra*	Non-Executive Independent	2	2
Mr. Dilip Gaur	Managing Director	2	2

<sup>§</sup> Ceased to be member of the Committee w.e.f. 14<sup>th</sup> August 2019.

\* Appointed as member of the Committee w.e.f. 14<sup>th</sup> August 2019

Mrs. Rajashree Birla is the Chairperson of the Committee. Dr. (Mrs.) Pragnya Ram, Group Executive President, CSR, is a permanent invitee to the CSR Committee meetings. The Company Secretary acts as the Secretary to the Committee.

### E. RISK MANAGEMENT COMMITTEE

#### Composition, Meeting and Attendance

The Company has a Risk Management Committee, constituted in line with the provisions of the Listing Regulations, which comprises of Non-Executive Independent Directors, Executive Director and the Senior Executives of the Company.

The terms of reference of the Risk Management Committee, *inter-alia*, includes implementation of Risk Management Framework for identifying, assessing, monitoring, reviewing and devising mitigation plans in respect of the risks associated with the Company including cyber security. The recommendations, if any, of the Risk Management Committee have been accepted by the Board.

The Board's Report and Management Discussion and Analysis Report set out the risks identified and mitigation plans thereof.

During the year under review, 2 meetings of the Risk Management Committee were held on 10<sup>th</sup> October 2019 and 28<sup>th</sup> February 2020.

The details of composition and attendance of the members at the Risk Management Committee meeting are given below:

Name of the Members	Categories	No. of Meetings	
		Held	Attended
Mr. B. V. Bhargava <sup>§</sup> , Chairman	Non-Executive Independent	-	-
Mr. Arun Thiagarajan*, Chairman	Non-Executive Independent	2	2
Mr. M. L. Apte <sup>§</sup>	Non-Executive Independent	-	-
Mr. O. P. Rungta <sup>^</sup>	Non-Executive Independent	2	1
Mr. N. Mohanraj <sup>^</sup>	Non-Executive Independent	2	2
Mr. Dilip Gaur	Managing Director	2	1
Mr. Sushil Agarwal <sup>@</sup>	Whole-time Director and CFO	-	-

Name of the Members	Categories	No. of Meetings	
		Held	Attended
Mr. H. K. Agarwal	Business Head-Fibre Business	2	1
Mr. E. R. Raj Narayanan <sup>\$</sup>	Group Executive President-Chemical Business	-	-
Mr. Thomas Varghese	Business Head-Textiles	2	-
Mr. Kalyan Ram Madabhushi <sup>^</sup>	Business Head- CFI Sector	2	2

<sup>\$</sup> Ceased to be member(s) of the Committee w.e.f. 14<sup>th</sup> August 2019.

<sup>\*</sup> Appointed as the Chairman of the Committee w.e.f. 14<sup>th</sup> August 2019.

<sup>@</sup> Ceased to be member of the Committee w.e.f. 30<sup>th</sup> June 2019.

<sup>^</sup> Appointed as member(s) of the Committee w.e.f. 14<sup>th</sup> August 2019

Mr. Arun Thiagarajan is the Chairman of the Committee. The Chief Financial Officer is the Permanent Invitee to the Committee Meetings. The Company Secretary acts as the secretary to the Committee.

## F. FINANCE COMMITTEE

The Company has a Finance Committee of the Board of Directors, to facilitate the operations of the Company.

### Composition, Meetings and Attendance

The Finance Committee of the Board of Directors comprises of 1 Non-Executive Director, 1 Independent Director and 1 Executive Director.

During the year under review, 5 Finance Committee meetings were held on 22<sup>nd</sup> August 2019, 19<sup>th</sup> September 2019, 13<sup>th</sup> November 2019, 10<sup>th</sup> February 2020 and 16<sup>th</sup> March 2020.

The details of composition and attendance of the members at the Finance Committee meetings are given below:

Name of the Members	Categories	No. of Meetings	
		Held	Attended
Mr. B. V. Bhargava <sup>\$</sup> , Chairman	Non-Executive Independent	-	-
Mr. M. L. Apte <sup>\$</sup>	Non-Executive Independent	-	-
Mr. O. P. Rungta <sup>^</sup> , Chairman	Non-Executive Independent	5	3
Mr. Shailendra K. Jain <sup>^</sup>	Non-Executive	5	5
Mr. Dilip Gaur <sup>^</sup>	Managing Director	5	5
Mr. Sushil Agarwal <sup>@</sup>	Whole-time Director and CFO	-	-

<sup>\$</sup> Ceased to be member(s) of the Committee w.e.f. 14<sup>th</sup> August 2019.

<sup>^</sup> Appointed as member(s)/Chairman of the Committee w.e.f. 14<sup>th</sup> August 2019.

<sup>@</sup> Ceased to be member of the Committee w.e.f. 30<sup>th</sup> June 2019.

Mr. O. P. Rungta is the Chairman of the Committee. The Company Secretary acts as Secretary to the Finance Committee.

The Finance Committee is authorized to exercise all powers and discharge all functions relating to working capital management, foreign currency contracts, operation of bank accounts and authorising officers of your Company to deal in matters relating to excise, GST, income tax, customs etc.

## G. MERGER COMMITTEE

Merger Committee of the Board of Directors was constituted to facilitate the implementation of Scheme of Arrangement between Grasim Premium Fabric Private Limited and Grasim Industries Limited and their respective shareholders and all concerned. This Committee comprises of 2 Independent Directors and 1 Executive Director.

During the year under review, 2 meetings of Merger Committee were held on 28<sup>th</sup> September 2019 and 21<sup>st</sup> February 2020.



The details of composition and attendance of the members at the Merger Committee meetings are given below:

Name of the Members	Categories	No. of Meetings	
		Held	Attended
Mr. Arun Thiagarajan	Non-Executive Independent	2	2
Mr. O. P. Rungta	Non-Executive Independent	2	2
Mr. Dilip Gaur	Managing Director	2	2

#### H. DETERMINATION OF LEGITIMATE PURPOSE COMMITTEE

The Determination of Legitimate Purpose Committee of the Board of Directors was constituted in accordance with requirement under the Securities and Exchange Board of India (Prohibition of Insider Trading Regulations), 2015 to determine legitimate purpose(s) for sharing of information, in furtherance to the Company's and stakeholders interest, which includes sharing of Unpublished Price Sensitive Information (UPSI) with parties during substantial transactions such as takeovers, mergers and acquisitions involving trading in securities, change of control to assess potential investments or such

#### V. GENERAL BODY MEETINGS

Details of the General Meetings of the Company held during the last 3 years are as follows:

Financial Year/ Type of Meeting	Date and Time	Location	Particulars of Special Resolution
2016-17 Extra-Ordinary General Meeting	10 <sup>th</sup> October 2016, 11.30 a.m.	Birlagram, Nagda-456331, Madhya Pradesh	<ul style="list-style-type: none"> <li>Increase in limit for investment in the Equity Share capital of the Company by Registered Foreign Portfolio Investors, including Foreign Institutional Investors</li> </ul>
2016-17 Extra-Ordinary General Meeting	3 <sup>rd</sup> March 2017, 11.00 a.m.	Birlagram, Nagda-456331, Madhya Pradesh	<ul style="list-style-type: none"> <li>Increase in limit for investment in the equity share capital of the Company by Registered Foreign Portfolio Investors including Foreign Institutional Investors</li> </ul>
2017-18 NCLT Convended Meeting	6 <sup>th</sup> April 2017, 11.00 a.m.	Birlagram, Nagda-456331, Madhya Pradesh	<ul style="list-style-type: none"> <li>Resolution passed for the Composite Scheme of Arrangement between Aditya Birla Nuvo Limited and Grasim Industries Limited and Aditya Birla Financial Services Limited (now known as Aditya Birla Capital Limited) and their respective shareholders and creditors.</li> </ul>
2016-17 70 <sup>th</sup> Annual General Meeting	22 <sup>nd</sup> September 2017, 11.00 a.m.	Birlagram, Nagda-456331, Madhya Pradesh	<ul style="list-style-type: none"> <li>Issuance of Non-Convertible Debentures on private placement basis</li> <li>Alteration of Articles of Association of the Company</li> </ul>

other transactions. This Committee comprises of 2 Independent Directors and 1 Executive Director viz. Mr. Arun Thiagarajan, Independent Director, Mr. O. P. Rungta, Independent Director and Mr. Dilip Gaur, Managing Director.

During the year under review, no substantial transaction as mentioned above has taken place and therefore no meeting of the Committee was held.

#### IV. SUBSIDIARY COMPANIES

The Company does not have any material non-listed Indian subsidiary company as defined under the Listing Regulations. UltraTech Cement Limited and Aditya Birla Capital Limited are the material listed subsidiaries of the Company. The Company has formulated a Policy for Determining Material Subsidiaries, which is available on the Company's website, [www.grasim.com](http://www.grasim.com).

The Audit Committee reviews the financial statements and, in particular, the investments made by the unlisted subsidiary companies. The minutes of the Board meetings as well as statements of all significant transactions of the Unlisted Subsidiary Companies are placed before the Board of Directors of the Company for its review.

Financial Year/ Type of Meeting	Date and Time	Location	Particulars of Special Resolution
2017-18 71 <sup>st</sup> Annual General Meeting	14 <sup>th</sup> September 2018, 11.00 a.m.	Birlagram, Nagda-456331, Madhya Pradesh	<ul style="list-style-type: none"> <li>Continuation of Directorships of Directors who have attained 75 years of age</li> <li>Adoption of Grasim Industries Limited Employee Stock Options Scheme-2018</li> <li>Extension of benefit of Grasim Industries Limited Employee Stock Option Scheme 2018 to permanent employees in the management cadre, including Managing and Whole-time Directors, of the Subsidiary Companies</li> <li>Approved the use of trust route for implementation of Grasim Industries Limited Employee Stock Options Scheme-2018 and secondary acquisition of the Equity Shares of the Company by the trust to be set up</li> </ul>
2018-19 72 <sup>nd</sup> Annual General Meeting	23 <sup>rd</sup> August 2019, 11.00 a.m.	Birlagram, Nagda-456331, Madhya Pradesh	<ul style="list-style-type: none"> <li>Continuation of directorship of Mr. Arun Thiagarajan as an Independent Director</li> <li>Re-appointment of Mr. Cyril Shroff as an Independent Director</li> <li>Re-appointment of Dr. Thomas M. Connelly, Jr. as an Independent Director</li> <li>Re-appointment of Mr. O. P. Rungta as an Independent Director</li> </ul>

## POSTAL BALLOT

During the Financial Year 2019-2020, no resolution was passed through Postal Ballot.

## VI. MEANS OF COMMUNICATION

- Copies of the press release, quarterly presentations on the Company's performance, official news release and presentation made to Institutional Investors/Analysts are hosted on the Company's website, [www.grasim.com](http://www.grasim.com), and the Group's website, [www.adityabirla.com](http://www.adityabirla.com).

- Quarterly Results:

Results are normally published in:

Newspaper	Cities of Publication
Business Standard	All Editions
EconomicTimes	All Editions
Nai Dunia	Indore Edition

Results are displayed on the Company's website, [www.grasim.com](http://www.grasim.com) and on [www.adityabirla.com](http://www.adityabirla.com).

- At the end of each quarter, the Company organizes earnings call with the analysts and

investors and the transcripts of the same are thereafter uploaded on the website of the Company, [www.grasim.com](http://www.grasim.com).

- Disclosures pursuant to various provisions of the Listing Regulations, as applicable, are promptly communicated to the stock exchanges where the shares of the Company are listed, and are also displayed on the Company's website, [www.grasim.com](http://www.grasim.com).
- The Company has engaged KFin Technologies Private Limited to enable Members to attend the AGM through video conferencing ('VC')/ other audio-visual means ('OAVM') or view the live webcast of the AGM at <https://emeetings.kfintech.com>.

## VII DISCLOSURES

- Details of materially significant Related Party Transactions that may have a potential conflict with the interest of the Company at large**

During the year under review, no material transactions with any related party as defined under the Act and the Listing Regulations have

been entered into. All contracts/arrangements/transactions entered into by your Company with its related parties were on an arm's-length basis and in the ordinary course of business. All related party transactions have prior approval of the Audit Committee and are reviewed by the Audit Committee on a quarterly basis. Attention of the members is drawn to Note 4.5 to the Standalone Financial Statements, forming part of this Annual Report, which sets out the related party disclosures.

The Policy on Related Party Transactions, as approved by the Audit Committee and the Board is available on the Company's website, [www.grasim.com](http://www.grasim.com).

**(ii) Details of non-compliance by the Company, penalties and strictures imposed on the Company by Stock Exchanges or SEBI or any Statutory Authority, on any matter related to capital markets, during the last three years**

The Company has complied with all the provisions of Listing Regulations as well as regulations and guidelines of the Securities and Exchange Board of India (SEBI). There have been no instances of non-compliance by the Company on any matters related to capital markets during the last 3 years and, hence, no penalty or strictures are imposed by SEBI or the Stock Exchanges or any Statutory Authority.

**(iii) Details of the Directors seeking appointment/re-appointment are provided in the Notice of the Annual General Meeting, which forms part of this Annual Report.**

**(iv) Confirmation of criteria of Independence**

Your Company's Board confirms that the Independent Directors fulfil the conditions specified in the Listing Regulations and are independent of the management.

**(v) Proceeds from Public Issues, Rights Issues, Preferential Issues, etc.**

During the year under review, the Company has not raised any proceeds by way of public issue, rights issue or preferential issue of equity shares.

**(vi) Management Discussion and Analysis/Disclosure of Accounting Treatment**

(a) Management Discussion and Analysis is given in a separate section forming an

integral part of this Annual Report and is in accordance with the requirements laid out in the Listing Regulations.

(b) The Company follows all relevant Accounting Standards while preparing the Financial Statements.

**(vii) Certification by Practicing Company Secretary**

As per the Listing Regulations, the Company has obtained a certificate from the Company Secretary in practice that none of the Directors on the Board of the Company have been debarred or disqualified, from being appointed or continuing as Directors, by Securities and Exchange Board of India/Ministry or Corporate Affairs or any such authority and the same is appended as an Annexure to this Report.

**(viii) Total Fees paid to Statutory Auditors**

Total fees for all services paid by your Company and its subsidiaries, on a consolidated basis, to the Statutory Auditors and all entities in the network firm/network entity of which the Statutory Auditors are a part is ₹ 16.57 Crore for FY 2019-20.

**(ix) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**

- number of complaints filed during the financial year: 4 (Four)
- number of complaints disposed off during the financial year: 3 (Three)
- number of complaints pending as on 31<sup>st</sup> March 2020: 1 (One) which was resolved in July 2020

**(x) Managing Director and Chief Financial Officer Certification**

In terms of the Listing Regulations, certificate from Managing Director and Chief Financial Officer of the Company is appended as an Annexure to this Report.

**(xi) Website**

Your Company's website, [www.grasim.com](http://www.grasim.com) has a dedicated section for investor relations containing the financial results, shareholding pattern, annual reports, quarterly reports, updates/intimations filed with Stock

Exchange(s), various policies adopted by the Board. Other general information like history of the Company, business carried out by the Company, details of the Board of Directors, Key Managerial Personnel and Business Heads of the Company, is also available on the Company's website, [www.grasim.com](http://www.grasim.com).

**(xii) Status of Compliance of Non-Mandatory Requirement**

- a. Your Company maintains a separate office for the Non-Executive Chairman. All necessary infrastructure and assistance are made available to enable him to discharge his responsibilities.
- b. There are no audit qualification on the Financial Statements of the Company for the financial year ended 31<sup>st</sup> March 2020.
- c. The position of the Chairman of the Board of Directors and the Managing Director is separate.
- d. The Internal Auditors have direct access to the Audit Committee and its representative participates in the Audit Committee meetings and present their observations to the Audit Committee when the audit matter is discussed.

## VIII. REPORT ON CORPORATE GOVERNANCE

This Corporate Governance Report forms an integral part of this Annual Report. The Company is fully compliant with all the provisions of the Listing Regulations, as applicable to the Company.

## IX. COMPLIANCES

- (i) Your Company confirms the compliances with Corporate Governance requirements as specified in the Listing Regulations.
- (ii) A Certificate from the Joint Statutory Auditors, confirming compliance with all the conditions of Corporate Governance as stipulated in Listing Regulations, is given as 'Annexure C' to the Board's Report and forms part of this Annual Report.
- (iii) There is a separate section for general Shareholder Information which forms an integral part of this Annual Report.
- (iv) Name and Designation of Compliance Officer: Mrs. Hutokshi R. Wadia, President and Company Secretary.
- (v) During the year under review, all recommendations of the Committees of the Board which were mandatorily required have been accepted by the Board.

## CODE OF CONDUCT

### DECLARATION

As provided under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors and the Senior Management Personnel have affirmed compliance with the Code of Conduct for Board Members and Senior Management for the year ended 31<sup>st</sup> March 2020.

Place: Mumbai  
Date: 13<sup>th</sup> June 2020

**Dilip Gaur**  
Managing Director  
DIN: 02071393

### CEO/CFO CERTIFICATION

**The Board of Directors**  
**Grasim Industries Limited**

We certify that:

- A. We have reviewed the Financial Statements and the Cash Flow Statement of Grasim Industries Limited ('the Company') for the year ended 31<sup>st</sup> March 2020 and that to the best of our knowledge and belief:
- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and
  - (2) these statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting. We have disclosed to the Company's Auditors and the Audit Committee of the Company's Board of Directors, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps taken or proposed to be taken to rectify the deficiencies.
- D. We have indicated to the Auditors and the Audit Committee:
- (1) significant changes in the internal control, if any, over financial reporting during the year;
  - (2) significant changes in accounting policies during the year, if any, and that the same have been disclosed in the Notes to the Financial Statements; and
  - (3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the Management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: Mumbai  
Date: 13<sup>th</sup> June 2020

**Dilip Gaur**  
Managing Director  
DIN: 02071393

**Ashish Adukia**  
Chief Financial Officer

## CERTIFICATE

**Pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015**

To,  
The Members,  
Grasim Industries Limited  
Birlagram, Nagda - 456331  
Ujjain, Madhya Pradesh

We have examined the relevant books, papers, minutes books, forms and returns filed, notices received from the Directors for the financial year 2019-2020 and other records maintained by the Company and also the information provided by the officers, agents and authorised representatives of Grasim Industries Limited CIN: L17124MP1947PLC000410 (hereinafter referred to as the "the Company") having its registered office at Birlagram, Nagda – 456331, District- Ujjain, Madhya Pradesh for the purpose of issue of Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C sub clause 10 (i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended vide notification no SEBI/LAD/NRO/GN/2018/10 dated 09<sup>th</sup> May 2018 issued by SEBI.

In our opinion and to the best of our information and according to the verifications [including verification of Director Identification Number (DIN) status on the Ministry of Corporate Affairs portal i.e. www.mca.gov.in], we hereby certify that none of the Directors on the Board of the Company as stated below as on 31<sup>st</sup> March 2020, have been debarred or disqualified from being appointed or continuing to act as Directors of the Company by Securities and Exchange Board of India or the Ministry of Corporate Affairs, Government of India or any such other statutory authority.

Sr. No	DIN	Name of the Directors	Designation	Date of Appointment
1	00012813	Mr. Kumar Mangalam Birla	Non-Executive Director (Chairman)	14/10/1992
2	00022995	Mrs. Rajashree Birla	Non-Executive Director	14/03/1996
3	00022454	Mr. Shailendra K. Jain	Non-Executive Director	01/04/2010
4	02609263	Ms. Usha Sangwan*	Non-Executive Director	23/05/2018
5	00018979	Mr. Cyril Shroff	Independent Director	06/09/2014
6	03083495	Dr. Thomas M. Connelly, Jr.	Independent Director	06/09/2014
7	00020559	Mr. O. P. Rungta	Independent Director	25/09/2014
8	00292757	Mr. Arun Thiagarajan	Independent Director	07/05/2016
9	00118188	Ms. Anita Ramachandran	Independent Director	14/08/2018
10	00181969	Mr. N. Mohanraj	Independent Director	12/07/2019
11	02071393	Mr. Dilip Gaur	Managing Director	01/04/2016

\* Ceased to be Director with effect from 16<sup>th</sup> May 2020

Ensuring the eligibility of every director for the appointment/re-appointment/continuity on the Board of Directors of the Company is the responsibility of the Management of the Company. We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **BNP & Associates**  
Company Secretaries  
[Firm Regn. No. P2014MH037400]

**B. Narasimhan**  
Partner  
FCS No.:-1303  
COP No.:-10440  
PR No.:- 637/2019  
UDIN:- F001303B000340455

Place: Mumbai  
Date: 13.06.2020

# Shareholder Information

<b>1. Annual General Meeting</b>	
- Date and Time	Monday, 14 <sup>th</sup> September 2020 at 3.00 p.m. (IST)
- Venue	Since the AGM will be held through Video Conference (VC)/Other Audio Visual Means (OAVM), the venue of the meeting will be deemed to be the registered office of the Company i.e. Grasim Staff Club, Birlagram, Nagda-456 331, Madhya Pradesh, India
- Participation through Video-Conference for AGM/ Webcast and transcripts	<a href="https://emeetings.kfintech.com">https://emeetings.kfintech.com</a>
<b>2. Financial Calendar for Reporting</b>	
- Financial Year of the Company	1 <sup>st</sup> April to 31 <sup>st</sup> March
- Financial reporting for the quarter ending 30 <sup>th</sup> June 2020	13 <sup>th</sup> August 2020
- Financial reporting for the quarter/half year ending 30 <sup>th</sup> September 2020	On or before 14 <sup>th</sup> November 2020 or such other date as may be applicable
- Financial reporting for the quarter ending 31 <sup>st</sup> December 2020	On or before 14 <sup>th</sup> February 2021 or such other date as may be applicable
- Financial reporting for the quarter/year ending 31 <sup>st</sup> March 2021	On or before 30 <sup>th</sup> May 2021 or such other date as may be applicable
- 74 <sup>th</sup> Annual General Meeting for the year ending 31 <sup>st</sup> March 2021	On or before 31 <sup>st</sup> August 2021 or such other date as may be applicable
<b>3. Dates of Book Closure</b>	
	Friday, 28 <sup>th</sup> August 2020 to Monday, 14 <sup>th</sup> September 2020 (both days inclusive)
<b>4. Dividend Payment Date</b>	
	On or after 14 <sup>th</sup> September 2020
	In terms of General Circular No. 20/2020 dated 5 <sup>th</sup> May 2020, issued by the Ministry of Corporate Affairs, Government of India, where the Company is unable to pay dividend to any shareholder by electronic mode, due to non-availability of the details of the shareholders' bank account and on account of the prevailing situation arising out of the outbreak of the COVID-19 pandemic, making it difficult to dispatch physical dividend warrants, the dividend warrant to such shareholders will be dispatched upon normalisation of the postal services. Shareholders may also note that the Income Tax Act, 1961 amended by the Finance Act, 2020, mandates that dividend paid or distributed by a company on or after 1 <sup>st</sup> April 2020 shall be taxable in the hands of the shareholders. The Company is required to deduct tax at source (TDS), wherever applicable, at the applicable rates at the time of making the payment of final dividend.
	In this regard, the Company has sent a separate communication to the shareholders by email dated 3 <sup>rd</sup> July 2020. A copy of which is also uploaded on the website of the Company viz. <a href="https://www.grasim.com/investors/tds-on-dividend">https://www.grasim.com/investors/tds-on-dividend</a> .

<b>5. Registered Office</b>	Birlagram, Nagda-456 331, Madhya Pradesh, India Tel: (07366) 246760/66 Fax: (07366) 244114/246024 E-mail: <a href="mailto:grasim.secretarial@adityabirla.com">grasim.secretarial@adityabirla.com</a>
<b>6. Website</b>	: <a href="http://www.grasim.com">www.grasim.com</a>
<b>7. Corporate Identification Number (CIN)</b>	: L17124MP1947PLC000410

## 8. Listing Details

### a. Listing on Stock Exchanges:

Equity Shares	Non-Convertible Debentures and Commercial Papers	Global Depository Receipts (GDRs)
<b>BSE Limited (BSE)</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001	<b>BSE Limited (BSE)</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001	<b>Luxembourg Stock Exchange (LSE)</b> Societe de la Bourse de Luxembourg P. O. Box 165, L-2011 Luxembourg, Grand Duchy of Luxembourg
<b>National Stock Exchange of India Limited (NSE)</b> Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai-400 051	<b>National Stock Exchange of India Limited (NSE)</b> Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai-400 051	

**Note:** Annual Listing Fee has been paid to all Stock Exchanges and no amount is outstanding.

- (b) **Name and address of Trustees for the Debentureholders** IDBI Trusteeship Services Limited  
Asian Building, Ground floor  
17, R. Kamani Marg, Ballard Estate,  
Mumbai- 400001  
Tel: 91 022 40807000 Fax: 91 022 40807080  
Email: [naresh.sachwani@idbitrustee.com](mailto:naresh.sachwani@idbitrustee.com)
- (c) **Overseas Depository for GDRs:** Citibank N.A.  
Depository Receipt Services  
388, Greenwich Street, 6<sup>th</sup> Floor, New York, NY-10013  
Tel: +212-723-4483; Fax: +212-723-8023
- (d) **Domestic Custodian of GDRs:** Citibank N.A.  
Custodial Services  
FIFC, 11<sup>th</sup> Floor, C 54 & 55, G Block, Bandra Kurla Complex,  
Bandra (East), Mumbai-400 098  
Tel.: 91-22-61757110; Fax: 91-22-26532205

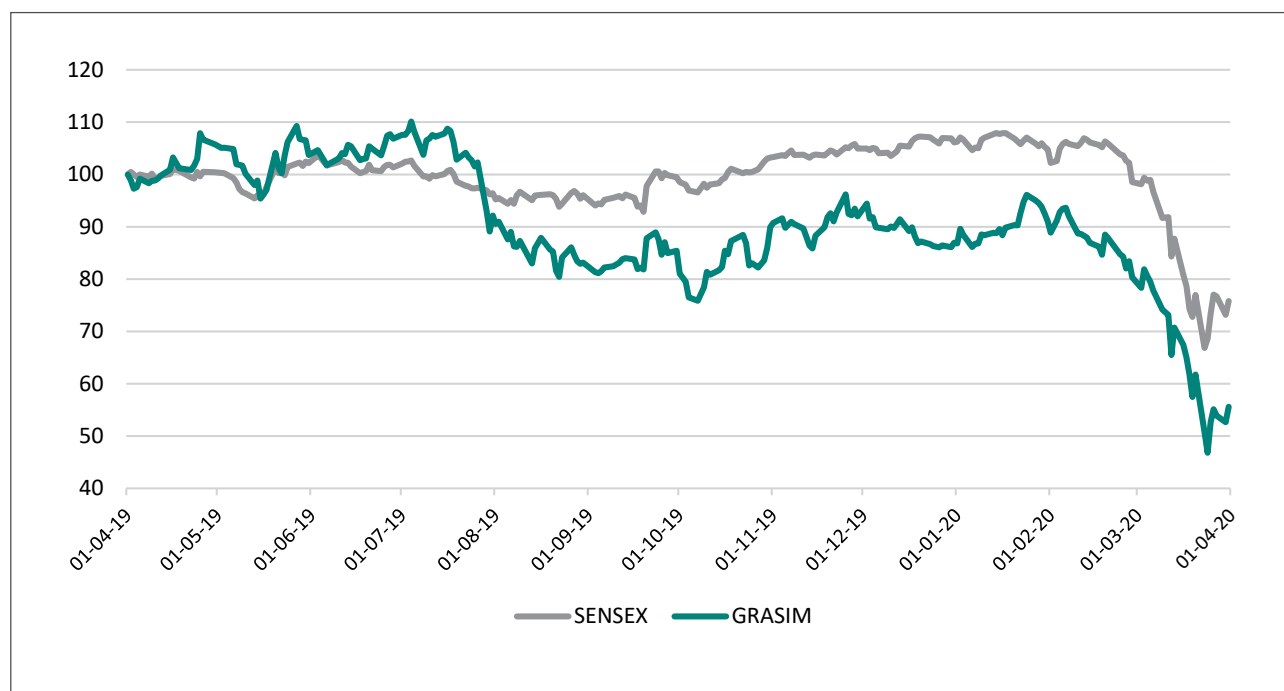
## 9. Stock Code:

	Stock Code	Reuters	Bloomberg
BSE	500300	GRAS.BO	GRASIM IB
NSE	GRASIM	GRAS.NS	GRASIM IS
LSE	-	GRAS.LU	GRAS LX
ISIN of Equity Shares	INE047A01021	-	-
ISIN of GDRs	US3887061030 CUSIP No. 388706103	-	-



**10. Market Price Data:**

Month	BSE				NSE				LSE		
	High	Low	Close	No. of shares traded	High	Low	Close	No. of shares traded	High	Low	Close
	(In ₹)			(In Nos.)	(In ₹)			(In Nos.)	(In US\$)		
Apr-19	939.45	825.75	904.40	13,32,978	940.00	825.40	901.20	3,08,24,660	13.40	12.00	13.00
May-19	958.55	805.05	887.10	17,52,291	959.80	804.85	886.10	3,89,56,874	13.60	11.60	12.70
Jun-19	937.50	853.15	913.80	14,46,852	937.80	852.35	914.10	2,74,32,898	13.50	12.50	13.30
Jul-19	949.85	757.25	788.10	17,99,451	949.50	756.50	788.35	3,46,42,668	13.70	11.10	11.40
Aug-19	786.75	680.50	711.05	13,88,497	786.85	680.05	710.95	3,73,46,470	11.20	9.55	9.95
Sep-19	785.70	689.30	730.65	26,99,267	786.00	688.50	730.10	3,12,52,430	11.00	9.60	10.30
Oct-19	774.15	635.60	769.20	21,59,662	774.90	633.60	768.75	5,66,19,695	10.90	9.15	10.80
Nov-19	824.60	713.05	786.95	19,73,364	825.25	712.00	787.05	5,51,10,091	11.50	10.20	11.20
Dec-19	822.45	732.75	743.85	15,93,963	822.00	732.80	743.65	3,92,42,853	11.10	10.30	10.40
Jan-20	836.55	715.00	778.45	10,79,603	836.90	711.00	778.90	3,99,90,630	11.50	9.80	10.90
Feb-20	806.80	685.05	687.20	13,09,476	806.65	684.00	687.20	4,45,24,599	11.20	9.50	9.50
Mar-20	708.00	380.00	475.40	47,86,130	708.80	385.05	476.10	7,01,82,257	9.60	5.25	6.35

**11. Stock Performance: Performance of Equity Share Price of the Company in comparison to the BSE SENSEX**

## 12. Stock Performance and Returns:

Absolute Returns (In %)

(In Percentage)	1 Year	3 Years	5 Years
GRASIM (NSE)	(45%)	(55%)	(34%)
GRASIM (BSE)	(45%)	(55%)	(34%)
BSE Sensex	(24%)	(1%)	5%
NSE Nifty	(26%)	(6%)	1%

Annualised Returns (In %)

(In Percentage)	1 Year	3 Years	5 Years
GRASIM (NSE)	(45%)	(23%)	(8%)
GRASIM (BSE)	(45%)	(23%)	(8%)
BSE Sensex	(24%)	0%	1%
NSE Nifty	(26%)	(2%)	0%

## 13. Registrar and Transfer Agent (RTA)

(For share transfers and other communications relating to share certificates, dividend, change of address, etc)

**KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)**

Selenium Tower B, Plot Nos. 31 & 32,  
Financial District, Nanakramguda, Gachibowli,  
Hyderabad – 500 032, India

Tel: +91 40 6716 2222

Toll Free No.: 1800-3454-001

Fax: +91 40 2342 0814

Email: [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)

Email for Investor Complaints:

[grasim.secretarial@adityabirla.com](mailto:grasim.secretarial@adityabirla.com)

## 14. Share Transfer System:

Trading in shares of your Company is permitted only in dematerialised form. However, for those cases which were received before 1<sup>st</sup> April 2019 and which were re-lodged by the shareholders were processed during the year.

The RTA attends to investor grievances in consultation with the Secretarial Department of the Company.

Details of Share Transfer during the Financial Year 2019-20				
Transfer Period (in Days)	No. of Transfers	No. of Shares	%	Cumulative Total %
1-5	189	23,189	45.50	45.50
6-15	283	27,778	54.50	100
<b>Total</b>	<b>472</b>	<b>50,967</b>	<b>100</b>	<b>100</b>

Number of pending share transfer as at 31<sup>st</sup> March 2020 - NIL

During the year, there were no major legal proceedings relating to transfer of shares.

**15. Investor Services:**

Complaints received during the year ended 31<sup>st</sup> March 2020:

Nature of Complaints	2019-20	
	Received	Cleared
Relating to Transfer, Transmission, Duplicate shares, Change of address, Annual Report, Dividend, Demat etc.	45	45

Number of complaints pending as on 31<sup>st</sup> March 2020: Nil

**16. Distribution of Shareholding as on 31<sup>st</sup> March 2020:**

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares Held	% Shareholding
1-100	149910	64.08	4717602	0.72
101-200	31850	13.61	4898109	0.74
201-500	28772	12.30	9372773	1.42
501-1000	11686	5.00	8392496	1.28
1001-5000	9732	4.16	19586312	2.98
5001-10000	1012	0.43	6951928	1.06
10001 & above	972	0.42	603879718	91.80
<b>Total</b>	<b>233934</b>	<b>100</b>	<b>657798938</b>	<b>100</b>

**Categories of Shareholding as on 31<sup>st</sup> March 2020:**

Categories	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholding
Promoter and Promoter Group*	23	0.01	264847734	40.26
Mutual Fund and Alternate Investment Fund	61	0.03	64203569	9.76
Banks, Financial Institutions, NBFC & Insurance Companies	89	0.04	86192387	13.10
FII's	443	0.19	88933166	13.52
GDRs	1	0.00	13990374	2.13
NRIs/OCBs/Foreign National	8027	3.43	18025087	2.74
Central Government/State Government(s)/President of India	3	0.00	9156	0.00
Bodies Corporate/Trust/Clearing Member/Pvt. Insurance Company/IEPF etc.	1909	0.82	55980296	8.51
Individuals	223377	95.49	64259794	9.77
Shares held by Employee Trust	1	0.00	1357375	0.21
<b>Total</b>	<b>233934</b>	<b>100</b>	<b>657798938</b>	<b>100</b>

\*Includes 2,40,11,520 GDRs held by Promoters/Promoter Group

**17. Dematerialisation of Shares and Liquidity:**

96.97% of the outstanding equity shares (including 5.78% of capital in the form of Global Depository Receipts) has been dematerialised as on 31<sup>st</sup> March 2020. Trading in the equity shares of your Company is permitted only in dematerialised form w.e.f. 1<sup>st</sup> April 2019.

• National Securities Depository Ltd. (NSDL)	:	93.85%
• Central Depository Services (India) Ltd. (CDSL)	:	3.12%
<b>Total</b>		<b>96.97%</b>

## 18. Details on use of public funds obtained in the last three years:

No public funds have been obtained in the last three years.

## 19. Outstanding GDRs/Warrants and Convertible Bonds:

3,80,01,894 GDRs (Previous Year 4,23,68,187) are outstanding as on 31<sup>st</sup> March 2020. Each GDR represents one underlying equity share.

There are no warrants/convertible bonds outstanding as at the year end.

## 20. Foreign exchange risk and hedging activities:

The Company hedges its foreign currency exposure in respect of its imports, borrowings and export receivables as per its policies. The Company uses a mix of various derivatives instruments like forward covers, currency swaps, interest rate swaps, principal only swaps or a mix of all.

The Company does not have material exposure to any commodity for which hedging instruments are available in the financial markets and accordingly, no hedging activities for the same are carried out. Therefore, there is no disclosure to offer in terms of Securities and Exchange Board of India ("SEBI") circular no. SEBI/HO/CFD/CMD1/CIR/P/2018/0000000141 dated 15<sup>th</sup> November 2018.

## 22. Corporate Office and Plant Locations

### Corporate Office:

Name	Address	Phone Nos.	Fax Nos.
Corporate Office	A-2, Aditya Birla Centre, S.K. Ahire Marg, Worli, Mumbai - 400 030	(022) 24995000/66525000	(022) 24995114/66525114

### Plant Locations:

#### Fibre and Pulp Plants:

Name	Address	Phone Nos.	Fax Nos.
Staple Fibre Division	Birlagram, Nagda - 456 331 Madhya Pradesh	(07366) 246760-66	(07366) 244114/246024
Harihar Polyfibers & Grasilene Divisions	Harihar, Dist. Haveri Kumarapatnam - 581 123, Karnataka	(08373) 242171-75	(08373) 242875 (08192) 247555
Birla Cellulosic Division & Excel Fibre Division	Birladham, Kharach, Kosamba - 394 120 Dist. Bharuch, Gujarat	(02646) 270001-05	(02646) 270010, 270310
Grasim Cellulosic Division	Plot No.1, GIDC Vilayat Industrial Estate P. O. Vilayat, Taluka: Vagra, District: Bharuch - 392 012 Gujarat	(02642) 291214	-

## 21. Secretarial Audit:

- Pursuant to Regulation 40(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, certificates have been issued, on a half yearly basis, by a Company Secretary in Practice, certifying due compliance of share transfer formalities by the Company.
- A Company Secretary in Practice carries out quarterly Reconciliation of Share Capital Audit, to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in demat form (held with NSDL and CDSL). The said certificate is submitted quarterly to stock exchanges and is also placed before the Board of Directors.
- Pursuant to Section 204 of the Companies Act, 2013, M/s BNP & Associates, Practicing Company Secretaries, have conducted Secretarial Audit of the Company for the financial year 2019-20. The Audit Report is annexed to the Board's Report. Further, M/s BNP & Associates, Practicing Company Secretaries, have been appointed as the Secretarial Auditor of the Company for the financial year 2020-21.

**Chemical Plants:**

Name	Address	Phone Nos.	Fax Nos.
Grasim Chemical Division, Nagda	Birlagram, Nagda, Madhya Pradesh - 456 331	(07366) 246823, (07366) 249035	(07366) 246767, (07366) 246176
Grasim Chemical Division, Vilayat	Plot No.1, GIDC Vilayat Industrial Estate P. O. Vilayat Taluka: Vagra, District: Bharuch-392 012 Gujarat	08347008059	-
Grasim Chemical Division, Rehla	Garhwa Road, P. O.- Rehla, Distt.-Palamau, Jharkhand PIN-822124	(06584) 262221/262211, (06584) 262488	-
Grasim Chemical Division, Karwar	P. O. Binaga - 581 307, Karwar District: Uttar Kannada Karnataka, India	(08382) 230514, 230174 & 230178	(08382) 230468
Grasim Chemical Division, Renukoot	P. O. Renukoot - 231 217 Dist. - Sonebhadra Uttar Pradesh	(05446) 252044, 252055, 252075	(05446) 253378
Grasim Chemical Division, Ganjam	P. O. Jayshree-761 025 Dist-Ganjam (Odisha)	(06811) 254319 (06811) 254336	(06811) 254384
Grasim Chemical Division, Balabhadrapuram	P. O. Balabhadrapuram - Survey No. 1,2,3,4, Kanedumetta Road, Balabhadrapuram, East Godavari - 533 343, Andhra Pradesh	83319 33820	-
Grasim Chemical Division, Indian Rayon	Veraval 362266, Dist. Gir Somnath, Gujarat	91 2876 248401	-

**Epoxy Plant:**

Grasim Epoxy Division, Vilayat	Plot No.1, GIDC Vilayat Industrial Estate P. O. Vilayat, Taluka: Vagra, District: Bharuch - 392 012 Gujarat	08347000190	-
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**Textile Plants:**

Vikram Woollens	GH I to IV, Ghironghi Malanpur-477 117 Dist. Bhind, Madhya Pradesh	(07539) 283602-03	(07539) 283339
Jaya Shree Textiles	P. O. Prabhas Nagar - 712 249 Dist Hooghly, West Bengal	(033) 26001200	(033) 26721610

**Viscose Filament Yarn Plants:**

Indian Rayon	Indian Rayon Compound, Veraval 362 266, Dist. Gir Somnath, Gujarat	91 2876 248401	-
Century Rayon	Murbad Road, Shahad - 421 103, Dist - Thane, Maharashtra	0251-2733670-79	0251-2730064

**Insulator Plants:**

Name	Address	Phone Nos.	Fax Nos.
Aditya Birla Insulators, Rishra	P. O. Prabhas Nagar, Rishra Dist. Hoogly - 712249, West Bengal	(033) 26723535	-
Aditya Birla Insulators, Halol	P. O. Meghasar Taluka, Halol Dist. Panchmahal, Gujarat - 389330	(02676) 221002	(02676) 223375

**Fertiliser Plant:**

Grasim Fertiliser Division	Indo Gulf Fertilisers P. O. Jagdishpur Industrial Area, Dist. Amethi - 227 817, Uttar Pradesh	(05361) 270032-38	-
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**23. Investor Correspondence****For Secretarial Matters and Investor Grievances: KFin Technologies Private Limited**

Selenium Tower B, Plot Nos. 31 & 32, Gachibowli,  
Financial District, Nanakramguda Hyderabad – 500 032, India  
Tel: +91 40 6716 2222  
Toll Free No.: 1800-3454-001  
Fax: +91 40 2342 0814  
Email: [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)  
Email for Investor Complaints:  
[grasim.secretarial@adityabirla.com](mailto:grasim.secretarial@adityabirla.com)

**24. Corporate Benefits to Investors**

Dividend declared during the last 10 years:

Financial Year	Date of Declaration	Dividend Per Share* (₹)
2009-10	20.08.2010	6.00
2010-11	17.09.2011	4.00
2011-12	07.09.2012	4.50
2012-13	19.08.2013	4.50
2013-14	06.09.2014	4.20
2014-15	19.09.2015	3.60
2015-16	23.09.2016	4.50
2016-17	22.09.2017	5.50
2017-18	14.09.2018	6.20
2018-19	23.08.2019	7.00

\* Per Equity Share of ₹ 2/- each.

**25. Details of all credit ratings obtained by the Company during the Financial Year 2019-20, for the debt instruments issued by the Company are as under:**

Nature of Instrument	Name of Credit Rating Agency	Credit Rating Assigned
Commercial Paper	CRISIL and ICRA	A1+
NCD	CRISIL and ICRA	AAA (Stable)
Consortium Limits	CRISIL and Credit Analysis & Research	AAA(Stable) Long Term A1+ Short Term
Out of Consortium Limits	CRISIL and Credit Analysis & Research	AAA(Stable) Long Term A1+ Short Term
Company Rating	Indian Ratings and Research Private Limited	AAA(Stable)

## 26. Other useful Information for Shareholders:

### Dematerialisation

Dematerialisation requests, duly completed in all respects are normally processed within 7 days from the date of receipt at the Company/RTA.

Shareholders are requested to note that if the physical documents, viz., Dematerialisation Request Form (DRF), Share Certificates, etc., are not received from their concerned Depository Participants (DPs) by the Company within a period of 15 days from the date of generation of the Dematerialisation Request Number (DRN) for dematerialisation, the DRN will be treated as rejected/cancelled. This step is being taken on the advice of National Securities Depository Limited (NSDL), so that no demat request remains pending beyond a period of 21 days.

### Permanent Account Number (PAN)

Members who hold shares in physical form are advised that SEBI has made it mandatory that a self attested copy of the PAN card of the transferee(s), surviving joint holders/legal heirs be furnished to the Company while making request for transfer, deletion of name of deceased joint holder, transposition of names and transmission of shares, as the case may be.

### Nomination Facility for Shareholding

Section 72 of the Companies Act, 2013, extends nomination facility to individuals holding shares in physical form. Shareholders, in particular, those holding shares in single name, may avail the above facility by furnishing the particulars of their nominations in the prescribed Nomination Form, which can be downloaded from the website of the Company or obtained from RTA by sending a written request through any mode including email on [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com).

### Change of Address and Furnishing of Bank Details

Shareholders holding shares in physical form should send their instructions regarding change of address, bank details, nomination, power of attorney, change in email address, etc., directly to the RTA under the signatures of sole/first joint holder.

Beneficial Owners of shares in demat form should send their instructions regarding change of address, bank details, nomination, power of attorney, change in email address, etc., directly to their DP as the said records are maintained by the DPs.

To prevent fraudulent encashment of dividend warrants, shareholders who hold shares in physical form should provide their Bank Account details to the RTA, while those shareholders who hold shares in dematerialised form should provide their Bank Account details to their DP, for printing of the same on the dividend warrants.

### Registering of email Address

Shareholders who have not yet registered their email address for availing the facility of e-communication, are requested to register the same with the RTA (in case the shares are held in physical form) by sending email at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) or their DP (in case the shares are held in dematerialised form) so as to enable the Company to serve them fast.

### Loss of Shares

In case of loss/misplacement of shares, investors should immediately lodge a FIR/Complaint with the police and inform to the Company/RTA along with original or certified copy of FIR/Acknowledged copy of Police Complaint and a self-attested copy of their PAN card.

### Correspondence with the Company

Shareholders/Beneficial Owners are requested to quote their Folio No./DP and Client ID Nos., in all correspondence with the Company/RTA.

All correspondence regarding physical shares should be addressed only to the RTA at the address mentioned above and not at any other office(s) of the Company, including the Corporate Finance Division.

Shareholders can send such correspondence, which do not require signature verification for processing, through email on [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com).

### Non-Resident Shareholders

Non-Resident Shareholders are requested to immediately notify the following to the Company in respect of shares held in physical form and to their DPs in respect of shares held in dematerialised form:-

- Indian address for sending all communications, if not provided so far;
- Change in their residential status on return to India for permanent settlement;
- Particulars of the Bank Account maintained with a bank in India, if not furnished earlier; and
- Email ID and Fax No. (s), if any.

### Unclaimed Shares/Dividend

Pursuant to sections 124 and 125 of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), dividend, if not claimed for a period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ('IEPF'). Further, shares in respect of such dividends which have not been claimed for a period of 7 consecutive years are also liable to be transferred to the IEPF Suspense account of the IEPF Authority.

In the interest of the shareholders, the Company sends periodical reminders to the shareholders to claim their dividends in order to avoid transfer of dividend/shares to IEPF Authority. Notices in this regard are also published in the newspapers and the details of unclaimed dividend and shareholders whose shares are liable to be transferred to the IEPF Authority, are uploaded on the Company's website.

The Company has during the year, transferred to IEPF the unclaimed dividend, outstanding for 7 years, of the Company, erstwhile Aditya Birla Nuvo Limited and erstwhile Aditya Birla Chemicals (India) Limited (both have amalgamated with the Company). Further, equity shares of the Company, in respect of which dividend has not been claimed for 7 consecutive years or more, have also

been transferred to the IEPF Suspense account of IEPF Authority.

Unpaid and unclaimed dividend/shares upto the financial year 2011-12 have already been transferred to the said Fund. Details of unpaid/unclaimed dividend and equity shares for the financial year 2011-12 are uploaded on the website of the Company as well as that of the Ministry of Corporate Affairs, Government of India ('MCA'). No claim shall lie against the Company in respect of unclaimed dividend amount and equity shares transferred to the IEPF and IEPF Suspense Account, respectively, pursuant to the IEPF Rules. Shareholders can however claim both the unclaimed dividend amount and the equity shares from the IEPF Authority by making applications in the manner provided in the IEPF Rules.

Shareholders who have so far not encashed the dividend warrant(s) for the financial year 2012-13 or any subsequent years are requested to make their claim to the Company at its Registered Office at Nagda or to RTA.

Mrs. Hutokshi R. Wadia has been appointed as the Nodal Officer and Mr. Ullash Parida has been appointed as the Deputy Nodal Officer w.e.f. 28<sup>th</sup> August 2019 to ensure compliance with IEPF Rules. Nodal Officer/Deputy Nodal Officer can be contacted at: Tel: +91 22 6652 5000/2499 5000 or email: [grasim.iepf@adityabirla.com](mailto:grasim.iepf@adityabirla.com)

The details of unpaid/unclaimed dividend for the year 2012-13 onwards are as under:

Year	Due Date of Transfer		
	Grasim Industries Limited	Erstwhile Aditya Birla Chemical (India) Limited	Erstwhile Aditya Birla Nuvo Limited
2012 - 13	23 <sup>rd</sup> September 2020	9 <sup>th</sup> October 2020	13 <sup>th</sup> October 2020
2013 - 14	13 <sup>th</sup> October 2021	28 <sup>th</sup> October 2021	10 <sup>th</sup> October 2021
2014 - 15	26 <sup>th</sup> October 2022	31 <sup>st</sup> October 2022	14 <sup>th</sup> October 2022
2015 - 16	30 <sup>th</sup> October 2023		26 <sup>th</sup> September 2023
2016 - 17	29 <sup>th</sup> October 2024		-
2017 - 18	20 <sup>th</sup> October 2025		
2018 - 19	28 <sup>th</sup> September 2026		



**Payment of Dividend through Electronic mode**

SEBI, vide its Circular dated 21<sup>st</sup> March 2013, has advised usage of approved electronic mode, viz., ECS (Electronic Clearing Services), NECS (National Electronic Clearing Services) and other modes of electronic fund transfer for distribution of dividend to the shareholders.

Shareholders, who have not yet opted for remittance of dividend through electronic mode and wish to avail the same, are requested to provide the following bank details by a letter signed by the sole/first joint holder along with a cancelled copy of cheque leaf-

- Name of the Bank with its Branch & complete Address;
- Bank Account Number (SB/CC/Current)
- 9 digit MICR Code (Magnetic Ink Character Recognition) appearing on the MICR cheque issued by your bank to you
  - In case you are holding shares in dematerialised form:  
To your Depository Participant (DP) quoting reference of your DP ID and Client ID
  - In case you are holding shares in physical mode, quoting reference of your Ledger Folio No.  
To the RTA at the address mentioned above

In case you have already registered your bank details and you wish to change the NECS/ECS mandate, then please write to your DP for shares held in demat form or to the Company for shares held in physical form by informing your revised bank details.

Kindly note that there are number of benefits of payment of dividend vide electronic mode, viz.,

- Prompt credit of dividend amount directly into your bank account as there will be no mailing or handling delays in receiving the physical dividend warrant;
- Avoids loss/misplacement of physical dividend warrant in postal transit;
- It eliminates the need to deposit the physical warrant in the bank;
- Avoids dividend warrant becoming stale/time barred.

**Unclaimed shares in Physical Form**

Schedule VI to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 provides the manner of dealing with the shares issued in physical form pursuant to a public issue or any other issue and which remains unclaimed with the Company. In compliance with the provisions of the said Regulation, the Company has sent three reminders under Registered Post to the shareholders whose share certificates were returned undelivered and are lying unclaimed so far.

In terms of Schedule VI to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Company has initiated appropriate steps on unclaimed shares by transferring and dematerialising them into one folio in the name of "Grasim Industries Limited Unclaimed Share Suspense Account". In case your shares are lying unclaimed with the Company, you are requested to claim the same. The voting rights on the said shares shall remain frozen till the rightful owner of such shares claims the shares.

**Disclosure pursuant to Schedule VI to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account as at 1 <sup>st</sup> April 2019	2,009 shareholders holding 2,27,472 equity shares of the Company
Number of shareholders who approached issuer for transfer of shares from unclaimed suspense account during the year	30 shareholders holding 4,642 equity shares of the Company
Number of shareholders to whom shares were transferred from unclaimed suspense account during the year	30 shareholders holding 4,642 equity shares of the Company
Number of shareholders whose shares were transferred to IEPF account pursuant to the MCA Circular dated 5 <sup>th</sup> September 2016	39 shareholders holding 6,505 equity shares of the Company
Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account as at 31 <sup>st</sup> March 2020	1940 shareholders holding 2,16,325 equity shares of the Company

The voting rights on the shares in the suspense account as on 31<sup>st</sup> March 2020 shall remain frozen till the rightful owners of such shares claim the shares.

#### Transfer of shares in Physical Form

The Company's shares are compulsorily traded in the dematerialised form. In terms of the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, w.e.f. 1<sup>st</sup> April 2019, the Company has stopped effecting transfer of securities in physical form unless the securities are held in dematerialised form with the depository, i.e. National Securities Depository Limited and Central Depository Services (India) Limited. Requests for transmission/transposition of shares held in physical form will however be attended to. In view of the above and the inherent benefits of holding securities in electronic form, shareholders holding shares in physical form are requested to opt for dematerialisation.

#### Company's website

Shareholders are requested to visit the Company's website, [www.grasim.com](http://www.grasim.com) -

- for information on investor services being offered by the Company;
- for downloading of various forms/formats, viz., Nomination form, ECS Mandate form, Affidavits, Indemnity Bonds, etc.; and
- for registering email ID with the Company to receive Notices of General Meetings/other Notices, Audited Financial Statements, Annual Report, etc., henceforth electronically.

#### Service of Documents in Electronic Form

- i. In compliance with MCA Circular dated 5<sup>th</sup> May 2020, 8<sup>th</sup> April 2020 and 13<sup>th</sup> April 2020,

and SEBI Circular dated 12<sup>th</sup> May 2020, Notice of the AGM along with the Annual Report for FY 2019-20 is being sent only through electronic mode to those Members whose email ID are registered with the KFinTech/ Depositories. Members may note that the Notice and Annual Report for FY 2019-20 will also be available on the Company's website [www.grasim.com](http://www.grasim.com), websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively, and on the website of KFinTech at <https://evoting.karvy.com>

- ii. Shareholders who have still not registered their email ID are requested to update at the earliest:
  - a) Shareholders holding shares in physical mode and who have not registered/updated their email ID with the Company are requested to register/update their email ID with KFinTech by sending requests at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com), with details of folio number and attaching a self-attested copy of PAN card or by logging onto [https://ris.kfintech.com/email\\_registration/](https://ris.kfintech.com/email_registration/).
  - b) Shareholders holding shares in dematerialised mode are requested to register/update their email addresses with the relevant Depository Participant
- iii. Link for availing the electronic communication (Green Initiative)- [http://grasim.com/green\\_initiative\\_corporate\\_governance.aspx](http://grasim.com/green_initiative_corporate_governance.aspx)

#### Feedback:

Members are requested to give us their valuable suggestions for improvement of our investor services.

# Sustainability & Business Responsibility Report

## Building Sustainable Businesses at the Aditya Birla Group:

At the Aditya Birla Group, we endeavour to become the leading Indian conglomerate for sustainable business practices across our global operations. We define a “Sustainable Business” as one that can continue to survive and thrive within the growing needs and tightening legal and resource constraints of a “Sustainable World”. We believe that this means that as we go forward towards the constrained operating environments of 2030 and 2050 that for a continued “Sustainable World” it can increasingly only contain “Sustainable Businesses”.

To achieve our Group vision, we are innovating away from the traditional sustainability models to one consistent with our vision to build sustainable businesses capable of operating in the next three decades. It is in our own interests to mitigate our own impact in every way we can because this is a direct assistance to creating a sustainable planet. It also prepares us for further mitigation and the cost of adapting to a world that is a full two degrees or even three or four hotter than today.

We began our quest with the question, “If everyone and every business followed the law as written today, is the planet sustainable?” We quickly concluded that around the year 2050, when the Earth’s population reaches an estimated 9 billion, climate change, water scarcity, pollution, biodiversity loss and an overload of waste, if left unchecked, would set the planet on a possibly irreversible unsustainable course. It is therefore intuitive that leaders must find ways to transform industries such that international bodies can codify and governments can legislate over time to reduce the damage and it is imperative that the Aditya Birla Group remains ahead of the curve.

The first step of our programme to build sustainable businesses is focused on increasing the capability of our business management systems. Under this programme called “Responsible Stewardship” we try to move from merely complying with current legal standards to conforming to the international standards set by the global bodies of the International Finance Corporation (IFC), the Organisation for Economic Cooperation and Development (OECD), the International Standards Organisation (ISO), Occupational Health and Safety Advisory Services (OHSAS), the Global Reporting Initiative (GRI), the Forestry Stewardship Council and others. To support our businesses in this endeavour, we have created the Aditya Birla Group’s Sustainable Business Framework of Policies, Technical Standards, and Guidance Notes to give our leaders, managers, employees and contract employees the chance to train, learn, understand, and apply improvement techniques to help our businesses

reach higher standards of performance. Our Group Sustainable Business Framework is currently certified to 16 international standards (<http://sustainability.adityabirla.com/>) So far, we have had much success with respect to reductions in accidents, energy use, water use, and have implemented our first Biodiversity plans. Our programme to achieve the World Business Council for Sustainable Development’s Water and Sanitation and Hygiene pledge (WASH) to ensure that we provide safe drinking water, sanitation and hygiene in all our operations has resulted in our building over 600 new bathrooms, many for women and differently abled people. Each of these achievements helps reduce and mitigate our impact on the planet and are imperative to building the sustainable business platform for our future.

If we are to create fully sustainable business models and systems for the future then “Responsible Stewardship” by itself is not enough. We need other components to help us with a greater transformation. We need to understand the global mega-trends and their effect on us; geographically, physically, technologically and how the legal system (including regulations and tax) will need to change in order to motivate business to create a sustainable world. Our performance will need to be improved further to meet the changes needed to mitigate and adapt to these External Factors. By talking to our Strategic Stakeholders knowledgeable in these issues, we can scan the horizon to better understand their likely risk to our business. With this information, we enhance our business models, strategies and risk profiles in order to “Future Proof” them and our value chains in the medium to long term. Since only “Sustainable” business can exist in a Sustainable World then a Sustainable Value Chain can also only contain these businesses and so it becomes imperative to map our value chains to look for vulnerabilities. Our goal is to create not only Sustainable Businesses but also Sustainable Value Chains of which we can be a key member. We are helping our leaders to understand which external changes might heavily influence our value chains and business models in the future and what might be expected of our products and brands. For example, the world will need businesses that are able to mitigate and adapt to climate change, with robust and sustainable supply chains that are also impervious to all external forces that will inevitably begin to affect us in the future. To build sustainable businesses will take time, particularly when we consider some of our very complex value chains but by pushing to be a leader today, we are giving our businesses the best possible chance of achieving long-term success not only for ourselves but also for our value chains and hence for our planet.

# Business Responsibility Report

## Section A: General Information about the Company

- Corporate Identification Number (CIN) of the Company : L17124MP1947PLC000410
- Name of the Company : Grasim Industries Limited ('Grasim')
- Registered Address : Birlagram, Nagda 456331, Madhya Pradesh, India
- Website : [www.grasim.com](http://www.grasim.com)
- E-mail ID : [grasim.brr@adityabirla.com](mailto:grasim.brr@adityabirla.com)
- Financial Year Reported : 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020
- Sector(s) that the Company is engaged in (industrial activity code-wise):

Sectors	Industrial Activity Code			
	Group	Class	Sub-Class	Description
Fibre	203	2030	20302	Manufacture of synthetic or artificial staple fibre not textured
Yarn	203	2030	20303	Manufacture of rayon viscose filament yarn & tyre yarn
Pulp	170	1701	17011	Manufacture of rayon grade pulp
Chemicals	201	2011	20116	Manufacture of basic chemical elements
Textiles	131	1311	13113	Preparation and spinning of wool, including other animal hair and blended wool including other animal hair
Fertilisers	201	2012	20121	Manufacture of urea and other fertilisers
Insulators	239	2393	23934	Manufacture of insulators

- List three key products/services that the Company manufactures/provides (as in the Balance Sheet) :
  - Viscose Staple Fibre
  - Caustic Soda & allied Chemicals/ECU (Electro Chemical Unit)
  - Fertiliser
- Total number of locations where business activity is undertaken by the Company:
  - Number of International Locations (provide details of major 5) : On standalone basis, Grasim does not have any manufacturing unit outside India
  - Number of National Locations : 20 Units, 2 Salt Works, MBDD (Vadodara), Corporate Office, Registered Office and Zonal Sales Offices
- Markets served by the Company - Local/State/National/International :
 

Local	State	National	International
✓	✓	✓	✓

## Section B: Financial Details of the Company

- Paid-up Capital (INR) : ₹ 131.56 Crore
- Total Turnover (INR) : ₹ 18,609.40 Crore
- Total Profit After Taxes (INR) : ₹ 1,269.95 Crore
- Total Spending on Corporate Social Responsibility (CSR) as percentage of Profit After Tax (%) : The Company has spent ₹ 58.98 Crore during FY 2019-20, which is more than 2% of the Average Profit after taxes of the Company in the previous three financial years.

5. List of activities in which expenditure in 4 above has been incurred:
- a. Education
  - b. Healthcare
  - c. Environment & Livelihood
  - d. Rural Development Projects
  - e. Social Empowerment
  - f. Protection of Heritage, Art and Culture

### Section C: Other Details

1. Does the Company have any Subsidiary Company/Companies? : Yes
2. Do the Subsidiary Company/Companies participate in the BR initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s) : The Business Responsibility initiatives of the Company applies to its subsidiaries.
3. Do any other entity/entities (e.g., suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%] : Other entity/entities (e.g., suppliers, distributors, etc.) that the Company does business with, do not participate in the Business Responsibility initiatives of the Company.

### Section D: BR Information

#### 1. Details of Director/Directors responsible for BR

a) Details of the Director/Directors responsible for implementation of the BR policy/policies

- DIN Number : 02071393
- Name : Mr. Dilip Gaur
- Designation : Managing Director

b) Details of the BR Head

S. No.	Particulars	Details	
1.	DIN Number (if applicable)	-	-
2.	Name	Mr. H. K. Agarwal	Mr. Jayant Dua
3.	Designation	Business Head - Fibre Business	Chief Executive Officer - Chlor Alkali Business
4.	Telephone Number	022-67113910	022-24399101
5.	E-mail ID	<a href="mailto:h.k.agarwal@adityabirla.com">h.k.agarwal@adityabirla.com</a>	<a href="mailto:jayant.dua@adityabirla.com">jayant.dua@adityabirla.com</a>

#### 2. Principle-wise (as per NVGs) BR Policy/Policies

- P1** Business should conduct and govern themselves with Ethics, Transparency and Accountability. (Business Ethics)
- P2** Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle. (Product Responsibility)
- P3** Business should promote the well-being of all employees. (Wellbeing of Employees)
- P4** Business should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised. (Stakeholder Engagement & CSR)
- P5** Business should respect and promote human rights. (Human Rights)

- P6** Business should respect, protect and make efforts to restore the environment. (Environment)
- P7** Business, when engaged in influencing Public and Regulatory Policy, should do so in a responsible manner. (Public Policy)
- P8** Business should support inclusive growth and equitable development. (CSR)
- P9** Business should engage with and provide value to their customers and consumers in a responsible manner. (Customer Relations)

**a) Details of compliance (Reply in Y/N)**

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/policies for?	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national/international standards? If yes, specify? (50 words)	The policies are based on global benchmark standards and best practices such as ISO 14001, ISO 8000, OHSAS 18000, etc.								
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/Owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the Company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	View restricted to employees.								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	The policies have been communicated to key internal stakeholders and external stakeholders. The communication is an on-going process to cover all the internal and external stakeholders.								
8.	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Internal Auditors of the Company from time to time review implementation of these Policies.								

**b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)**

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the Principles	Not Applicable								
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3.	The Company does not have financial or manpower resources available for the task									
4.	It is planned to be done within the next 6 months									
5.	It is planned to be done within the next 1 year									
6.	Any other reason (please specify)									

**3. Governance related to BR**

- a) **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, annually, more than 1 year.**

The Management of the Company periodically assesses the BR performance of the Company.

- b) **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

Business Responsibility Report is part of the Annual Report. It is published every year. Grasim has published its Sustainability Report for FY 19 which is available on the Company's website <https://www.grasim.com/Upload/PDF/grasim-sustainability-report-2018-19.pdf>.

**Section E: Principle-wise Performance****PRINCIPLE 1 - Businesses should conduct and govern themselves with Ethics, Transparency and Accountability**

1. **Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

The Company's governance structure guides the Company keeping in mind its core values of Integrity, Commitment, Passion, Seamlessness and Speed. The Corporate Principles and the Code of Conduct & Whistle Blower Policy cover the Company, all its Subsidiaries and Joint Ventures, and are applicable to all the employees of the Company and its Subsidiaries. A third-party external agency has been appointed to register complaints under the Company's Whistle Blower Policy.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the Management? If so, provide details thereof, in about 50 words or so.**

No stakeholder complaints were received during the year on the conduct of business involving ethics, transparency and accountability.

**PRINCIPLE 2 - Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle**

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities:**

For its 3 major products i.e. Viscose Staple Fibre (VSF), Chemicals (Caustic Soda, Chlorine, Hydrochloric Acid and Sodium Hypochlorite) and Fertiliser, the Company understands its obligations relating to social and environmental concerns, risks and opportunities associated with their manufacturing. The Company has taken various initiatives for

the overall sustainability, including social and environmental concerns. The Life Cycle Assessment (LCA) is used at the viscose staple fibre to understand the product footprint and to identify hotspots for improvement and these inputs are taken for the design of products. The business recently launched Livaeco range with enhanced sustainability aspects and it comes with low footprint on natural resources, water, emissions and using highly sustainable raw materials. These products support complete traceability of the textile value chain from forest to fashion, with a capability of sharing the sustainability credentials in a transparent way up to the end consumer.

Caustic Soda and chlorine are the basic building blocks for many downstream industries. The Company supplies chlorine derivative products and solutions for water treatment across municipal corporations and across cross-section of industries in India and abroad. Epoxy products and innovative solutions find its application in wind blade and thereby directly contribute to the generation and growth of renewable energy sector. The use of epoxy in automotive and aerospace sector reduces the use of metal, and thereby environmental impact of its use. The Company touches the lives of more than a million farmers directly by supplying urea, customised fertilisers, seeds, crop protection and plant health products and continue its R&D efforts to improve crop quality & yield and thereby contribute to overall growth of the agricultural sector.

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material, etc.) per unit of product (optional):**

- a) **Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain:**

The Company has achieved reduction in consumption of key raw materials and major inputs like water, energy etc. and other resources

through in-house innovations and replicated best practices across the units through continual and focussed improvement projects.

The VSF business sets the global benchmarks for the lowest specific water consumption at its Indian sites. The Company has a system to track key Environmental Performance Indicators to monitor its efforts towards sustainable use of resources in its operations. The Company has worked towards cost optimisation, optimisation of logistics, by adoption of new techniques and alternate methods showing improved results every passing year.

The Company uses the latest 6<sup>th</sup> generation electrolysers, energy efficiency equipment, increasing share of renewable energy (solar/wind) in power consumption, super/washed salt etc. The Company acknowledges water as a scarce natural resource and as a responsible corporate implemented 3R principles (Reduce, Reuse and Recycle) across its units. The Company had commissioned four Zero Liquid Discharge (ZLD) facilities for addressing environmental aspects, which also helps in water conservation through water recycling. The Company adopted principles of circularity and resource conservation; supply Fly Ash generated from its captive power plants for effective use in cement plants/brick manufacturing, generate wealth from waste through in-house innovations and implementing best practices across the plants.

**b) Reduction during usage by consumers (energy, water) has been achieved since the previous year:**

The Company has diverse consumers base; hence it is not feasible to measure the usage of water, and energy by consumers. However, the Company encourages its value chain partners to implement sustainable solutions in their processes. The Company's dope-dyed product saves up to 90% water consumption in consumer processes compared to fabric dyeing process and the use of such products is encouraged in customer processes in fibre business.

**3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If Yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

Yes, the Company has integrated sustainability in the procurement process and its 'Supplier Code of Conduct' establishes the standards required from

all suppliers who do business with us. The sourcing strategy is designed considering the management of risks pertaining to safety and environment, legal compliances, ethics, human rights and fair wages, among other aspects related to functionality of materials and services. The internal processes and procedures ensure adequate safety during transportation and optimisation of logistics, which, in turn, help to mitigate climate change.

In the VSF business, the Aditya Birla Group is ranked No. 1 globally for its sustainable wood sourcing policies by the reputed NGO Canopy planet in their latest report called Hot Button Report 2019. The VSF business sets the standards of sustainable sourcing globally for the industry.

The selection criteria for procurement of goods and services are focussed on protection of environment, societal interest and being cost effective based upon resource/energy efficiency over its whole life cycle including disposal aspect. Major raw materials/inputs are sourced in sustained manner from global/local sources.

The Company has designed Transport management control tower system, optimising logistics network by using GPS-enabled real-time tracking solutions in all vehicles and effectively using multi-modal transportation (mix of rail, sea and road) which help in reducing carbon footprint and logistics cost.

**4. Has the Company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work?**

**If Yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

Yes, the Company fosters local and small suppliers for procurement of goods and services including communities in proximity to its plant locations. First preference is given to local vendors for input material locally available, the Company has also encouraged setting up of many ancillary units around its plants. Training and technical support are being provided to them to improve and build their capability and to educate and raise their standards. Few business level decisions to drive local options along with capacity & capability development are:

- Epoxy business source packaging materials like barrels, intermediate bulk containers, pallets, etc. from local & MSME suppliers. It conducts joint audits at their workplaces and help



them develop their manufacturing standards and capabilities. All services related to plant maintenance and other activities are sourced from local communities which generates employments and enhances their skills.

- Fertiliser business uses local transporter for despatch of urea within the state, promoting small local vendors, service contractors for housekeeping, horticulture, loading & unloading from the local area as the Company's Business partners.
- Insulators business has shifted major quantity of procurements of caps and ball pins from local and nearby sources wherever possible. This reduced dependence on vendors located at a distance, leading to reduction in freight cost and inventory.

In the integrated pulp & fibre site in Harihar, the Company has a clonal production centre where the Company develops eucalyptus clones. These clones are distributed to local farmers of Karnataka. The Company motivates the farming community to plant pulp wood species and making Agroforestry an attractive land use option. The sites have been a key source of employment for the local communities and in addition, a large number of contractors from surrounding communities are deployed at sites for various services.

**5. Does the Company have a mechanism to recycle products and waste? If Yes, what is the**

**percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so:**

The Company believes in 4R Principles (Reduce, Recycle, Reuse and Regenerate). In line with this, the Company invests in latest technologies with high efficiency to reduce its consumption levels, it also deploys closed loop technologies to recover and recycle natural resources such as water, energy, chemicals and waste. The Company has installed Reverse Osmosis Plants at various units for treating wastewater and reused, also the sewage water is used after purification. The water is regenerated by harvesting techniques and at the dams and reservoirs built by the Company.

The Company has started a new product by using pre-consumer garment waste and recycling it to make VSF and replacing the virgin raw material by 20%. The new product retains all the qualities of the product made from virgin raw material. The product has been received well by the value chain.

On the other hand, the waste generated in the manufacturing is recycled and reused. Fly Ash generated in the captive power plants is used by cement industry thereby reducing the impact on environment that may arise due to the disposal of the waste. The gypsum produced in ETP processes is used for cement manufacturing. The Company has installed Sulphate removal system in one of its unit which will help in elimination/reduction of barium carbonate in brine system and sludge up to 30%.

**PRINCIPLE 3 - Businesses should promote the well-being of all employees**

1. Please indicate the total number of employees : 24,123
2. Please indicate the total number of employees hired on temporary/ contractual/casual basis : 16,052
3. Please indicate the number of permanent women employees : 364
4. Please indicate the number of permanent employees with disabilities : 96
5. Do you have an employee association that is recognised by management : Yes
6. What percentage of your permanent employees is members of this recognised employee association? : Almost, all the workers are members of the recognised employee associations (unions)
7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year :

Sl. No.	Category	No. of Complaints Filed during the Financial Year	No. of Complaints Pending as on end of the Financial Year
1.	Child Labour/Forced Labour/Involuntary Labour	NIL	NIL
2.	Sexual Harassment	4	1*
3.	Discriminatory Employment	NIL	NIL

\* Resolved in July 2020

The Company has Zero Tolerance policy towards Sexual Harassment. It has POSH committees at Unit level and Company level to investigate any reported cases. An organisation-wide drive is conducted to create more awareness for all employees.

**8. What percentage of your under mentioned employees were given safety and skill up-gradation training in the last year?**

- |   |   |                    |
|---|---|--------------------|
| (a) Permanent Employees                     | } | Continuous Process |
| (b) Permanent Women Employees               |   |                    |
| (c) Casual/Temporary/ Contractual Employees |   |                    |
| (d) Employees with Disabilities             |   |                    |

Safety of our employees is a top-priority for us and is non-negotiable. All the employees upon their joining, irrespective of whether joining in management or staff or workmen cadre, mandatorily have to undergo a safety training as a part of their induction. The employees are also given refresher safety trainings through Classroom sessions, tool-box sessions and E-Learnings. The training content is structured and delivered in an interactive manner. The Company has a structured safety training agenda on an on-going basis to build a culture of safety across its workforce. The safety trainings are updated and delivered on a continuous basis with modifications as per new technology and trends.

As a part of skill upgradation and continuous learning, the Company uses different Classroom-based trainings, E-Learnings, On-the-job projects and job rotation to ensure skill upgradation of its employees in a formalised manner both in technical as well as soft skill areas.

**PRINCIPLE 4 - Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised**

- 1. Has the Company mapped its internal and external stakeholders? Yes/No:**  
Yes, the Company has mapped its internal as well as external stakeholders.
- 2. Out of the above, has the Company identified the disadvantaged, vulnerable and marginalised stakeholders:**  
Yes, the Company has identified disadvantaged, vulnerable and marginalised stakeholders through baseline surveys.
- 3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders? If so, provide details thereof, in about 50 words or so:**

The Company's endeavour to bring in inclusive growth are channelised through the Aditya Birla Centre for Community Initiatives and Rural Development, of which, the Company's Director, Mrs. Rajashree Birla is the Chairperson.

Several initiatives such as health care, education, infrastructure, watershed management, safe drinking water and sanitation, sustainable livelihood, self-help groups and income generation, etc., are extended to the people living close to the Company's manufacturing units.

The safety of the workers is of utmost importance and a culture of safety is brought in, not just for the Company's employees but also for the other stakeholders.

**PRINCIPLE 5 - Businesses should respect and promote Human Rights**

- 1. Does the policy of the Company on Human Rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

The Company has a Human Rights Policy which is also applicable to its subsidiaries, joint ventures, suppliers and contractors.

- 2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

No complaints were received in the past financial year.

**PRINCIPLE 6 - Business should respect, protect and make efforts to restore the environment**

- 1. Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others:**

Yes, the Company's Policy on Safety, Health and Environment also extends to its JVs/subsidiaries and all the service providers. Common guidelines/framework for the Group is framed by the Aditya Birla Group's Sustainability Cell, incorporating key points from all businesses.

- 2. Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If Yes, please give hyperlink for webpage, etc.:**

Yes, the Company is committed to address issues of global warming and climate change. The Company's

Chemical Business has taken proactive steps in developing a framework for sustainability, based on long-term targets to reduce a) GHG emission of the main product by 30% by 2030 (over the expectations of external base year of FY17) and b) Specific freshwater consumption of the main product by 30% by FY 2025 (over the base year of FY17); all units to be Zero Liquid Discharge in water-stressed area by FY25 and water positive by FY30. In 2019, the Company participated in the Corporate Sustainability Assessment by the Dow Jones Sustainability Index (DJSI) and outperformed the global industry average.

More details on the initiatives can be found in the Company's Sustainability Report which is available at <https://www.grasim.com/Upload/PDF/grasim-sustainability-report-2018-19.pdf>.

### 3. Does the Company identify and assess potential environmental risks? Y/N:

Yes, the risks arising out of environment and sustainability aspects have been fully mapped by all the businesses and a risk management plan ensures that there is a proper action plan to manage the risks. The risks management committee oversees the risk management activities and reviews the progress periodically.

The diversified nature of the businesses and wide coverage of operations necessitates a holistic approach towards risk management that focusses on critical areas such as energy mix and efficiency; water management; reuse, recycle and disposal of wastes; air emission; safety practices; supply chain initiatives; people processes; socio-economic development of the surrounding communities; etc. The Company has adopted an enterprise-wide approach to risk management.

The Company uses the in-house developed GeoSust - a GIS-based sustainability risk analysis tools to identify climate change related risks for its operations, assessing the environmental issues and make the short/long term strategies.

More details on the risk management can be found in the Company's Sustainability Report which is available at <https://www.grasim.com/Upload/PDF/grasim-sustainability-report-2018-19.pdf>.

### 4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also,

### if Yes, whether any environmental compliance report is filed?

The Company has undertaken many projects on Clean Development Mechanism (CDM) at its manufacturing units aiming to reduce its impact on the global warming.

Some examples are:

- Use of renewable energy at Harihar Polyfibres by treating Prehydrolysate (PH) Liquor generated thereby reducing pollution and produce biogas;
- Waste Heat Recovery from all feasible sources through eco-viable technologies at all the manufacturing sites;
- Increasing the use of renewable energy at its sites such as bio-based energy, solar and wind energy;
- Circular approach to its business model;
- Use of clean fuel viz. natural gas in our Urea plant which is complete closed-circuit operation;
- Actively participate in Perform, Achieve and Trade (PAT) cycle as per Bureau of Energy Efficiency (BEE) which helps in conservation and efficient use of energy.

### 5. Has the Company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc.? Y/N. If Yes, please give hyperlink for web page etc.:

Yes, the Company has undertaken several initiatives on clean technology, energy efficiency, renewable energy, etc.

**Renewable Energy:** The Company has consumed 77,383 MWh of Renewable energy in Vilayat and Karwar unit and planning to increase share of renewable energy in near future. Units have also taken initiatives like solar water heater, and LED lights etc. to conserve energy.

The pulp plant at Harihar uses renewable energy in its process. Similarly, the solar and wind energy use is being increased in the Company.

The Lyocell fibre production with closed-loop technology and recovery of more than 99.7% of the solvents used in the process.

EU Best Available Technology standards are being adapted by all VSF sites, going beyond

the regulatory norms, the technologies reduce the consumption level and reduces emissions to environment (air and water) and are considered to be globally the most stringing environment norms in the viscose industry.

**Energy Efficiency:** The Company regularly adopts new technologies and various initiatives to improve energy efficiency such as installation of VFDs, retrofitting, redesign processes, installation of energy efficient equipment etc. Please refer Annexure 'D' of the Board's Report of the Annual Report for energy conservation initiatives. The same is also available on Company's website [www.grasim.com](http://www.grasim.com).

**6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

Yes, the Emissions/Waste generated by the Company are within the permissible limits given by CPCB/SPCB, and are reported on periodic basis.

The sites monitor the performance on monthly basis and is also reviewed by the senior management and the Board on periodic basis. The GRI based reporting is available in the Grasim Sustainability Report 2020.

**7. Number of show-cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on the end of the Financial Year:**

No unattended/unresolved show cause/legal notices from CPCB/SPCB as on the end of the Financial Year.

**PRINCIPLE 7 - Businesses, when engaged in influencing Public and Regulatory Policy, should do so in a responsible manner**

**1. Is your Company a member of any trade and chamber or association? If Yes, name only those major ones that your business deals with:**

The Company is a Member of Confederation of Indian Industry (CII); Confederation of Indian Textile Industry (CITI); The Synthetic & Rayon Textiles Export Promotion Council (SRTEPC). The other various trade and chambers and associations, include:

- a. Federation of Indian Chambers of Commerce and Industry
- b. Associated Chambers of Commerce and Industry of India

- c. Confederation of Indian Textile Industry
- d. Association of Man-Made Fibre Industry of India
- e. Indian Chemical Council
- f. Indian Electrical and Electronics Manufacturers Association
- g. Fertiliser Association of India

**2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if Yes, specify the broad areas (Drop Box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy Security, Water, Food Security, Sustainable Business Principles, Others).**

Yes, the broad areas are Economic Reforms, Environment and Energy issues, and Water and Sustainable Business Principles.

**PRINCIPLE 8 - Businesses should support Inclusive Growth and Equitable Development**

**1. Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If Yes, details thereof:**

Yes, the Company has formulated a well-defined CSR policy, which focusses on the following major areas:

1. Education
2. Health Care
3. Environment and Livelihood
4. Rural Development
5. Social Empowerment
6. Protection of Heritage, Art and Culture

**2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organisation?**

The Company's social projects are carried on under the aegis of the Aditya Birla Centre for Community Initiatives and Rural Development. Collaborative partnerships are formed with governments, district authorities, village panchayats, NGOs and like-minded stakeholders. It also collaborates with District Authorities, Village Panchayats, NGOs and like-minded stakeholders for its CSR initiatives. Most of the Company's initiatives are carried out under private partnership model.

**3. Have you done any impact assessment of your initiative?**

Yes, the Company has conducted impact assessment of its CSR initiatives and has seen positive outcomes and benefits for the people in and around the Company's plants.

**4. What is your Company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken?**

During the year under review, the Company has spent an amount of ₹ 58.98 Crore on CSR activities, mainly on education, health care, environment and livelihood, rural development projects, social empowerment, etc., and to bring about social change by advocating and supporting various social campaigns and programmes.

**5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so:**

Yes, the Company has taken steps to ensure that the community initiatives benefit the community. Prior to the commencement of projects, a baseline study of the villages is carried out. Projects evolve out of the felt needs of the communities and they are engaged in the implementation of the welfare-driven initiatives planning, implementing, monitoring, as well. Project planning is done for a period of 1 to 3 years and are assessed/monitored on a monthly/quarterly basis. The Communities actively partner with the Company and take ownership of the projects, eventually as its positive outcome benefits them hugely. The projects have been designed on Sustainable, Scalable and Replicable model.

**PRINCIPLE 9 - Businesses should engage with and provide value to their Customers and Consumers in a responsible manner**

**1. What percentage of customer complaints/consumer cases are pending as on the end of the financial year?**

The Company has a well-defined system of addressing customer complaints. All complaints are appropriately addressed and resolved. Customer complaints remain a top priority for the business for amicable resolution within the defined timeframe. Currently 13% complaints are under discussion for resolution and all others are closed.

**2. Does the Company display product information on the product label, over and above, what**

**is mandated as per local laws? Yes/No/N.A./Remarks (additional information):**

Yes. The Company displays product information on multiple levels from bale packaging to hang tags with clear product names and product attributes and benefits. The Company also has a website which provides information about its products and their usage. The Company has also introduced 'molecular tracer' in the fibre that gives full information on the source of the product and sustainable forestation practices certified by third-party agencies.

**3. Is there is any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on the end of the financial year? If so, provide details thereof, in about 50 words or so:**

Two investigations are being conducted by the Competition Commission of India (CCI) for alleged abuse of dominance in the VSF business by the Company for the relevant periods FY 2008-09 to FY 2011-12 and April 2012 - March 2017 respectively. In respect of the matter of 2008-09 to 2011-12, the investigation report of DG has been shared with the Company and the Company will file its response/objections to it. In respect of matter of April 2012 - March 2017, CCI passed an order on 16<sup>th</sup> March 2020 ("Order") concluding that the Company has abused its dominant position in the relevant market of 'the market for supply of VSF to spinners in India' by charging discriminatory prices to its customers besides imposing supplementary obligations. Besides cease and desist from indulging in abusive practices, contravening Section 4 of the Competition Act, CCI imposed a penalty of ₹ 301.61 Crore. CCI has imposed penalty on few Chlor-Alkali companies, including the Company for alleged contravention of provisions of section 3(3)(d) of the Competition Act, 2002, in respect of supply of poly aluminium chloride. The Company has appealed before the National Company Law Appellate Tribunal and has obtained a stay in the matter, which is pending for final hearing. The Company believes that it has not indulged in any such activities and that it has strong cases, in the above matters.

**4. Did your Company carry out any consumer survey/consumer satisfaction trends?**

Yes, Consumer Satisfaction Surveys are being conducted periodically through an independent agency to assess the consumer satisfaction levels.

## Social Report 2019-20

*"COVID-19 as you know, is having a devastating effect. The damage it has caused across nations is immeasurable. Our Government is working hard to patch the developmental pieces. The choice between saving lives and saving livelihoods is an excruciating one. Our Government has initiated a slew of reforms. Particularly notable is the sharp focus on the rural ecosystem and the MSMEs, besides the relief measures for the marginalised. That there is a long road ahead is undeniable.*

*As of now, getting out of this despair is our fervent hope. In these stressful times, we must face the reality, have the equanimity, fortitude, resilience and the faith, deep in our heart, that we shall overcome. As long as we all work together, we can and we will overcome this pandemic. That this too shall pass.*

*I believe, in this hour of crisis, there is a compelling need to reach out, not in terms of physical proximity, but in terms of financial and other material support, to those afflicted directly or indirectly.*

*As many of you may be aware, we in the Aditya Birla Group have been reaching out to the COVID afflicted in many ways. Our initiatives include:*

- *Contribution of ₹ 400 crore to the PM-CARES Fund.*
- *Giving a grant of ₹ 50 crore to FICCI-Aditya Birla CSR Centre for Excellence for COVID relief measures.*
- *Activating a 100-bed COVID-19 facility at Seven Hills Hospital in Mumbai, in partnership with BMC.*
- *Earmarking more than 200 beds for COVID-19 Patients across locations including Ujjain, Pune, Hazaribagh, Rayagada, Solapur and Kharach.*
- *Allocating ₹ 50 crore towards supply of 1 million N95 masks, 2,80,000 personal protective equipment (PPE), as well as ventilators.*
- *Undertaking a production of 1 million triple layer surgical masks and 1 lakh coverall garments with the support of the Textiles Ministry.*
- *Involving community and self-help groups in home production of lakhs of masks across several locations.*
- *Ongoing pro-active engagement with local communities and other stakeholders. This includes awareness camps across 200 locations and door to door campaign to reinforce prevention message as well as social distancing.*
- *In the hinterland of the country, we sanitised 1,000 villages/urban slums and distributed 10,00,000 meals pan India.*

*We were also much encouraged by over 26,000 colleagues who contributed to help migrant workers recharge mobiles. This has been our humble effort towards which your company has made a significant contribution.*

*In the context of your Company's CSR activities for FY19-20, we continue to align our work to UNSDGs."*

**Mrs. Rajashree Birla**  
Chairperson,  
Aditya Birla Centre for Community Initiatives and Rural Development  
Chairperson, Grasim CSR Board

## On Track with Sustainable Development Goals (“SDGs”)

Our community engagement in our five focus areas viz. education, healthcare, sustainable livelihood, infrastructure development and social reform, have been linked with the key nine SDGs. A number of SDGs flow into each other and hence have been clubbed.

For instance, **SDG-1**, which is to end poverty is an overarching goal that connects to all the other goals. Collectively our programmes aim at this very objective.

We are spread across 7 States, spanning 298 villages, reaching out to 10.24 lakh people. Over decades of unrelentingly battling with poverty, in collaboration with the District Authorities and leveraging Government Schemes, collectively we have been able to lift the burden of poverty from the shoulders of nearly 75% of the people in the villages where we work.

The **second SDG**, is to end hunger, achieve food security, and improved nutrition and promote sustainable agriculture. Hunger issues are inextricably linked with poverty alleviation where water and agriculture play a major part. In the villages where we work, the malnutrition rate is minimal, in the range of approximately 4% to 5%. We have set for ourselves the target to lower it to 3% to 5% in the next 3-5 years, through our projects and taking Government Schemes forward as catalysts. We have had to change our targets, given the roadblocks that COVID-19 has presented.

Water positivity, within the fence and beyond, is one of the most important tasks before us. It includes water conservation, and water harvesting structures. Water is the lifeline for agriculture. The farm-based interventions, farmer training programmes, farmer producer groups, improved agriculture techniques, and animal husbandry management, Horticulture and Organic Farming take us close to the goal of sustainable agriculture.

Our farmer meetings aimed at knowledge sharing on farm related activities, boosting agriculture, horticulture and training programmes that profess the best-in-class agricultural practices and mechanism, have touched the lives of over 14,693 farmers.

Furthermore, farmers from Nagda, Harihar, Veraval, Rishra and Rehla were taken for field visits to the Krishi Vigyan Kendras in Gujarat, Karnataka and Jharkhand and BAIF (MP), to attune them to the latest cropping patterns, which they can apply to their field. Small farmers are helped through exposure to demonstration plots where the farming inputs are minimal.

This year 24,884 animals were immunized in veterinary camps and a large number were artificially inseminated for better breed. This has raised the milk output and consequently there has been a surge in the income of the farmers. BAIF is our project partner in the cattle breeding project. Over 8,250 cattle owners have been the beneficiaries.

The **third SDG**, pertains to ensuring, healthy lives and promoting well-being for all, irrespective of the age factor. Here what we do is indeed impressive. Nearly 7.3 lakh people across our units, have been the beneficiaries of our projects.

In over 1,276 rural medical and awareness camps, 82,189 people were examined. Health check-ups were conducted for ailments such as malaria, diarrhea, diabetes, hepatitis, arthritis, skin diseases, gynecological disorders, and cardiac related issues. We used the Health cube device facility of on the spot 33+ medical tests. Our rural mobile medical van services complemented these efforts.

One of the major concern issues is that even where we are working more than 70% of women, including adolescent girls are anemic. In the near future, our aim is to bring it down to less than 20%, with the support of the District Authorities.

Splendid patient care is accorded at our Company's 6 hospitals located at Kharach (Gujarat), Veraval (Gujarat), SFD Nagda (MP), Rehla (Jharkhand), Harihar (Karnataka). More than 3,28,152 patients were treated.

At mega eye camps, we treated 5,667 people and performed 1,206 intraocular operations.

Dental check-up camps and health check-up camps have been carried out regularly in schools at our units. These included Kharach, Veraval, Halol, Nagda and Harihar. Our teams examined 5,005 students on their dental hygiene and treatment. At the same time, they underwent eye check-ups as well.

In collaboration with the District Health Department, our mother and child healthcare project served 5,575 women (antenatal, post-natal care, mass immunization, nutrition and escort services for institutional delivery). Over 2,40,701 children were immunized against polio, BCG, DPT and Hepatitis-B across the Company's Units. In the area of malnutrition 323 children were identified in 62 camps held by our Kharach and Vilayat units. Our teams nurtured them back to health.

Our intensive motivational drive towards responsible family raising led to 1,495 villagers opting for planned families.

At blood donation camps, we garnered 340 donors in Jagdishpur (UP), Halol (Gujarat), Kharach (Gujarat), Rishra (WB), Vikram Woollens (MP). Several of our company colleagues were among the donors.

Over 325 programmes geared to bring in proper sanitation awareness were organized at Kharach, Nagda (SFD & Chemical), Rishra, Ganjam, Jagdishpur, Halol, Kharach, Veraval. These were done creatively, engaging 26,280 locals.

We organised de-addiction camps, HIV/AIDS awareness/Thalassemia testing, support for the differently abled, reaching out to 40,000 persons.

Under the Leprosy treatment programme, 42 patients were identified by our Jagdishpur unit and recorded on treatment.

#### SDG-4 Education

Our proactive initiatives to foster education in the villages have yielded encouraging results. We would like to particularly mention our enrolment campaign titled "Shala Praveshotsav". This was popularized in Kharach, Vilayat, Chemical – Nagda, Veraval, Halol. The campaign was successful. It motivated students to enroll in formal schools. Alongside, it stemmed the dropout rate. Under its aegis we distributed education material including notebooks, school bags and uniforms to over 23,342 children. We leveraged the Sarva Shiksha Abhiyan. We aligned very well with the Kasturba Balika Vidyalayas at SFD & Chemical – Nagda, Malanpur, Halol, Jagdishpur and Veraval, encouraging girls to pursue education. Through the talent search programmes, we recognized 696 bright students, giving them scholarships.

In Chhindwara district (MP), we sponsored the education of 500 students. Of these, 80 students opted for the medical field, including physiotherapy, nursing and pharmacy, 209 students enrolled at engineering colleges and other professional courses, 11 students in management programmes, 20 students opted for advanced coaching for entrance into the civil services, 4 in the law stream and 18 undergraduates. We also helped 158 students move into better schools.

Over 4,575 students from the hinterland attended the computer literacy programmes conducted by us.

We would like to make a particular mention of specialized coaching and counseling classes across 2 of our plants through Gyanranranjan project, covering 140 high school students at Halol, Rishra.

Facilities such as transport and other support in terms of infrastructure development, sanitation and safe drinking

water facility, Sports, Parent teachers' meet, Skill based training, Furniture Support, Developing Library, Tuition Classes, Organizing various competition and cultural programmes, Career counselling continue to benefit 28,784 children.

#### SDG-5

Women empowerment and gender equality, is the focus of the fifth SDG. We have 129 self-help groups comprising of 1,806 women. We are working to broaden the base, and provide the last mile linkage. Most of the SHGs have been linked with economic centers. Women are engaged in a varied number of economic activities through Garment and Face mask stitching, masala making, handicrafts, creating traditional things for the purpose of marriage or for decoration.

The **sixth, seventh and eighth SDGs**, can be bunched together, as they are interlinked. These SDGs call for, water and sanitation, reliable, sustainable and modern energy and decent work and economic growth.

We have provided for 25 Reverse Osmosis plants at SFD - Nagda, Kharach, Vilayat, which serve 48,430 villagers.

Pipelines, bore wells provide access to water, benefiting 34,425 villagers at SFD & Chemical, Nagda, Harihar, Rehla.

Additionally, 225 individual toilets and sanitation facilities were set-up at schools at various locations. In the villages that we operate in, 244 villages have been declared ODF.

Imparting vocational training, skills training, coupled with our farm based programmes and SHGs, meet with these goals. The activities include computer training, heavy vehicle driving training, bag making training, etc. More than 2,109 people have been trained.

At Jagdishpur, ABI (Halol), JST (Rishra), SFD-Nagda, Ganjam, Vilayat, Harihar, Industrial Training Centre, 1,684 students are trained annually to become electricians, fitters, mechanics and welders, auto mobiles, data operator, retail marketing, solar technician. Successful students are absorbed in the industries around this location and beyond.

#### Water Conservation & Harvesting

Teams from Jagdishpur, Nagda, Ganjam, Harihar, Rishra, Veraval and Rehla have implemented water conservation and harvesting project with the local government and gram panchayat.

#### SDG-9: Build Resilient Infrastructure

Towards better infrastructure, we are engaged in a series of activities. These include connecting/repairing of roads, community halls and assets, rest places, beautification



of urban and rural area, installation of solar lights, solar rooftop plant, construction of water tanks and installation of piped water supply. These activities have aided 45,450 people.

### Finally, on model villages

Of the 298 villages that we work in, we have zeroed in on 50 villages for a transformative process that raises them to become model villages. So far in a 7-year timeframe, we have been able to morph 30 villages into model villages.

### Our CSR spends

For the year 2019-20, our CSR spend was ₹ 590 million (2.43% of our net profit for the last 3 years) vis-à-vis ₹ 471 million in the preceding year. In addition, we mobilized over ₹ 506 million through Government Schemes.

Our Board of Directors, our Management and our colleagues across the Company are committed to inclusive growth.

# Independent Auditor's Report

To the Members of  
Grasim Industries Limited

## REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

### OPINION

We have audited the standalone financial statements of Grasim Industries Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2020, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information (herein after referred to as "Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

### BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matter
<b>Assessment of impairment of investments in subsidiaries, associates and joint ventures</b>	
<p>As disclosed in note 2.4 of standalone financial statements, the Company has investments in subsidiaries, associates and joint venture companies of ₹ 21,830 Crore (P.Y - ₹ 21,186.76 Crore). The said investments are carried at cost less allowance for impairment.</p> <p>The Company analyses regularly for indicators of impairment of the said investments by reference to the requirements under relevant Ind AS.</p> <p>We identified the annual impairment assessment as a key audit matter because carrying value of these investments is significant, assessment process is complex, judgmental by nature, significant changes in business environment specifically due to outbreak of COVID-19 and further, is based on assumptions on:</p> <ul style="list-style-type: none"> <li>projected future cash inflows;</li> <li>expected growth rate; discount rate; terminal growth rate;</li> <li>comparison of price and market multiples</li> </ul>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>Tested the design and the operating effectiveness of internal controls over the impairment assessment process including assessment of valuation models used in assessment of impairment in the value of investment in subsidiaries, associates and Joint venture</li> <li>Examined the Company's assessment for indicators of impairment of such investments. In cases where such indicators existed, tested the estimates and assumption made by the Company of the recoverable amounts, and the allowance for impairment for these investments.</li> <li>Evaluated competence, capabilities and independence of the specialist engaged by the Company and reviewed analyzed the valuation reports issued by such specialist.</li> </ul>

Key audit matters	How our audit addressed the key audit matter
Refer note 1.31 – significant accounting policy for impairment of investments.	<ul style="list-style-type: none"> <li>Involved our internal valuation expert to assist in evaluating the key assumptions of the valuations.</li> <li>Tested the arithmetical accuracy of the computation of recoverable amounts of investments.</li> <li>Assessment of historical forecasting accuracy by comparing previously forecasted cash flows to actual.</li> <li>Assessed the disclosures in relation to its annual impairment test in note 2.4 to the financial statements.</li> </ul>

#### Regulations – Litigation pertaining to matters related to direct tax and Competition Commission of India (CCI)

As disclosed in note 4.1 of the standalone IND AS financial statements, the Company has pending litigations with regards to direct tax matter amounting to ₹ 5,872.13 Crore (including interest upto the date of demand) and order issued by the Competition Commission of India (CCI) on the Viscose Staple Fiber (VSF) business of the Company amounting to ₹ 301.62 Crore detailed as under.

- The Company's tax positions has been challenged by the tax authorities for Demand of dividend distribution tax alleging that the demerger of the Financial Services Business is not qualifying demerger as per Income Tax Act, 1961 and treating the value of shares allotted by the resulting Company to the shareholders of the Company in consideration of demerger as dividend distributed by the Company to its shareholders.
- CCI has issued an order against the Company alleging abuse of dominant position in VSF business and consequent violations of Competition Act, 2002.

We considered the above as key audit matter as the Company applies significant judgment in estimating the likelihood of the future outcome based on its own past assessments, judicial precedents and opinions of experts/legal counsels. when considering whether, and how much, to provide or in determining the required disclosure for the potential exposure of these matters. This is due to highly complex nature and magnitude of amounts involved along with the fact that resolution of income-tax and CCI proceedings may span over multiple years and may involve protracted litigation and these estimates could change substantially over time as based on regulatory positions as these matters progress.

Our audit procedures included the following:

- Tested the design and operating effectiveness of internal controls related to the assessment of the likely outcome of regulatory and tax matters and provision made, if any.
- Obtained and read the details of legal and tax disputed matters. Further, read the latest correspondence between the Company and various regulatory authorities.
- Considered evaluation made by the management and assessed management's position through discussions on both the probability of success and the magnitude of any potential loss.
- Read external opinions obtained by the management for direct tax and CCI matters and other evidence to evaluated management's assessment of the risk profile in respect of them.
- Involved tax expert in assessing the nature and amount of the tax exposure. Assessed management's conclusions on whether exposures are probable, contingent or remote.
- Assessed the disclosures in note 4.1 made in relation to these direct tax and CCI matter for compliance with disclosure requirements.

#### INFORMATION OTHER THAN THE STANDALONE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **MANAGEMENT'S AND BOARD OF DIRECTORS' RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS**

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

## **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we

conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its standalone financial statements - Refer Note 4.1 to the standalone financial statements;
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts- Refer Note 4.10 to the standalone financial statements;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - iv. The disclosure in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these standalone financial statements since they do not pertain to the financial year ended 31 March 2020.

- (C) With respect to the matter to be included in the Auditors' Report under Section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No: 101248W/W-100022

**Vikas R Kasat**  
Partner  
Membership No: 105317  
UDIN: 20105317AAAACA9659

Mumbai  
Date: 13 June 2020

For **S R B C & CO LLP**  
Chartered Accountants  
Firm's Registration No: 324982E/E300003

**Vijay Maniar**  
Partner  
Membership No: 36738  
UDIN: 20036738AAAACR5576

Mumbai  
Date: 13 June 2020

## Annexure - A

### to the Independent Auditor's Report on standalone financial statements for the year ended 31 March 2020

#### Report on the Companies (Auditor's Report) Order, 2016 ("the Order"), with reference to aforesaid standalone financial statements, in terms of Section 143(11) of the Companies Act, 2013 ("the Act")

With reference to the Annexure referred to in the Independent Auditors' Report to the Members of the Company on the standalone financial statements for the year ended 31 March 2020, we report the following:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation, of the fixed assets.
- (b) The Company has a regular program of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of two to three years. In accordance with this program, some of the fixed assets has been physically verified by the management during the year and no material discrepancies have been noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanations given to us, the title deeds of immovable properties, as disclosed in Note 2.1.1 to the standalone financial statements, are held in the name of the Company, except for the following:

Particulars	(₹ in Crore)	
	Freehold land	Building
Gross Block as at 31 March 2020	573.59	339.43
Net Block as at 31 March 2020	573.59	292.95

Above properties have been received on merger of the erstwhile Companies. Company is in the process of transferring title deeds.

- (ii) Inventory, except good-in-transit, has been physically verified by management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on such verification between physical stocks and the book records were not material and have been dealt with in books of account.
- (iii) In our opinion and according to information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, Clause 3(iii) of the Order is not applicable to the Company.
- (iv) The Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 of the Act. The Company has complied with the provisions of Section 186 of the Act in respect of investments made or loans or guarantees or security provided to the parties covered under Section 186.
- (v) According to information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of the directives issued by Reserve Bank of India, provisions of Sections 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder. Accordingly, paragraph 3 (v) of the Order is not applicable to the Company.
- (vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under Section 148(1) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income tax, goods and services tax, duty of customs, cess and other material statutory dues as applicable, with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, goods and services tax, duty of customs, cess and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of income tax, sales tax, service tax, goods and services tax, duty of customs, duty of excise or value added tax, which have not been deposited with the appropriate authorities on account of any dispute other than those mentioned in Appendix I to this report.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions, banks, government or due to debenture holders.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, the provisions of Clause 3(ix) of the Order is not applicable to the Company.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us and based on our examination of the records, the Company has paid or provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable. The details of such related party transactions have been disclosed in the notes to the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures notified under the Companies (Indian Accounting Standards) (Amendment) Rules, 2016.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, Clause 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records, the Company has not entered into non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act. Accordingly, Clause 3(xv) of the Order is not applicable.
- (xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, Clause 3 (xvi) of the Order is not applicable to the Company.

For **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No: 101248W/W-100022

**Vikas R Kasat**  
Partner  
Membership No: 105317  
UDIN: 20105317AAAACA9659

Mumbai  
Date: 13 June 2020

For **S R B C & CO LLP**  
Chartered Accountants  
Firm's Registration No: 324982E/E300003

**Vijay Maniar**  
Partner  
Membership No: 36738  
UDIN: 20036738AAAACR5576

Mumbai  
Date: 13 June 2020



## Appendix I

Name of the Statute	Nature of the Dues	Amount (₹ Crore)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax and Interest	5,872.13 <sup>^</sup>	2017-18	High Court/ Appellate Authority
		2.23	2004-05	High Court
		70.13	2006-16	Appellate Authority
		563.02	2007-18	Assessing Authority
Sales Tax/Value Added Tax Act	Sales Tax, VAT, Interest and Penalty	1.79	1999-14	High Court
		32.93	1992-18	Appellate Authority
		6.56	2000-18	Assessing Authority
Entry Tax Act	Entry Tax and Interest	19.29	2004-18	High Court
		0.90	2007-18	Appellate Authority
		0.17	2004-13	Assessing Authority
Service Tax under Finance Act, 1994	Service Tax, Interest and Penalty	26.19	2004-11	Appellate Authority
		46.08	1997-18	Assessing Authority
Customs Act, 1962	Customs Duty, Interest and Penalty	2.24	1975-02	High Court
		0.56	2001-02	Supreme Court
		13.49	1985-18	Appellate Authority
		1.06	2004-14	Assessing Authority
Central Excise Act, 1944	Excise duty, Interest and Penalty	1.03	1996-18	High Court
		63.33	1994-16	Appellate Authority
		39.14	1974-18	Assessing Authority
Central Goods and Services Tax Act, 2017	Goods and Service Tax	0.28	2017-18	Assessing Authority

<sup>^</sup> Including interest upto the date of demand.

## Annexure - B

### to the Independent Auditors' report on the standalone financial statements of Grasim Industries Limited for the year ended 31 March 2020

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of section 143 of the Companies Act, 2013

(Referred to in paragraph A(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

#### OPINION

We have audited the internal financial controls with reference to standalone financial statements of Grasim Industries Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

#### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

#### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone financial statements.

## MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO STANDALONE FINANCIAL STATEMENTS

A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

## INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO STANDALONE FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No: 101248W/W-100022

**Vikas R Kasat**  
Partner  
Membership No: 105317  
UDIN: 20105317AAAACA9659

Mumbai  
Date: 13 June 2020

For **S R B C & CO LLP**  
Chartered Accountants  
Firm's Registration No: 324982E/E300003

**Vijay Maniar**  
Partner  
Membership No: 36738  
UDIN: 20036738AAAACR5576

Mumbai  
Date: 13 June 2020

# Standalone Balance Sheet

as at 31<sup>st</sup> March 2020

	Note No.	As at 31 <sup>st</sup> March 2020	(₹ in Crore) As at 31 <sup>st</sup> March 2019
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	2.1	10,540.51	10,053.14
Capital Work-in-Progress		2,791.92	1,567.20
Other Intangible Assets	2.2	1,093.70	1,179.10
Right of Use Assets	2.3	449.01	-
<b>Financial Assets</b>			
Investment in Equity of Subsidiaries, Joint Ventures and Associates	2.4	21,830.00	21,186.76
Other Investments	2.5	4,075.75	6,974.86
Loans	2.6	218.83	140.93
Other Financial Assets	2.7	36.30	36.57
Non-Current Tax Assets (Net)		32.24	27.17
Other Non-Current Assets	2.8	180.12	254.90
		<b>41,248.38</b>	<b>41,420.63</b>
<b>Current Assets</b>			
Inventories	2.9	2,626.20	2,931.66
<b>Financial Assets</b>			
Investments	2.10	1,770.40	2,965.95
Trade Receivables	2.11	2,905.32	3,491.59
Cash and Cash Equivalents	2.12	51.01	19.54
Bank Balances other than Cash and Cash Equivalents	2.13	27.91	22.93
Loans	2.14	125.35	118.28
Other Financial Assets	2.15	286.45	207.04
Current Tax Assets (Net)		0.29	0.01
Other Current Assets	2.16	453.26	616.37
		<b>8,246.19</b>	<b>10,373.37</b>
<b>TOTAL</b>		<b>49,494.57</b>	<b>51,794.00</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	2.17	131.57	131.53
Other Equity	2.18	37,542.47	41,827.66
		<b>37,674.04</b>	<b>41,959.19</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	2.19	2,714.18	1,055.11
Lease Liabilities	2.3	52.61	-
Other Financial Liabilities	2.20	2.66	3.56
Provisions	2.21	29.55	29.69
Deferred Tax Liabilities (Net)	2.22	1,402.50	1,878.88
Other Non-Current Liabilities	2.23	111.74	63.72
		<b>4,313.24</b>	<b>3,030.96</b>
<b>Current Liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	2.24	2,186.42	1,848.48
Lease Liabilities	2.3	13.15	-
Trade Payables	2.25		
Total Outstanding due of Micro and Small Enterprises		25.39	14.78
Total Outstanding due of Creditors other than Micro and Small Enterprises		2,639.39	2,360.91
Other Financial Liabilities	2.26	1,087.19	1,149.67
Other Current Liabilities	2.27	541.41	551.61
Provisions	2.28	521.86	430.66
Current Tax Liabilities (Net)		492.48	447.74
		<b>7,507.29</b>	<b>6,803.85</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>49,494.57</b>	<b>51,794.00</b>
Significant Accounting Policies and Key accounting estimates and Judgements	1		
The accompanying Notes are an integral part of the Standalone Financial Statements			

In terms of our report on even date attached

For and on behalf of the Board of Directors of

**GRASIM INDUSTRIES LIMITED**  
CIN-L17124MP1947PLC000410

For **B S R & Co. LLP**  
Chartered Accountants  
Firm Registration No.: 101248W/W-100022

For **S R B C & CO LLP**  
Chartered Accountants  
Firm Registration No.: 324982E/E300003

**Dilip Gaur**  
Managing Director  
DIN: 02071393

**Shailendra K Jain**  
Non-Executive Director  
DIN: 00022454

**Vikas R Kasat**  
Partner  
Membership No.: 105317

**Vijay Maniar**  
Partner  
Membership No.: 36738

**Ashish Adukia**  
Chief Financial Officer

**Hutokshi Wadia**  
Company Secretary  
Membership No.: 5761

Mumbai  
Dated: 13<sup>th</sup> June 2020

Mumbai  
Dated: 13<sup>th</sup> June 2020

# Standalone Statement of Profit and Loss

for the year ended 31<sup>st</sup> March 2020

(₹ in Crore)

	Note No.	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
<b>INCOME</b>			
Revenue from Contracts with Customers	3.1	18,609.40	20,550.43
Other Income	3.2	525.45	567.98
<b>Total Income (I)</b>		<b>19,134.85</b>	<b>21,118.41</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	3.3	9,046.69	9,565.36
Purchases of Stock-in-Trade	3.4	310.85	267.35
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	3.5	(164.00)	(126.24)
Employee Benefits Expense	3.6	1,620.26	1,529.00
Finance Costs	3.7	303.85	199.05
Depreciation and Amortisation Expense	3.8	846.76	760.39
Power and Fuel		2,994.42	3,011.71
Other Expenses	3.9	2,490.64	2,232.09
<b>Total Expenses (II)</b>		<b>17,449.47</b>	<b>17,438.71</b>
<b>Profit Before Exceptional Items and Tax (I) - (II)</b>		<b>1,685.38</b>	<b>3,679.70</b>
Exceptional Items	3.10	(294.08)	(2,368.01)
<b>Profit Before Tax</b>		<b>1,391.30</b>	<b>1,311.69</b>
Tax Expense	3.11		
Current Tax		270.26	983.28
Provision for Tax of Earlier Years Written Back		(0.42)	(6.19)
Deferred Tax		(148.49)	(180.70)
<b>Total Tax Expense</b>		<b>121.35</b>	<b>796.39</b>
<b>Profit For The Year (III)</b>		<b>1,269.95</b>	<b>515.30</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
A (i) Items that will not be reclassified to profit or loss	3.12	(5,437.19)	(2,750.85)
(ii) Income Tax relating to items that will not be reclassified to profit or loss		349.22	(28.05)
		(5,087.97)	(2,778.90)
B (i) Items that will be reclassified to profit or loss		26.57	(29.01)
(ii) Income Tax relating to items that will be reclassified to profit or loss		(8.24)	9.84
		18.33	(19.17)
<b>Other Comprehensive Income For The Year (IV)</b>		<b>(5,069.64)</b>	<b>(2,798.07)</b>
<b>Total Comprehensive Income For The Year (III + IV)</b>		<b>(3,799.69)</b>	<b>(2,282.77)</b>
<b>Earnings Per Equity Share (Face Value ₹ 2 each)</b>	3.13		
Basic (₹)		19.35	7.84
Diluted (₹)		19.34	7.84
Significant Accounting Policies and Key accounting estimates and Judgements	1		
The accompanying Notes are an integral part of the Standalone Financial Statements			

In terms of our report on even date attached

For and on behalf of the Board of Directors of  
**GRASIM INDUSTRIES LIMITED**  
CIN-L17124MP1947PLC000410For **B S R & Co. LLP**  
Chartered Accountants  
Firm Registration No.: 101248W/W-100022For **S R B C & CO LLP**  
Chartered Accountants  
Firm Registration No.: 324982E/E300003**Dilip Gaur**  
Managing Director  
DIN: 02071393**Shailendra K Jain**  
Non-Executive Director  
DIN: 00022454**Vikas R Kasat**  
Partner  
Membership No.: 105317**Vijay Maniar**  
Partner  
Membership No.: 36738**Ashish Adukia**  
Chief Financial Officer**Hutokshi Wadia**  
Company Secretary  
Membership No.: 5761Mumbai  
Dated: 13<sup>th</sup> June 2020Mumbai  
Dated: 13<sup>th</sup> June 2020

# Standalone Statement of Changes in Equity

for the year ended 31<sup>st</sup> March 2020

## A. EQUITY SHARE CAPITAL

For the year ended 31<sup>st</sup> March 2020

(₹ in Crore)

Balance as at 1 <sup>st</sup> April 2019	Changes in Equity Share Capital during the year (Note 2.17.3)	Balance as at 31 <sup>st</sup> March 2020
131.53	0.04	131.57

For the year ended 31<sup>st</sup> March 2019

(₹ in Crore)

Balance as at 1 <sup>st</sup> April 2018	Changes in Equity Share Capital during the year (Note 2.17.3)	Balance as 31 <sup>st</sup> March 2019
131.48	0.05	131.53

## B. OTHER EQUITY

AS AT 31<sup>ST</sup> MARCH 2020

(₹ in Crore)

	Reserves and Surplus							Other Comprehensive Income (OCI)			Total
	Securities Premium	Debenture Redemption Reserve	General Reserve	Capital Reserve	Treasury Shares	Retained Earnings	Employee Stock Options Reserve	Debt Instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Hedging Reserve	
Balance as at 1 <sup>st</sup> April 2019	23,685.53	95.46	11,464.40	3,670.17	(111.74)	3,796.06	29.84	5.08	(787.22)	(19.92)	41,827.66
Profit for the Year	-	-	-	-	-	1,269.95	-	-	-	-	1,269.95
Other Comprehensive Income of the Year	-	-	-	-	-	@(57.42)	-	1.31	(5,030.55)	17.02	(5,069.64)
Transfer from Retained Earnings to Debenture Redemption Reserve	-	24.51	-	-	-	(24.51)	-	-	-	-	-
Transfer from Debenture Redemption Reserve to General Reserve	-	(119.97)	119.97	-	-	-	-	-	-	-	-
Transfer to retained earnings on sale of equity shares	-	-	-	-	-	355.66	-	-	(355.66)	-	-
Dividends paid	-	-	-	-	-	(459.37)	-	-	-	-	(459.37)
Dividend distribution tax	-	-	-	-	-	(55.64)	-	-	-	-	(55.64)
IND AS 116 (Leases) transition impact (refer note 2.3)	-	-	-	-	-	(3.69)	-	-	-	-	(3.69)
Employee Stock Options Exercised	10.38	-	-	-	-	-	(1.41)	-	-	-	8.97
Employee Stock Options Granted (net of lapses)	-	-	-	-	-	-	24.23	-	-	-	24.23
<b>Balance as at 31<sup>st</sup> March 2020</b>	<b>23,695.91</b>	<b>-</b>	<b>11,584.37</b>	<b>3,670.17</b>	<b>(111.74)</b>	<b>4,821.04</b>	<b>52.66</b>	<b>6.39</b>	<b>(6,173.43)</b>	<b>(2.90)</b>	<b>37,542.47</b>

@ Represents remeasurement of Defined Benefit Plan

# Standalone Statement of Changes in Equity (Cont.)

for the year ended 31<sup>st</sup> March 2020

AS AT 31<sup>ST</sup> MARCH 2019

(₹ in Crore)

	Reserves and Surplus							Other Comprehensive Income (OCI)			Total
	Securities Premium	Debenture Redemption Reserve	General Reserve	Capital Reserve	Treasury Shares	Retained Earnings	Employee Stock Options Reserve	Debt Instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Hedging Reserve	
Balance as at 1 <sup>st</sup> April 2018	23,672.95	72.08	11,464.40	3,670.17	-	3,765.46	22.77	7.20	1,986.19	(2.87)	44,658.35
Profit for the Year	-	-	-	-	-	515.30	-	-	-	-	515.30
Other Comprehensive Income of the Year	-	-	-	-	-	® (5.49)	-	(2.12)	(2,773.41)	(17.05)	(2,798.07)
Transfer from Retained Earnings to Debenture Redemption Reserve	-	23.38	-	-	-	(23.38)	-	-	-	-	-
Dividends paid	-	-	-	-	-	(407.74)	-	-	-	-	(407.74)
Dividend distribution tax	-	-	-	-	-	(48.09)	-	-	-	-	(48.09)
Treasury Shares held by ESOP Trust	-	-	-	-	(111.74)	-	-	-	-	-	(111.74)
Employee Stock Options Exercised	12.58	-	-	-	-	-	(4.05)	-	-	-	8.53
Employee Stock Options Granted (net of lapses)	-	-	-	-	-	-	11.12	-	-	-	11.12
Balance as at 31 <sup>st</sup> March 2019	23,685.53	95.46	11,464.40	3,670.17	(111.74)	3,796.06	29.84	5.08	(787.22)	(19.92)	41,827.66

@ Represents remeasurement of Defined Benefit Plan

Significant Accounting Policies - Refer Note 1

The accompanying Notes are an integral part of the Financial Statements

In terms of our report on even date attached

For and on behalf of the Board of Directors of  
**GRASIM INDUSTRIES LIMITED**  
CIN-L17124MP1947PLC000410

For **B S R & Co. LLP**  
Chartered Accountants  
Firm Registration No.: 101248W/W-100022

For **S R B C & CO LLP**  
Chartered Accountants  
Firm Registration No.: 324982E/E300003

**Dilip Gaur**  
Managing Director  
DIN: 02071393

**Shailendra K Jain**  
Non-Executive Director  
DIN: 00022454

**Vikas R Kasat**  
Partner  
Membership No.: 105317

**Vijay Maniar**  
Partner  
Membership No.: 36738

**Ashish Adukia**  
Chief Financial Officer

**Hutokshi Wadia**  
Company Secretary  
Membership No.: 5761

Mumbai  
Dated: 13<sup>th</sup> June 2020

Mumbai  
Dated: 13<sup>th</sup> June 2020

# Standalone Cash Flow Statement

for the year ended 31<sup>st</sup> March 2020

	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
(₹ in Crore)		
<b>A. Cash Flow from Operating Activities</b>		
a. Profit Before Tax	1,391.30	1,311.69
Adjustments for:		
Exceptional Items (refer note 3.10)	294.08	2,368.01
Depreciation and Amortisation Expense	846.76	760.39
Finance Costs	303.85	199.05
Interest Income	(43.42)	(104.94)
Dividend Income	(219.21)	(237.63)
Unrealised Exchange (Gain)/Loss	(9.12)	(1.69)
Allowance for Credit losses (Net)	1.65	(7.31)
Provision for diminution in value of Investment	-	(1.33)
Provisions against Contingent Liabilities Created & Written Back (refer note 2.28.1(c))	(0.10)	(0.26)
Loss on Sale/Discard of Property, Plant and Equipment (Net)	35.40	16.50
Employee Stock Option/Stock Appreciation Right Expenses (note refer 3.6) (net of recovery from a Subsidiary against options granted to their Employees)	23.81	11.65
Unrealised Gain on Investments measured at Fair Value through Profit or Loss (Net)	(137.03)	(142.70)
Profit on Sale of Investments (Net)	(39.60)	(30.20)
<b>b. Operating profit Before Working Capital Changes</b>	<b>2,448.37</b>	<b>4,141.23</b>
Adjustments for:		
Trade Receivables	618.99	(1,006.54)
Financial and Other Assets	19.81	33.34
Inventories	305.46	(340.00)
Trade Payables and Other Liabilities	341.23	239.73
<b>c. Cash Generated from Operations</b>	<b>3,733.86</b>	<b>3,067.76</b>
Income Taxes Paid (Net of Refund)	(215.36)	(512.26)
<b>Net Cash Generated from Operating Activities (A)</b>	<b>3,518.50</b>	<b>2,555.50</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Property, Plant and Equipment & Other Intangible Assets (refer note (ii) below)	(2,715.51)	(2,043.97)
Proceeds from Disposal of Property, Plant and Equipment	12.32	5.61
Acquisition/Investments in subsidiaries, Joint Ventures and Associates	(939.40)	(310.85)
Proceeds from Sale of Investments in Subsidiaries, Joint Ventures and Associates	-	35.79
Contribution towards liquidation fund in Aditya Birla Idea Payment Bank (refer note 3.10)	(10.20)	-
Investment in Other Non-Current Equity Investments	(2,886.34)	(0.04)
Proceeds from Sale of Non-Current Investment	5.00	40.00
Purchase of Mutual Fund Units and Bonds (Non-Current)	-	(235.00)
Sale of Mutual Fund Units and Bonds (Non-Current)	-	81.64
Sale/(Purchase) of Mutual Fund Units, Bonds and Equity Shares (Current) {Net}	1,805.42	(35.39)
Loans and Advances given to Subsidiaries, Joint Ventures and Associates	(168.25)	(73.20)
Receipt against Loans and Advances given to Subsidiaries, Joint Ventures and Associates	152.45	77.50
Payment for treasury shares by ESOP Trust	(4.96)	(106.78)
Inter-Corporate Deposits Given	-	(31.88)
(Investment)/Redemption in Bank Deposits (having original maturity more than 3 months) and Earmarked Balances with Banks	(5.03)	(7.10)
Interest Received	39.21	102.98
Dividend Received	219.21	237.63
<b>Net Cash Used in Investing Activities (B)</b>	<b>(4,496.08)</b>	<b>(2,263.06)</b>
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from Issue of Share Capital under ESOS	9.02	8.58
Proceeds from Non-Current Borrowings	1,838.20	618.03
Repayments of Non-Current Borrowings	(428.63)	(386.75)
Proceeds/(Repayment) of Current Borrowings (Net)	337.94	119.16
Payments of Lease Liabilities	(21.75)	-
Interest & Finance charges Paid (Net of Interest Subsidy)	(210.26)	(204.95)
Dividend Paid	(459.83)	(404.95)
Corporate Dividend Tax Paid	(55.64)	(48.09)
<b>Net Cash from/(used) in Financing Activities (C)</b>	<b>1,009.05</b>	<b>(298.97)</b>



# Standalone Cash Flow Statement (cont.)

for the year ended 31<sup>st</sup> March 2020

(₹ in Crore)

	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
<b>D. Net Increase/(Decrease) in Cash and Cash Equivalents (A + B + C)</b>	<b>31.47</b>	<b>(6.53)</b>
Cash and Cash Equivalents at the Beginning of the Year (note 2.12)	19.54	26.07
Cash and Cash Equivalents at the End of the Year (note 2.12)	51.01	19.54

## Notes:

- Statement of Cash Flow has been prepared under the indirect method as set out in Ind AS 7 prescribed under the Companies Act (Indian Accounting Standard) Rules, 2015 of the Companies Act, 2013.
- Purchase of Property, Plant and Equipment includes cash flows of capital work-in-progress (including Capital Advances) and movement in Capital Expenditure Creditors during the year.
- Supplemental Information**

### (a) Non Cash Transaction from Investing Activities

Particulars	As at 31 <sup>st</sup> March 2019	Cash Flows	Non-Cash Changes			As at 31 <sup>st</sup> March 2020
			Fair Value Adjustments	Reclassify	Others	
Non-Current Investments	28,161.62	3,820.74	(5,515.69)	(554.93)	(5.99)	25,905.75
Current Investments	2,965.95	(1,765.82)	15.34	554.93	-	1,770.40
	31,127.57	2,054.92	(5,500.35)	-	(5.99)	27,676.15

Particulars	As at 31 <sup>st</sup> March 2018	Cash Flows	Non-Cash Changes			As at 31 <sup>st</sup> March 2019
			Fair Value Adjustments	Reclassify	Others	
Non-Current Investments	33,587.22	270.82	(5,071.50)	(636.34)	11.42	28,161.62
Current Investments	1,959.38	184.61	185.62	636.34	-	2,965.95
	35,546.60	455.43	(4,885.88)	-	11.42	31,127.57

### (b) Changes in liabilities arising from financing activities

Particulars	As at 31 <sup>st</sup> March 2019	Cash Flows	Debt issuance cost	Non-Cash Changes		As at 31 <sup>st</sup> March 2020
				Fair Value Adjustments		
Non-Current Borrowing (including current maturities of Non-Current Borrowing)	1,462.29	1,409.57	(8.66)	18.50		2,881.70
Current Borrowing	1,848.48	337.94	-	-		2,186.42
	3,310.77	1,747.51	(8.66)	18.50		5,068.12

Particulars	As at 31 <sup>st</sup> March 2018	Cash Flows	Debt issuance cost	Non-Cash Changes		As at 31 <sup>st</sup> March 2019
				Fair Value Adjustments		
Non-Current Borrowing (including current maturities of Non-Current Borrowing)	1,239.69	231.28	(1.87)	(6.81)		1,462.29
Current Borrowing	1,729.32	119.16	-	-		1,848.48
	2,969.01	350.44	(1.87)	(6.81)		3,310.77

### (c) Acquisition of an entity by means of equity issue - Nil

In terms of our report on even date attached

For **B S R & Co. LLP**  
Chartered Accountants  
Firm Registration No.: 101248W/W-100022

**Vikas R Kasat**  
Partner  
Membership No.: 105317

Mumbai  
Dated: 13<sup>th</sup> June 2020

For **S R B C & CO LLP**  
Chartered Accountants  
Firm Registration No.: 324982E/E300003

**Vijay Maniar**  
Partner  
Membership No.: 36738

**Dilip Gaur**  
Managing Director  
DIN: 02071393

**Ashish Adukia**  
Chief Financial Officer

Mumbai  
Dated: 13<sup>th</sup> June 2020

For and on behalf of the Board of Directors of  
**GRASIM INDUSTRIES LIMITED**  
CIN-L17124MP1947PLC000410

**Shailendra K Jain**  
Non-Executive Director  
DIN: 00022454

**Hutokshi Wadia**  
Company Secretary  
Membership No.: 5761

# Notes

forming part of the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2020

## CORPORATE INFORMATION

Grasim Industries Limited ("the Company") is a limited Company incorporated and domiciled in India. The registered office is at Birlagram, Nagda - 456 331, Dist. Ujjain (M.P.), India. The Company is a public limited Company and its shares are listed on the Bombay Stock Exchange (BSE), India, and the National Stock Exchange (NSE), India, and the Company's Global Depository Receipts are listed on the Luxembourg Stock Exchange.

The Company is engaged primarily in Viscose (Pulp, Fibre and Yarn), Chemicals (Caustic Soda, Epoxy and allied Chemicals) and others (Insulators, Textiles, Fertilisers and Solar Power Designing, Engineering Procurement and Commissioning).

## 1. SIGNIFICANT ACCOUNTING POLICIES

### 1.1 Statement of Compliance:

These financial statements are prepared and presented in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time as notified under section 133 of Companies Act, 2013, the relevant provisions of the Companies Act, 2013 ("the Act") and the guidelines issued by the Securities and Exchange Board of India (SEBI), as applicable.

### 1.2 Basis of Preparation:

The financial statements have been prepared and presented on the going concern basis and at historical cost, except for the following assets and liabilities, which have been measured as indicated below:

- Derivative Financial Instruments at fair value (covered under para 1.20)
- Certain financial assets and liabilities at fair value [refer accounting policy regarding financial instruments (covered under para 1.22 )]
- Assets held for disposal - measured at the lower of its carrying amount and fair value less cost to sell; and
- Employee's Defined Benefit Plan measured as per actuarial valuation.
- Employee Stock Option Plans measured at fair value.
- Assets and Liabilities acquired under Business Combination measured at fair value.

### 1.3 Functional and Presentation Currency:

The financial statements are presented in Indian Rupees, which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates, and all values are rounded to the nearest Crore, upto 2 decimal places except as otherwise indicated.

### 1.4 Business Combination and Goodwill/Capital Reserve:

The Company uses the acquisition method of accounting to account for business combinations. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another. Control exists when the Company is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess

# Notes

## forming part of the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2020

of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in Other Comprehensive Income (OCI) and accumulated in other equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in other equity as capital reserve, without routing the same through OCI.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Company to the previous owners of the acquiree, and equity interests issued by the Company. Consideration transferred also includes the fair value of any contingent consideration. Consideration transferred does not include amounts related to the settlement of pre-existing relationships. Any goodwill that arises on account of such business combination is tested annually for impairment.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured and the settlement is accounted for within other equity. Otherwise, other contingent consideration is re-measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recorded in the Statement of Profit and Loss.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably. On an acquisition-by-acquisition basis, the Company recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Transaction costs that the Company incurs in connection with a business combination, such as Stamp Duty for title transfer in the name of the Company, finder's fees, legal fees, due diligence fees and other professional and consulting fees, are expensed as incurred.

### 1.5 Classification of Assets and Liabilities as Current and Non-Current:

All assets and liabilities are classified as current or non-current as per the Company's normal operating cycle, and other criteria set out in Schedule III of the Companies Act, 2013. Based on the nature of products and the time lag between the acquisition of assets for processing and their realisation in cash and cash equivalents, 12 month period has been considered by the Company as its normal operating cycle.

### 1.6 Property, Plant and Equipment (PPE):

On transition to Ind AS, the Company has elected to continue with the carrying value of all its property plant and equipment recognized as at 1<sup>st</sup> April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Property, plant and equipment are stated at acquisition or construction cost less accumulated depreciation and impairment loss. Cost comprises the purchase price and any attributable cost of bringing the asset to its location and working condition for its intended use, including relevant borrowing costs and any expected costs of de-commissioning.

If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (major components) of PPE.

The cost of an item of PPE is recognised as an asset if, and only if, it is probable that the economic benefits associated with the item will flow to the Company in future periods and the cost of the item can be measured reliably. Expenditure incurred after the PPE have been put into operations, such as repairs and maintenance expenses, are charged to the Standalone Statement of Profit and Loss during the year in which they are incurred.

## Notes

### forming part of the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2020

Items such as spare parts, standby equipment and servicing equipment are recognised as PPE when these are held for use in the production or supply of goods or services, or for administrative purpose, and are expected to be used for more than one year. Otherwise, such items are classified as inventory.

An item of PPE is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on the disposal or retirement of an item of PPE, is determined as the difference between the sales proceeds and the carrying amount of the asset, and is recognised in Statement of Profit and Loss.

Capital work-in-progress includes cost of property, plant and equipment under installation/under development as at the reporting date.

#### 1.7 Treatment of Expenditure during Construction Period:

Expenditure, net of income earned, during construction (including financing cost related to borrowed funds for construction or acquisition of qualifying PPE) period is included under capital work-in-progress, and the same is allocated to the respective PPE on the completion of construction. Advances given towards acquisition or construction of PPE outstanding at each reporting date are disclosed as Capital Advances under "Other Non-Current Assets".

#### 1.8 Depreciation:

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life and is provided on a straight-line basis, except for Viscose Staple Fibre Division (excluding Power Plants), Nagda, and Corporate Finance Division, Mumbai for which it is provided on written down value method, over the useful lives as prescribed in Schedule II of the Companies Act, 2013, or as per technical assessment.

Depreciable amount for PPE is the cost of PPE less its estimated residual value. The useful life of PPE is the period over which PPE is expected to be available for use by the Company, or the number of production or similar units expected to be obtained from the asset by the Company.

The Company has used the following useful lives of the property, plant and equipment to provide depreciation.

#### A. Major assets class where useful life considered as provided in Schedule II:

S. No.	Nature of Assets	Estimated Useful Life of the Assets
1.	Plant and Machinery - Continuous Process Plant	25 years
2.	Reactors	20 years
3.	Vessel/Storage Tanks	20 years
4.	Factory Buildings	30 years
5.	Building (other than Factory Buildings) RCC Frame Structure	60 years
6.	Electric Installations and Equipment (at Factory)	10 years
7.	Computer and other Hardwares	3 years
8.	General Laboratory Equipment	10 years
9.	Railway Sidings	15 years
10.	- Carpeted Roads- Reinforced Cement Concrete (RCC)	10 years
	- Carpeted Roads- other than RCC	5 years
	- Non Carpeted Roads	3Years
11.	Fences, wells, tube wells	5 years

## Notes

### forming part of the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2020

In case of certain class of assets, the Company uses different useful life than those prescribed in Schedule II of the Companies Act, 2013. The useful life has been assessed based on technical advice, taking into account the nature of the asset, the estimated usage of the asset on the basis of the management's best estimation of getting economic benefits from those classes of assets. The Company uses its technical expertise along with historical and industry trends for arriving at the economic life of an asset.

Also, useful life of the part of PPE which is significant to the total cost of PPE, has been separately assessed and depreciation has been provided accordingly.

#### B. Assets where useful life differs from Schedule II:

S. No.	Nature of Assets	Useful Life as Prescribed by Schedule II of the Companies Act, 2013	Estimated Useful Life of the Assets
1.	Plant & Machinery:-		
1.1	Other Than Continuous Process Plant (Single Shift)	15 Years	15-20 years
1.2	Other Than Continuous Process Plant (Double Shift)	Additional 50% depreciation over single shift (10 Years)	20 years
1.3	Other Than Continuous Process Plant (Triple Shift)	Additional 100% depreciation over single shift (7.5 Years)	10-15 years
2.	Motor Vehicles	6-10 Years	4-5 years
3.	Electronic Office Equipment	5 Years	4 years
4.	Furniture, Fixtures and Electrical Fittings	10 Years	5-7 years
5.	Building (other than Factory Buildings) other than RCC Frame Structures	30 Years	60 years
6.	Power Plant	40 Years	25 years
7.	Servers and Networks	6 Years	3 years
8.	Spares in the nature of PPE		10 years
9.	Assets individually costing less than or equal to ₹ 10,000/-		Fully depreciated in the year of purchase
10.	Separately identified Component of Plant and Machinery		2-25 years

The estimated useful lives, residual values and the depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Continuous process plant, as defined in Schedule II of the Companies Act, 2013, have been classified on the basis of technical assessment and depreciation is provided accordingly.

Depreciation on additions is provided on a pro-rata basis from the month of installation or acquisition, and in case of a new Project, from the date of commencement of commercial production. Depreciation on deductions/disposals is provided on a pro-rata basis up to the month preceding the month of deduction/disposal.

## Notes

forming part of the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2020

### 1.9 Intangible Assets acquired separately and Amortisation:

On transition to Ind AS, the Company has elected to continue with the carrying value of all its Intangible Assets recognized as at 1 April 2015, measured as per the previous GAAP and use that carrying value as the deemed cost of the Intangible Assets.

Intangible assets, acquired separately, are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset. Intangible assets are amortised on a straight-line basis over their estimated useful lives.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is de-recognised.

Intangible Assets and their useful lives are as under:

Sl. No.	Nature of Assets	Estimated Useful Life of the Assets
1.	Computer Software	3 years
2.	Trademarks, Technical Know-how	10 years
3.	Value of License/Right to use infrastructure	10 years
4.	Customer Relationship	15-25 years
5.	Brands	10 years
6.	Production Formula	10 years
7.	Distribution Network	25 years
8.	Right to Manage and Operate Manufacturing Facility	15 years
9.	Non-compete fees	3 years
10.	Order Backlog	3 months - 1 year

### 1.10 Internally Generated Intangible Assets - Research and Development Expenditure:

Revenue expenditure on research is expensed under the respective heads of the account in the period in which it is incurred. Development expenditure is capitalized as an asset, if the following conditions can be demonstrated:

- The technical feasibility of completing the asset so that it can be made available for use or sell.
- The Company has intention to complete the asset and use or sell it.

# Notes

## forming part of the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2020

- c) In case of intention to sell, the Company has the ability to sell the asset.
- d) The future economic benefits are probable.
- e) The Company has ability to measure the expenditure attributable to the asset during its development reliably.

Other development costs, which do not meet the above criteria, are expensed out during the period in which they are incurred.

PPE procured for research and development activities are capitalised.

### 1.11 Non-Current Assets Classified as Held for Disposal:

Assets are classified as held for disposal and stated at the lower of carrying amount and fair value less costs to sell.

To classify any Asset as "Asset Held for Disposal", the asset must be available for immediate sale and its sale must be highly probable. Such assets or group of assets are presented separately in the Balance Sheet, in the line "Assets Held for Disposal". Once classified as held for disposal, intangible assets and property, plant and equipment are no longer amortised or depreciated.

Management must be committed to the sale/distribution expected within one year from the date of classification.

### 1.12 Impairment of Non-Financial Assets:

At the end of each reporting period, the Company reviews the carrying amounts of non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units, for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication then the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss

## Notes

### forming part of the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2020

been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.13 Inventories:

Inventories are valued at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Raw materials, stores and spare parts, and packing materials are considered to be realisable at cost, if the finished products, in which they will be used, are expected to be sold at or above cost. The cost is computed on weighted-average basis which includes expenditure incurred for acquiring inventories like purchase price, import duties, taxes (net of tax credit) and other costs incurred in bringing the inventories to their present location and condition.

Cost of finished goods and work-in-progress includes the cost of conversion based on normal capacity and other costs incurred in bringing the inventories to their present location and condition. The cost of finished goods and work-in-progress is computed on weighted-average basis.

In the absence of cost, waste/scrap is valued at estimated net realisable value.

Obsolete, defective, slow moving and unserviceable inventories, if any, are duly provided for.

Proceeds in respect of sale of raw materials/stores are credited to the respective heads.

#### 1.14 Cash and Cash Equivalents

Cash and Cash Equivalents comprise cash on hand and cash at banks, including fixed deposit with original maturity period of three months or less and short-term highly liquid investments with an original maturity of three months or less.

#### 1.15 Cash Flow Statement

Cash flows are reported using the indirect method, whereby the net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

#### 1.16 Employee Benefits:

##### Short-Term Employee Benefits:

Short-term employee benefits are recognised as an expense on accrual basis.

##### Defined Contribution Plans:

Contribution payable to the recognised provident fund and approved superannuation scheme, which are substantially defined contribution plans, is recognised as expense in the Standalone Statement of Profit and Loss, when employees have rendered the service entitling them to the contribution.

The provident fund contribution as specified under the law is paid to the Regional Provident Fund Commissioner.



# Notes

## forming part of the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2020

### Defined Benefit Plans:

The obligation in respect of defined benefit plans, which covers Gratuity, Pension and other post-employment medical benefits, are provided for on the basis of an actuarial valuation at the end of each financial year using projected unit credit method. Gratuity is funded with an approved trust.

In respect of certain employees, Provident Fund contributions are made to a Trust, administered by the Company. The interest rate payable to the members of the Trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, and shortfall, if any, shall be made good by the Company. The Company's liability is actuarially determined (using the Projected Unit Credit Method) at the end of the year, and any shortfall in the Fund size maintained by the Trust set-up by the Company is additionally provided for.

Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the Balance Sheet with a charge or credit recognised in Other Comprehensive Income in the period in which they occur.

Re-measurement recognised in Other Comprehensive Income is reflected immediately in retained earnings and will not be reclassified to profit or loss in the Statement of Profit and Loss. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement.

The Company presents the first two components of defined benefit costs in Statement of Profit and Loss in the line item 'Employee Benefits Expense'.

The present value of the Defined Benefit Plan liability is calculated using a discount rate, which is determined by reference to market yields at the end of the reporting period on government bonds.

The retirement benefit obligation, recognised in the Balance Sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in the future contribution to the plans.

### Other Long-Term Benefits:

Long-term compensated absences are provided for on the basis of an actuarial valuation at the end of each financial year. Actuarial gains/losses, if any, are recognised immediately in the Standalone Statement of Profit and Loss.

## 1.17 Employee Share Based Payments:

### Equity-settled Transactions

Equity-settled share-based payments to employees are measured by reference to the fair value of the equity instruments at the grant date using Black-Scholes Model and Binomial Model.

The fair value, determined at the grant date of the equity-settled share-based payments, is charged to Standalone Statement of Profit and Loss on a systematic basis over the vesting period of the option, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in other equity.

## Notes

### forming part of the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2020

In case of forfeiture/lapse stock option, which is not vested, amortised portion is reversed by credit to employee compensation expense. In a situation where the stock option expires unexercised, the related balance standing to the credit of the Employee Stock Options Outstanding Account is transferred within other equity.

#### Cash-settled Transactions

The cost of cash-settled transactions is measured initially at fair value at the grant date using a Black-Scholes Merton Formula. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is re-measured to fair value at each reporting date up to, and including the settlement date, with changes in fair value recognised in employee benefits expense.

#### 1.18 Treasury Shares:

The Company has created an Employee Benefit Trust (EBT) for providing share-based payment to its employees. The Company uses EBT as a vehicle for distributing shares to employees under the Employee Stock Option Scheme. The EBT purchase shares of the Company from the market, for giving shares to employees. The Company treats EBT as its extension and shares held by EBT are treated as treasury shares.

Own equity instruments that are re-acquired (treasury shares) are recognised at cost and deducted from other equity. No gain or loss is recognised in the Standalone statement of profit and loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Share options whenever exercised, would be settled from such treasury shares.

#### 1.19 Foreign Currency Transactions:

In preparing the financial statements of the Company, transactions in foreign currencies, other than the Company's functional currency, are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the rate prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences on monetary items are recognised in the Standalone Statement of Profit and Loss in the period in which these arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- exchange differences relating to qualifying effective cash flow hedges.

#### 1.20 Derivative Financial Instruments and Hedge Accounting:

The Company enters into forward contracts to hedge the foreign currency risk of firm commitments and highly probable forecast transactions. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the Standalone Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the Standalone Statement of Profit and Loss depends on the nature of the hedging relationship and the nature of the hedged item.

The Company enters into derivative financial instruments viz. foreign exchange forward contracts, interest rate swaps and cross currency swaps to manage its exposure to interest rate, foreign exchange rate risks and commodity prices. The Company does not hold derivative financial instruments for speculative purposes.

# Notes

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### Hedge Accounting:

The Company designates certain hedging instruments in respect of foreign currency risk, interest rate risk and commodity price risk as cash flow hedges. At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows, and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The effective portion of changes in the fair value of the designated portion of derivatives that qualify as cash flow hedges is recognised in Other Comprehensive Income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Standalone Statement of Profit and Loss.

Amounts previously recognised in Other Comprehensive Income and accumulated in other equity relating to (effective portion as described above) are re-classified to the Statement of Profit and Loss in the periods when the hedged item affects profit or loss. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in Other Comprehensive Income and accumulated in other equity at that time remains in other equity and is recognised when the forecast transaction is ultimately recognised in Standalone Statement of Profit and Loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in other equity is recognised immediately in Standalone Statement of Profit and Loss.

### 1.21 Fair Value Measurement:

The Company measures financial instruments, such as investments (other than equity investments in Subsidiaries, Joint Ventures and Associates) and derivatives at fair values at each Balance Sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability, or

In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

## Notes

### forming part of the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2020

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use, or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities (for which fair value is measured or disclosed in the financial statements) are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable other than quoted prices included in Level 1.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for disposal in discontinued operations.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

#### 1.22 Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### Financial Assets

###### Initial Recognition and Measurement

All financial assets are recognised initially at fair value. However, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset are added to the fair value. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

# Notes

## forming part of the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2020

### Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through Other Comprehensive Income (FVTOCI)
- Debt instruments, derivatives and equity instruments, mutual funds at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

### Debt Instruments at Amortised Cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

### Debt Instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI on the principal amount outstanding.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is re-classified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

### Debt Instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'Accounting Mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Standalone Statement of Profit and Loss.

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### Equity Instruments

Investment in Subsidiaries, Associates and Joint ventures are out of scope of Ind AS 109 and hence, the Company has accounted for its investment in Subsidiaries, Associates and Joint venture at cost.

All other equity investments are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For equity instruments other than held for trading, the Company has irrevocable option to present in Other Comprehensive Income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

Where the Company classifies equity instruments as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts of profit or loss from OCI to Statement of Profit and Loss, even on sale of investment.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Standalone Statement of Profit and Loss.

### Impairment of Financial Assets:

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. In case of financial assets, the Company follows the simplified approach permitted by Ind AS 109 – Financial Instruments – for recognition of impairment loss allowance. The application of simplified approach does not require the Company to track changes in credit risk of trade receivable. The Company calculates the expected credit losses on trade receivables using a provision matrix on the basis of its historical credit loss experience.

### De-recognition of Financial Assets:

The Company de-recognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises an associated liability.

On de-recognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in Other Comprehensive Income and accumulated in other equity is recognised in Standalone Statement of Profit and Loss.

### Financial Liabilities and Equity Instruments:

#### Classification as Debt or Equity:

Debt and equity instruments, issued by the Company, are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

#### Equity Instruments:

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

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### Financial Liabilities:

Financial liabilities are classified, at initial recognition as fair value through profit or loss:

- Loans and borrowings,
- Payables, or
- as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings and payables, are recognised net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

### Subsequent Measurement:

The measurement of financial liabilities depends on their classification, as described below:

### Financial Liabilities at FVTPL:

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading, if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading, unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the Standalone Statement of Profit and Loss.

Financial liabilities, designated upon initial recognition at FVTPL, are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied.

### Loans and Borrowings:

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in the Statement of Profit and Loss when the liabilities are de-recognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Standalone Statement of Profit and Loss.

### Financial Guarantee Contracts:

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs, because the specified debtor fails to make a payment when due, in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109, and the amount recognised less cumulative amortisation.

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### De-recognition of Financial Liabilities:

The Company de-recognises financial liabilities when and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability de-recognised and the consideration paid and payable is recognised in Standalone Statement of Profit and Loss.

### Embedded Derivatives:

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that would otherwise be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable, that the variable is not specific to a party to the contract. Re-assessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a re-classification of a financial asset out of the fair value through profit or loss. If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109, to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value, if their economic characteristics and risks are not closely related to those of the host contracts, and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

### Offsetting of Financial Instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### 1.23 Revenue Recognition:

(a) Revenue from contracts with customers;

- Revenue is recognized on the basis of approved contracts regarding the transfer of goods or services to a customer for an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.
- Revenue is measured at the fair value of consideration received or receivable taking into account the amount of discounts, incentives, volume rebates, outgoing taxes on sales. Any amounts receivable from the customer are recognised as revenue after the control over the goods sold are transferred to the customer which is generally on dispatch of goods.
- Variable consideration - This includes incentives, volume rebates, discounts etc. It is estimated at contract inception considering the terms of various schemes with customers and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. It is reassessed at end of each reporting period.
- Significant financing component - Generally, the Company receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Company does not adjust the promised



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amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

- (b) Dividend income is accounted for when the right to receive the income is established.
- (c) For all financial instruments measured at amortised cost or at fair value through Other Comprehensive Income, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset.
- (d) Insurance, railway and other claims, where quantum of accruals cannot be ascertained with reasonable certainty, are accounted on acceptance basis.

### 1.24 Borrowing Costs:

Borrowing cost includes interest expense, amortisation of discounts, hedge related cost incurred in connection with foreign currency borrowings, ancillary costs incurred in connection with borrowing of funds and exchange difference, arising from foreign currency borrowings, to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs, that are attributable to the acquisition or construction or production of a qualifying asset, are capitalised as part of the cost of such asset till such time the asset is ready for its intended use. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing cost are recognized in Statement of Profit and Loss in the period in which they are incurred.

### 1.25 Government Grants and Subsidies:

Government Grants are recognised when there is a reasonable assurance that the same will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised in the Statement of Profit and Loss by way of a deduction to the related expense on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income on a systematic basis over the expected useful life of the related asset.

Government grants, that are receivable towards capital investments under State Investment Promotion Scheme, are recognised in the Statement of Profit and Loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates and is being recognised in the Statement of Profit and Loss.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset.

### 1.26 Exceptional Item:

Exception items include income or expense that are considered to be part of ordinary activities, however, are of such significance and nature that separate disclosure enables the user of Financial Statements to

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understand the impact in a more meaningful manner. Exceptional items are identified by virtue of either their size or nature so as to facilitate comparison with prior periods and to assess underlying trends in the financial performance of the Company.

### 1.27 Provision for Current and Deferred Tax:

#### Current Income Tax:

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax, relating to items recognised outside of the Statement of Profit and Loss, is recognised outside of the Statement of Profit and Loss (either in Other Comprehensive Income or in other equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in other equity. The management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and established provisions, where appropriate.

#### Deferred Tax:

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities, and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available, against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date, and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws), that have been enacted or substantively enacted at the reporting date.

Deferred tax, relating to items recognised outside profit or loss, is recognised outside profit or loss (either in Other Comprehensive Income or in other equity). Deferred tax items are recognised in correlation to the

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underlying transaction either in OCI or directly in other equity. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities, and the deferred taxes relate to the same taxable entity and the same taxation authority.

### 1.28 Minimum Alternate Tax (MAT)

MAT is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal Income Tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised, it is credited to the Statement of Profit and Loss and is considered as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income Tax during the specified period. Minimum Alternate Tax (MAT) Credit are in the form of unused tax credits that are carried forward by the Company for a specified period of time, hence, it is presented with Deferred Tax Asset.

### 1.29 Provisions and Contingent Liabilities:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A present obligation that arises from past events, where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Claims against the Company, where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised.

#### Warranty Provisions

Provisions for warranty-related costs are recognised as an expense in the Standalone Statement of Profit and Loss when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

### 1.30 Earnings Per Share (EPS):

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted-average number of equity shares outstanding during the period. The weighted-average number of equity shares outstanding during the period and for all periods presented is adjusted for events such as bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted-average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### 1.31 Significant Accounting Judgements, Estimates and Assumptions:

The preparation of financial statements, in conformity with the Ind AS requires judgments, estimates and assumptions to be made, that affect the reported amounts of assets and liabilities on the date of the financial statements, the reported amounts of revenues and expenses during the reporting period and the disclosures relating to contingent liabilities as of the date of the financial statements. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in outcomes different from the estimates. Difference between actual results and estimates are recognized in the period in which the results are known or materialise. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in the current and future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of asset and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

- **Classification of Lease Ind AS 116:**

Ind AS 116 Leases requires a lessee to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of lease and the importance of the underlying lease to the Company's operations taking into account the location of the underlying asset and the availability of the suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

- **Litigation and contingencies:**

The Company has ongoing litigations with various regulatory authorities. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on management's assessment of specific circumstances of each dispute and relevant external advice, management provides for its best estimate of the liability. Such accruals are by nature complex and can take number of years to resolve and can involve estimation uncertainty. Information about such litigations is provided in notes to the financial statements.

- **Assessment of Impairment of investments in subsidiaries, associates and joint ventures:**

The Company reviews its carrying value of investments in subsidiaries, associates and joint ventures annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for. Determining whether the investments

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is subsidiaries, associates and joint ventures is impaired requires an estimate in the value in use of investments. The Management carries out impairment assessment for each investment by comparing the carrying value of each investment with the net worth of each company based on audited financials, comparable market price and comparing the performance of the investee companies with projections used for valuations, in particular those relating to the cash flows, sales growth rate, pre-tax discount rate and growth rates used and approved business plans.

- **Useful Lives of Property, Plant and Equipment and Intangible Assets:**

The Company uses its technical expertise along with historical and industry trends for determining the economic life of an asset/component of an asset. The useful lives are reviewed by the management periodically and revised, if appropriate. In case of a revision, the unamortised depreciable amount is charged over the remaining useful life of the assets.

- **Measurement of Defined Benefit Obligation:**

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

- **Deferred Tax Assets/Deferred Tax liability:**

Pursuant to the announcement of the changes in the corporate tax regime, the Companies have an option to either opt for the new tax regime or continue to pay taxes as per the old applicable tax structure together with the other benefits available to the companies including utilisation of the MAT credit available. This requires significant estimation in determining in which year the Company would migrate to the new tax regime basis future year's taxable profits including the impact of ongoing expansion plans of the Company and consequential utilisation of available MAT credit. Accordingly, in accordance with IND AS 12 - Income Taxes, deferred tax assets and liabilities are required to be measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

- **Recognition and Measurement of Provisions and Contingencies:**

Key assumptions about the likelihood and magnitude of an outflow of resources.

- **Fair Value Measurement of Financial Instruments:**

When the fair value of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair values are measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable market where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgement include consideration of input such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

- **Share-based Payments:**

The Company measures the cost of equity-settled transactions with employees using Black-Scholes Model to determine the fair value of the liability incurred on the grant date. Estimating fair value for

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share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 4.8

#### 1.32 Cash Dividend to Equity Holders of the Company:

The Company recognises a liability to make cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in other equity.

#### 1.33 Change of Accounting Policies on adoption of Ind AS 116:

The Company has applied Ind AS 116 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under Ind AS 17.

##### As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

- Lease payments included in the measurement of the lease liability comprise the following:
- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early

# Notes

## forming part of the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2020

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

### Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or lower and leases of low value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### The Company as a lessor:

The Company is not required to make any adjustments on transition to Ind AS 116 for leases in which it acts as a lessor, except for a sub - lease. The Company accounted for its sub leases in accordance with Ind AS 116 from the date of initial application.

### Leasehold Assets

Leasehold Land and Buildings	Over the period of Lease
------------------------------	--------------------------

## Notes

forming part of the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2020

## 2.1 PROPERTY, PLANT AND EQUIPMENT (PPE)

Description	Gross Block				Depreciation/Amortisation				Net Block	
	As at 1 <sup>st</sup> April 2019	Reclassified on account of Ind AS 116 (refer note 2.3)	Additions	Deductions	As at 31 <sup>st</sup> March 2020	Reclassified on account of Ind AS 116 (refer note 2.3)	For the Year	Adjustments/ Deductions	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2020
Tangible Assets*										
Freehold Land	836.48	-	3.25	-	839.73	-	-	-	-	839.73
Leasehold Land	404.85	(404.85)	-	-	-	(15.37)	-	-	-	-
Leasehold Improvements	2.36	-	0.21	-	2.57	-	0.18	-	1.74	0.83
Buildings	1,559.39	-	304.35	4.13	1,859.61	-	68.75	2.72	309.90	1,549.71
Plant and Equipment	9,372.26	-	1,283.51	114.60	10,541.17	-	603.98	66.87	2,564.13	7,977.04
Furniture and Fixtures	67.30	-	15.08	5.06	77.32	-	14.12	4.07	39.84	37.48
Vehicles	129.97	-	20.92	11.27	139.62	-	20.08	9.16	71.59	68.03
Office Equipment	96.31	-	28.20	11.36	113.15	-	19.18	10.71	54.91	58.24
Salt Pans, Reservoir and Condensers	7.41	-	-	-	7.41	-	-	-	7.04	0.37
Railway Sidings	19.52	-	1.36	0.02	20.86	-	0.84	0.01	11.78	9.08
<b>Total Tangible Assets</b>	<b>12,495.85</b>	<b>(404.85)</b>	<b>1,656.88</b>	<b>146.44</b>	<b>13,601.44</b>	<b>(15.37)</b>	<b>727.13</b>	<b>93.54</b>	<b>3,060.93</b>	<b>10,540.51</b>
							Capital Work-in-Progress (including Pre-Operative Expenses)			2,791.92
									<b>Total PPE</b>	<b>13,332.43</b>

Description	Gross Block				Depreciation/Amortisation				Net Block	
	As at 1 <sup>st</sup> April 2018	Reclassified on account of Ind AS 116 (refer note 2.3)	Additions	Deductions	As at 31 <sup>st</sup> March 2019	Reclassified on account of Ind AS 116 (refer note 2.3)	For the Year	Adjustments/ Deductions	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2019
Tangible Assets*										
Freehold Land	777.73	-	58.80	0.05	836.48	-	-	-	-	836.48
Leasehold Land	399.55	-	5.30	-	404.85	10.10	5.27	-	15.37	389.48
Leasehold Improvements	1.89	-	0.47	-	2.36	1.10	0.46	-	1.56	0.80
Buildings	1,438.39	-	121.88	0.88	1,559.39	184.64	59.74	0.51	243.87	1,315.52
Plant and Equipment	8,489.96	-	947.54	65.24	9,372.26	1,526.60	546.15	45.73	2,027.02	7,345.24
Furniture and Fixtures	49.55	-	18.67	0.92	67.30	20.67	9.98	0.86	29.79	37.51
Vehicles	118.55	-	19.65	8.23	129.97	48.10	18.90	6.33	60.67	69.30
Office Equipment	78.49	-	20.84	3.02	96.31	32.93	16.31	2.80	46.44	49.87
Salt Pans, Reservoir and Condensers	7.41	-	-	-	7.41	7.04	-	-	7.04	0.37
Railway Sidings	19.47	-	0.05	-	19.52	10.12	0.83	-	10.95	8.57
<b>Total Tangible Assets</b>	<b>11,380.99</b>	<b>-</b>	<b>1,193.20</b>	<b>78.34</b>	<b>12,495.85</b>	<b>1,841.30</b>	<b>657.64</b>	<b>56.23</b>	<b>2,442.71</b>	<b>10,053.14</b>
							Capital Work-in-Progress (including Pre-Operative Expenses)			1,567.20
									<b>Total PPE</b>	<b>11,620.34</b>

\* Net Block of Tangible Assets amounting to ₹ 1,623.88 Crore (Previous Year ₹ 1,564.20 Crore) are pledged as security against the secured borrowings.



## Notes

forming part of the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2020

### Notes:

(₹ in Crore)

		As on 31 <sup>st</sup> March 2020	As on 31 <sup>st</sup> March 2019
2.1.1	Freehold land and building includes cost of land for which deeds are in the process of execution:		
	Land & Building (Gross Block)	65.71	65.58
	Land & Building (Net Block)	64.08	64.25
	The titles of the immovable assets transferred from Aditya Birla Nuvo Limited (ABNL) & Aditya Birla Chemical India Limited (ABCIL pursuant to the respective Scheme of Merger are in the process of being transferred in the name of the Company:		
	Leasehold land (Refer note 2.3)	-	212.47
	Land & Building (Gross Block)	847.31	1,096.93
	Land & Building (Net Block)	802.46	1,024.89
2.1.2	Building includes workers' quarters mortgaged with State Government against subsidies received:		
	Gross Block	0.37	0.37
	Net Block	0.18	0.18
2.1.3	PPE held on Co-ownership with other companies:		
	Leasehold Land ( Refer note 2.3)	-	129.62
	Buildings	72.76	72.76
	Plant and Equipment	0.40	0.40
	Furniture and Fixtures	2.17	4.07
	Vehicles	0.07	0.07
	Office Equipments	2.21	8.04
	Gross Block	77.61	214.96
	Net Block	49.53	183.33
2.1.4	PPE includes Capital Expenditure for Research and Development activities by approved in-house R&D Centres:		
	Gross Block	172.24	158.64
	Net Block	110.23	107.36
	Additions during the Year	15.86	11.34
	Capital Work-in-Progress	2.83	5.97
	Right of Use Assets	0.53	-
2.1.5	Pre-Operative Expenses Pending Allocation included in Capital Work-in-Progress:		
	Expenditure incurred during the year:		
	Raw Materials Consumed	4.16	13.43
	Salaries, Wages and Bonus	32.82	28.80
	Contribution to Provident and Other Funds	1.25	1.17
	Contribution to Gratuity Fund	0.42	1.44

## Notes

forming part of the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2020

(₹ in Crore)

	As on 31 <sup>st</sup> March 2020	As on 31 <sup>st</sup> March 2019
Expenses on Employee Stock Option Scheme	0.60	0.27
Finance Costs	39.11	4.99
Power and Fuel	5.05	10.13
Consumption of Stores, Spare Parts and Components, Packing Materials And Incidental Expenses	0.65	2.65
Repairs and Maintenance	5.14	4.77
Insurance	4.38	1.13
Rent	0.96	0.39
Miscellaneous Expenses	25.94	41.00
	<b>120.48</b>	110.17
Less: Income Earned during the year		
Sale of Trial Run Production	11.47	9.68
Stock of Trial Run Production	2.41	3.36
Interest Received	0.20	1.09
Miscellaneous Receipts	0.10	0.30
	<b>14.18</b>	14.43
Total Pre-Operative Expenses incurred during the year	<b>106.30</b>	95.74
Add: Pre-Operative Expenditure Incurred upto Previous Year	<b>110.29</b>	26.95
Less: Pre-Operative Expenditure Allocated to PPE during the Year	<b>55.37</b>	12.40
Less: Pre-Operative Expenditure Charged to Statement of Profit and Loss during the Year	<b>3.72</b>	-
<b>Total Pre-Operative Expenses Pending Allocation</b>	<b>157.50</b>	110.29

# Notes

forming part of the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2020

## 2.2 OTHER INTANGIBLE ASSETS

Description	Gross Block		Depreciation/Amortisation		Net Block	
	As at 1 <sup>st</sup> April 2019	As at 31 <sup>st</sup> March 2020	As at 1 <sup>st</sup> April 2019	For the Year	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2020
	Additions	Deductions	For the Year	Adjustments/ Deductions		
Intangible Assets						
Computer Software	18.43	5.84	11.88	3.85	15.66	8.53
Value of License/Right to Use	62.99	-	25.47	6.02	31.49	31.50
Customer Relationship	369.90	-	26.49	16.84	43.33	326.57
Production Formula	19.00	-	3.33	1.90	5.23	13.77
Distribution Network	49.90	-	3.49	2.00	5.49	44.41
Order Back Log	16.70	-	16.70	0.00	16.70	0.00
Technical Know-how	2.88	-	2.07	0.22	2.29	0.59
Trade Mark and Brand	130.23	-	24.67	14.11	38.78	91.45
Right to Manage and Operate Manufacturing Facilities	661.50	5.00	51.46	44.12	95.58	570.92
Non Compete	21.50	-	8.37	7.17	15.54	5.96
<b>Total Intangible Assets</b>	<b>1,353.03</b>	<b>10.84</b>	<b>173.93</b>	<b>96.23</b>	<b>270.09</b>	<b>1,093.70</b>

Description	Gross Block		Depreciation/Amortisation		Net Block	
	As at 1 <sup>st</sup> April 2018	As at 1 <sup>st</sup> April 2019	As at 1 <sup>st</sup> April 2018	For the Year	As at 1 <sup>st</sup> April 2019	As at 1 <sup>st</sup> April 2019
	Additions	Deductions	For the Year	Adjustments/ Deductions		
Intangible Assets						
Computer Software	13.45	4.98	9.28	2.60	11.88	6.55
Value of License/Right to Use	62.99	-	19.45	6.02	25.47	37.52
Customer Relationship	369.90	-	9.64	16.85	26.49	343.41
Production Formula	19.00	-	1.43	1.90	3.33	15.67
Distribution Network	49.90	-	1.50	1.99	3.49	46.41
Order Back Log	16.70	-	9.03	7.67	16.70	-
Technical Know-how	2.88	-	1.77	0.30	2.07	0.81
Trade Mark and Brand	130.23	-	10.54	14.13	24.67	105.56
Right to Manage and Operate Manufacturing Facilities	661.50	-	7.35	44.11	51.46	610.04
Non Compete	21.50	-	1.19	7.18	8.37	13.13
<b>Total Intangible Assets</b>	<b>1,348.05</b>	<b>4.98</b>	<b>71.18</b>	<b>102.75</b>	<b>173.93</b>	<b>1,179.10</b>

## Notes

forming part of the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2020

### 2.3 LEASES

#### I. As a lessee (Ind AS 116)

- (a) The Company has implemented Indian Accounting Standard for Leases ("Ind AS 116") with effect from 1<sup>st</sup> April 2019 using the modified retrospective approach, under which the cumulative effect of Initial application is recognized in retained earnings as on 1<sup>st</sup> April 2019. The effect of initial recognition as per Ind AS 116 is as follows:

(₹ in Crore)	
Particulars	As on 1 <sup>st</sup> April 2019
Increase in Lease Liability	(60.57)
Increase in Right of Use asset	54.90
Increase in Deferred tax assets	1.98
<b>Net Impact on Retained Earnings</b>	<b>(3.69)</b>

- (b) The difference between the future minimum lease rental commitments towards non-cancellable operating leases and finance leases reported as at 31<sup>st</sup> March 2019 compared to the lease liability as accounted as at 1<sup>st</sup> April 2019 is primarily due to contracts reassessed as lease contracts under Ind AS 116, reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the Company has chosen to apply the practical expedient as per the standard.

(₹ in Crore)	
Particulars	Amount
Lease commitments as at 31 <sup>st</sup> March 2019 (Operating lease as per Ind AS 17)	15.05
Add/(less): contracts reassessed as lease contracts	62.96
Less: Discounting impact	17.44
<b>Lease liabilities as on 1<sup>st</sup> April 2019</b>	<b>60.57</b>

Right of use assets of ₹ 54.9 Crore and lease liabilities of ₹ 60.57 Crore have been recognised as on 1<sup>st</sup> April 2019.

The weighted average incremental borrowing rate applied to lease liabilities as at 1<sup>st</sup> April 2019 is between the range of 7.31% to 8.32% for a period varying from 1 to 57 years.

#### (c) Carrying value of right of use assets at the end of the reporting period by class

(₹ in Crore)							
	Balance as at 1 <sup>st</sup> April 2019	Reclassified on account of Ind AS 116 (Gross Block)	Reclassified on account of Ind AS 116 (Accumulated Depreciation)	Addition during the year	Deletion during the year	Depreciation for the year	Balance as at 31 <sup>st</sup> March 2020
Land * #	2.10	404.85	15.37	6.56	-	5.36	392.78
Building	46.03	-	-	22.56	1.09	16.36	51.14
Plant and Machinery	6.77	-	-	-	-	1.68	5.09
<b>Total</b>	<b>54.90</b>	<b>404.85</b>	<b>15.37</b>	<b>29.12</b>	<b>1.09</b>	<b>23.40</b>	<b>449.01</b>

\* The titles of the leasehold land of ₹ 199.28 Crore (Net Block), transferred from Aditya Birla Nuvo Limited (ABNL) and Aditya Birla Chemical India Limited (ABCIL) pursuant to the respective Scheme of Merger, are in the process of being transferred in the name of the Company.

# Includes Leasehold land of ₹ 133.86 Crore of co-ownership with other companies.

## Notes

forming part of the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2020

(d) Analysis of Lease liability:

(d1) The following is the movement in lease liabilities during the year ended 31<sup>st</sup> March 2020:

(₹ in Crore)	
Particulars	Amount
Opening Lease Liability as on 1 <sup>st</sup> April 2019	60.57
Addition during the year	22.57
Cancellation of lease contracts	(1.09)
Finance Cost accrued during the period	5.47
Payment of Lease Liabilities	(21.76)
<b>Closing Lease Liability as on 31<sup>st</sup> March 2020</b>	<b>65.76</b>

(d2) Maturity analysis of lease liabilities

(₹ in Crore)	
Maturity analysis – contractual undiscounted cash flows	As on 31 <sup>st</sup> March 2020
Less than one year	13.64
One to five years	34.75
More than five years	28.63
<b>Total undiscounted lease liabilities at 31<sup>st</sup> March 2020</b>	<b>77.02</b>
<b>Lease liabilities included in the statement of financial position</b>	
Current	13.15
Non-Current	52.61

(e) Amounts recognised in profit or loss

(₹ in Crore)	
Particulars	2019-20
Interest on lease liabilities	5.47
Variable lease payments not included in the measurement of lease liabilities	0.55
Expenses relating to short-term leases	10.96
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	3.63

(f) Amounts recognised in the statement of cash flows

(₹ in Crore)	
Particulars	2019-20
Total cash outflow for leases	21.76

## II. As a lessee (Ind AS 17) for year ended 31<sup>st</sup> March 2019:

(a) Future minimum rentals payable under non-cancellable operating lease

(₹ in Crore)	
Particulars	As on 31 <sup>st</sup> March 2019
Within one year	12.91
After one year but not more than five years	2.12
More than five years	0.02

(b) Operating lease payment recognised in the Statement of Profit and Loss amounts to ₹ 37.71 Crore for the year ended 31<sup>st</sup> March 2019.

(c) General Description of Leasing Agreements:

- (i) Lease Assets: Godowns, Offices, Residential Flats, Showroom and Others.
- (ii) Future Lease Rentals are determined on the basis of agreed terms.
- (iii) At the expiry of lease terms, the Company has an option to return the assets or extend the term by giving notice in writing.

## Notes

forming part of the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2020

### III. AS LESSOR

#### Operating Lease

The Company has entered into operating leases on its office buildings. These leases have terms of 10 years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

The total rents recognised as income during the year is ₹ 0.22 Crore (31<sup>st</sup> March 2019: Nil). Future minimum rentals receivable under non-cancellable operating leases as at 31<sup>st</sup> March 2020 are, as follows:

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Within one year	1.26	-
After one year but not more than five years	5.45	-
More than five years	7.50	-

### 2.4 NON-CURRENT FINANCIAL ASSETS - INVESTMENTS IN EQUITY INSTRUMENTS (Fully paid up)

(₹ in Crore)

	Face Value	Number of Shares/ Securities	As at 31 <sup>st</sup> March 2020	Number of Shares/ Securities	As at 31 <sup>st</sup> March 2019
<b>Subsidiaries: Carried at Cost</b>					
UltraTech Cement Limited <sup>#</sup>	₹ 10	165,335,150	2,636.25	165,335,150	2,636.25
Aditya Birla Capital Limited <sup>#</sup>	₹ 10	1,309,240,000	17,846.95	1,232,240,000	17,076.95
ABNL Investment Limited	₹ 10	28,140,000	108.79	28,140,000	108.79
Samruddhi Swastik Trading and Investments Limited	₹ 10	6,500,000	6.50	6,500,000	6.50
Aditya Birla Renewables Limited	₹ 10	245,935,872	283.57	118,809,600	118.82
Aditya Birla Solar Limited	₹ 10	66,585,354	66.83	66,585,354	66.83
Grasim Premium Fabric Private Limited - Class 'A' shares	₹ 10	102,658,983	122.78	102,658,983	124.05
Grasim Premium Fabric Private Limited - Class 'B' shares	₹ 10	10,431,570	11.23	10,431,570	11.35
			21,082.90		20,149.54
<b>Joint Ventures: Carried at Cost</b>					
AV Group NB Inc., Canada, Class 'A' Shares of aggregate value of Canadian Dollar 38.25 Million	WPV	204,750	153.04	204,750	153.04
Aditya Birla Elyaf Sanayi Ve Ticaret Anonim Sirketi	₹ 10	16,665	0.47	16,665	0.47
AV Terrace Bay Inc., Canada	CAD 1	28,000,000	156.36	28,000,000	156.36
Aditya Group AB, Sweden	SEK 1,000	50	274.89	50	274.89
Bhubaneswari Coal Mining Limited	₹ 10	33,540,000	33.54	33,540,000	33.54
Aditya Birla Power Composites Limited	₹ 10	51,000	0.05		-
Birla Jingwei Fibres Company Limited, China, Shares of aggregate value of RMB 174.53 Million	WPV	-	117.40	-	117.40
			735.75		735.70

## Notes

forming part of the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2020

(₹ in Crore)

	Face Value	Number of Shares/ Securities	As at 31 <sup>st</sup> March 2020	Number of Shares/ Securities	As at 31 <sup>st</sup> March 2019
<b>Associates: Carried at Cost</b>					
Aditya Birla Science & Technology Company Private Limited	₹ 10	9,899,500	11.35	9,899,500	11.35
Aditya Birla Idea Payment Bank Limited (refer note 3.10)	₹ 10		-	290,172,385	290.17
			11.35		301.52
			<b>21,830.00</b>		<b>21,186.76</b>

WPV - Without Par Value

# Quoted Investments

### 2.4.1 Aggregate Book Value of:

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Quoted Investments	20,483.20	19,713.20
Unquoted Investments	1,346.80	1,473.56
	<b>21,830.00</b>	<b>21,186.76</b>
Aggregate Market Value of Quoted Investments	59,167.22	78,084.15

### 2.4.2 Category wise Non-Current Investments:

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>Quoted:</b>		
Investments measured at Cost		
Equity Shares	20,483.20	19,713.20
<b>Sub-Total (a)</b>	<b>20,483.20</b>	<b>19,713.20</b>
<b>Unquoted:</b>		
Investments measured at Cost		
Equity Shares	1,346.80	1,473.56
<b>Sub-Total (a)</b>	<b>1,346.80</b>	<b>1,473.56</b>

## 2.5 NON-CURRENT FINANCIAL ASSETS - OTHER INVESTMENTS

(₹ in Crore)

	Face Value	Number of Shares/ Securities	As at 31 <sup>st</sup> March 2020	Number of Shares/ Securities	As at 31 <sup>st</sup> March 2019
<b>Investments in Equity Shares:</b>					
<b>Carried at Fair Value through Other Comprehensive Income (FVTOCI) {Note 4.9 A}</b>					
Thai Rayon Public Company Limited, Thailand <sup>#</sup>	Thai Baht 1	13,988,570	69.97	13,988,570	120.46
P.T. Indo Bharat Rayon Co. Limited, Indonesia	US\$ 100	5,000	445.92	5,000	427.02
Hindalco Industries Limited <sup>#</sup>	₹ 1	88,048,812	842.63	88,048,812	1,809.40

## Notes

forming part of the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2020

	Face Value	Number of Shares/ Securities	As at 31 <sup>st</sup> March 2020	Number of Shares/ Securities	(₹ in Crore) As at 31 <sup>st</sup> March 2019
Vodafone Idea Limited# { note 3.10 (d)}	₹ 10	3,317,566,167	1,028.45	1,008,540,115	1,840.59
Indophil Textile Mills Inc., Philippines	Peso 10	422,496	2.95	422,496	2.39
Birla International Limited - Isle of Man	CHF 100	2,500	4.61	2,500	4.19
Aditya Birla Fashion and Retail Ltd#	₹ 10	87,380,613	1,336.05	87,380,613	1,925.43
Bhadreshwar Vidyut Private Limited	₹ 10	5,069,000	0.10	1,996,000	0.04
			<b>3,730.68</b>		<b>6,129.52</b>
<b>Investments in Preference Shares:</b>					
<b>Carried at fair value through Profit or Loss (FVTPL) {Note 4.9A}</b>					
<b>Joint Ventures</b>					
6% Cumulative Redeemable Retractable Non-voting Preferred Shares of AV Group NB Inc., Canada, of aggregate value of Canadian Dollar 6.75 Million	WPV	6,750,000	26.77	6,750,000	24.53
1% Redeemable Preference Shares of Aditya Group AB, Sweden of aggregate value of USD 8 Million	WPV	160,000	44.89	160,000	44.41
<b>Others</b>					
11% Cumulative Redeemable Non-Convertible Preference Shares of TANFAC Industries Limited	₹ 100	-	-	500,000	5.00
8% Cumulative and Redeemable Preference Shares of Aditya Birla Fashion & Retail Limited	₹ 10	500,000	0.90	500,000	0.86
8% Preference Shares of Birla Management Centre Services Limited! Represents amount of ₹ 2000	₹ 10	200	!	200	!
			<b>72.56</b>		<b>74.80</b>
<b>Investments in Debentures and Bonds:</b>					
<b>Carried at FVTOCI# {Note 4.9A}*</b>					
7.34 % Indian Railway Finance Corporation Limited - Tax-Free Bond - 2028	₹ 1,000	-	-	600,000	63.91
11.50 % Family Credit Limited Perpetual Taxable Bond - 2021	₹ 1,000,000	-	-	112	11.58
9.50% State Bank of India Taxable Bond - 2025	₹ 10,000	-	-	107	0.11
			-		75.60
<b>Investments in various Mutual Funds units: Carried at Fair Value through Profit or Loss# {Note 4.9A}</b>	₹ 10	235,000,000	<b>272.51</b>	615,550,000	<b>694.94</b>
			<b>4,075.75</b>		<b>6,974.86</b>

All shares are fully paid-up, unless otherwise stated.

WPV - Without Par Value

# Quoted Investments

\* These investments have been reclassified as current investments as on 31<sup>st</sup> March 2020.



## Notes

forming part of the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2020

### 2.5.1 Aggregate Book Value of:

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Quoted Investments	3,549.61	6,466.42
Unquoted Investments	526.14	508.44
	4,075.75	6,974.86
Aggregate Market Value of Quoted Investments	3,549.61	6,466.42

### 2.5.2 Category wise Non-Current Investments:

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>Quoted:</b>		
Financial Investments measured at FVTOCI		
Equity Shares	3,277.10	5,695.88
Debentures or Bonds	-	75.60
<b>Sub-Total (a)</b>	<b>3,277.10</b>	<b>5,771.48</b>
Financial Investments measured at FVTPL		
Mutual Fund Units	272.51	694.94
<b>Sub-Total (b)</b>	<b>272.51</b>	<b>694.94</b>
<b>Total (a + b)</b>	<b>3,549.61</b>	<b>6,466.42</b>
<b>Unquoted:</b>		
Financial Investments measured at FVTOCI		
Equity Shares	453.58	433.64
<b>Sub-Total (a)</b>	<b>453.58</b>	<b>433.64</b>
Financial Investments measured at FVTPL		
Preference Shares	72.56	74.80
<b>Sub-Total (b)</b>	<b>72.56</b>	<b>74.80</b>
<b>Total (a + b)</b>	<b>526.14</b>	<b>508.44</b>

## 2.6 NON-CURRENT FINANCIAL ASSETS - LOANS

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
(Unsecured, Considered Good)		
(Carried at Amortised Cost)		
Security Deposits	157.71	123.14
Security Deposits to Related Parties (Note 4.5.3)	57.51	12.87
Loans to Employees	3.61	4.92
	218.83	140.93

## Notes

forming part of the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2020

### 2.7 NON-CURRENT FINANCIAL ASSETS - OTHERS

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
(Carried at Amortised Cost )		
Fixed Deposits with Banks with maturity more than 12 months <sup>#</sup>	1.51	1.46
Receivable towards divested business of erstwhile ABNL*	34.79	35.11
	<b>36.30</b>	<b>36.57</b>

\*The Company has to receive from purchaser towards tax refunds.

<sup>#</sup> Lodged as security with Government Departments.

### 2.8 OTHER NON-CURRENT ASSETS

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Capital Advances for Purchase of Property, Plant and Equipment	173.73	244.83
Other Advances (Deposit with Government Authorities, etc.)	6.39	10.07
	<b>180.12</b>	<b>254.90</b>

### 2.9 INVENTORIES

(Valued at lower of cost and net realisable value)

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020			As at 31 <sup>st</sup> March 2019		
	In Hand	In Transit	Total	In Hand	In Transit	Total
Raw Materials	783.00	496.34	1,279.34	1,098.17	645.24	1,743.41
Work-in-Progress	194.32	-	194.32	210.83	-	210.83
Finished Goods	708.33	23.44	731.77	495.87	63.91	559.78
Stock-in-trade	36.53	1.05	37.58	31.72	0.02	31.74
Stores and Spare Parts	332.48	43.23	375.71	354.50	24.19	378.69
Waste/Scrap (valued at Net Realisable Value)	7.48	-	7.48	7.21	-	7.21
	<b>2,062.14</b>	<b>564.06</b>	<b>2,626.20</b>	<b>2,198.30</b>	<b>733.36</b>	<b>2,931.66</b>

**2.9.1** The Company follows adequate accounting policy for writing down the value of Inventories towards slow moving, non-moving and surplus inventory. Write down of Inventories (Net of reversals) for the year ₹ 29.45 Crore (Previous year ₹ 11.27 Crore).

This is included as part of cost of materials consumed and changes in inventory of finished goods, work-in-progress and stock-in-trade in statement of profit and loss. Inventory values shown above are net of the write down.

**2.9.2** Working Capital Borrowings are secured by hypothecation of inventories of the Company (refer note 2.19).

## Notes

forming part of the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2020

### 2.10 CURRENT FINANCIAL ASSETS - INVESTMENTS

(₹ in Crore)

	Face Value	Number of Shares/ Securities	As at 31 <sup>st</sup> March 2020	Number of Shares/ Securities	As at 31 <sup>st</sup> March 2019
<b>Quoted:</b>					
<b>Investment in Equity Share: Carried at FVTOCI</b>					
Larsen & Toubro Limited	₹ 2	1,495,993	120.95	3,947,803	546.89
<b>Investments in Debentures and Bonds: Carried at FVTOCI</b>					
7.34% Indian Railway Finance Corporation Limited - Tax-Free Bond - 2028	₹ 1,000	600,000	66.74	-	-
8.10% Housing and Urban Development Corporation Limited - Tax-Free Bond - 2022	₹ 1,000	195,000	20.39	195,000	20.40
7.18% Indian Railway Finance Corporation Limited - Tax-Free Bond - 2023	₹ 1,000	190,000	19.83	400,000	41.14
8.20% National Highways Authority of India - Tax-Free Bond - 2022	₹ 1,000	-	-	147,238	15.41
11.50 % Family Credit Limited Perpetual - Taxable Bond - 2021	₹ 1,000,000	112	11.47	-	-
9.50% State Bank of India Taxable Bond - 2025	₹ 10,000	107	0.11	-	-
8.20% Power Finance Corporation Limited - Tax-Free Bond - 2022	₹ 1,000	119,546	12.50	119,546	12.50
<b>Investment in various Mutual Funds Units: Carried at FVTPL</b>		380,550,000	479.33	278,500,000	353.29
<b>Unquoted:</b>					
<b>Investment in various Mutual Funds Units: Carried at FVTPL</b>		206,631,720	1,039.08	895,574,032	1,976.32
			<b>1,770.40</b>		<b>2,965.95</b>

All shares are fully paid-up, unless otherwise stated

#### 2.10.1 Aggregate Book Value of:

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Quoted Investments	731.32	989.63
Unquoted Investments	1,039.08	1,976.32
	1,770.40	2,965.95
Aggregate Market Value of Quoted Investments	731.32	989.63
Aggregate Impairment in Value of Investments	-	-

## Notes

forming part of the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2020

### 2.10.2 Category wise Current Investments:

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>Quoted:</b>		
Financial Investments measured at FVTOCI		
Equity Shares	120.95	546.89
Debentures or Bonds	131.04	89.45
<b>Sub-Total (a)</b>	<b>251.99</b>	<b>636.34</b>
Financial Investments measured at FVTPL		
Mutual Fund Units	479.33	353.29
<b>Sub-Total (b)</b>	<b>479.33</b>	<b>353.29</b>
<b>Total (a + b)</b>	<b>731.32</b>	<b>989.63</b>
<b>Unquoted:</b>		
Financial Investments measured at FVTPL		
Mutual Fund Units	1,039.08	1,976.32
	<b>1,039.08</b>	<b>1,976.32</b>

### 2.11 TRADE RECEIVABLES\*

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
(Carried at Amortised Cost, except otherwise stated)		
(Unsecured, unless otherwise stated)		
Considered Good <sup>#</sup> {Secured ₹ 42.01 Crore (Previous Year ₹ 159.35 Crore)}	2,905.32	3,491.59
Trade Receivables which have significant increase in Credit Risk <sup>#</sup>	95.16	196.76
	<b>3,000.48</b>	<b>3,688.35</b>
Less: Allowance for Trade Receivables, which have significant increase in Credit Risk	95.16	196.76
	<b>2,905.32</b>	<b>3,491.59</b>
Trade receivables are interest and non-interest bearing and are generally upto 120 days terms.		
For ageing analysis of Trade receivables, refer to note 4.10 D(i)		
<sup>#</sup> Includes subsidy receivable from Government of India	1,389.31	1,551.08
<sup>@</sup> Includes amount due from related parties (Note 4.5.3)	47.61	79.90
<sup>*</sup> Includes amount in respect of which the Company holds Deposits and Letters of Credit/Guarantees from Banks	378.15	559.25

2.11.1 Working Capital Borrowings are secured by hypothecation of Book debts of the Company (refer note 2.19).

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

# Notes

forming part of the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2020

## 2.12 CASH AND CASH EQUIVALENTS

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Balances with Banks		
In Current Account	29.22	11.14
In EEFC Account	20.43	7.33
Cash on Hand	1.36	1.07
	<b>51.01</b>	<b>19.54</b>

- There are no restriction with regard to Cash and Cash Equivalents as at the end of reporting period and prior period.

## 2.13 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Earmarked Balance with Banks		
In Government Treasury Savings Account	0.03	0.03
Unclaimed Dividend	17.16	17.60
Bank Deposits (with maturity more than 3 months but less than 12 months)*	10.72	5.30
	<b>27.91</b>	<b>22.93</b>
- There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as at 31 <sup>st</sup> March 2020 and 31 <sup>st</sup> March 2019.		
* Includes		
Lodged as Security with Government Departments	0.10	0.94
Unclaimed Fractional Warrants	0.88	0.88
Of this the Company is in the process of transferring Fixed Deposits amounting to ₹ 3.30 Crore in its own name.		

## 2.14 CURRENT FINANCIAL ASSETS - LOANS

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Unsecured (Considered Good, unless otherwise stated) (Carried at Amortised Cost, except otherwise stated)		
Security Deposits	40.11	53.65
Loans to Related Parties (Note 4.5.3)	38.54	22.74
Loans to Employees and Body Corporates	46.70	41.89
	<b>125.35</b>	<b>118.28</b>

## Notes

forming part of the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2020

### 2.14.1 Disclosure as per Regulation 34 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 186 of the Companies Act, 2013

#### (a) Loans given to Subsidiaries, Joint Ventures and Associates:

(₹ in Crore)

Name of Companies	Terms	Maximum Balance Outstanding during the		Amount Outstanding	
		Current Year	Previous Year	Current Year	Previous Year
<b>Subsidiaries:</b>					
Samruddhi Swastik Trading and Investments Limited	Interest rate 6.43% p.a., payable on call	80.00	0.12	-	-
Aditya Birla Solar Limited	Interest rate 9.00% to 9.85% p.a., repayment in 89 to 180 days	13.00	14.65	13.00	-
Aditya Birla Renewables SPV1 Limited	Interest rate 9.00% to 9.95% p.a., repayment in 89 to 180 days	6.25	12.60	-	-
Aditya Birla Renewables Limited	Interest rate 8.60% p.a., repayment in 90 days (with early repayment option)	55.00	-	5.00	-
Aditya Birla Renewables Subsidiary Limited	Interest rate 9% p.a., repayment in 89 to 91 days	-	9.00	-	-
<b>Associates:</b>					
Aditya Birla Science & Technology Company Private Limited	Interest rate higher of G Sec and Bank rate, payable on call	22.74	22.74	20.54	22.74
Wacox Energy Private Limited (Associate of Aditya Birla Renewable Limited)	Interest rate 10.00% p.a., repayment in 120-125 days	-	35.00	-	-
	<b>Total</b>	<b>176.99</b>	<b>94.11</b>	<b>38.54</b>	<b>22.74</b>

The Loans have been utilised for meeting the business requirements by respective companies.

#### (b) Refer Note 2.4 for investments in Subsidiaries, Associates and Joint Ventures.

### 2.15 CURRENT FINANCIAL ASSETS - OTHERS

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
(Carried at Amortised Cost, except otherwise stated)		
Interest Accrued on Investments	8.92	6.82
Reimbursement of expenses receivable (receivable from Government of India)	195.15	136.24
Other Receivables from Related Parties (Note 4.5.3)	1.70	5.83
Derivative Assets	24.60	-
Government Incentive Receivable	37.32	45.70
Others (includes Insurance Claim Receivable, etc.)	18.76	12.45
	<b>286.45</b>	<b>207.04</b>

# Notes

forming part of the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2020

## 2.16 OTHER CURRENT ASSETS

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
(Unsecured considered good, unless otherwise stated)		
Balances with Government Authorities	242.45	316.43
Other Receivables from Related Parties (Note 4.5.3)	2.92	1.89
Advances to Suppliers	204.16	262.38
Less: Loss Allowance	(11.37)	(11.37)
Others (includes Prepayments)	15.10	47.04
	<b>453.26</b>	<b>616.37</b>

## 2.17 EQUITY SHARE CAPITAL

### 2.17.1 Authorised

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
1,472,500,000 Equity Shares of ₹ 2 each (Previous Year 1,472,500,000 Equity Shares of ₹ 2 each)	294.50	294.50
1,100,000 Redeemable Cumulative Preference Shares of ₹ 100 each (Previous Year 1,100,000 Preference Shares of ₹ 100 each)	11.00	11.00
	<b>305.50</b>	<b>305.50</b>

### 2.17.2 Issued, Subscribed and Fully Paid-up

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
657,798,938 Equity Shares of ₹ 2 each (Previous Year 657,598,363 Equity Shares of ₹ 2 each) fully paid-up	131.56	131.52
<b>Share Capital Suspense</b>		
28,295 Equity Shares of ₹ 2 each (Previous Year 28,295 Equity Shares of ₹ 2 each) to be issued as fully paid-up pursuant to acquisition of Cement Business of Aditya Birla Nuvo Limited under Scheme of Arrangement without payment being received in cash	0.01	0.01
	<b>131.57</b>	<b>131.53</b>

#### Shares kept in Abeyance

Pursuant to provisions of section 126 of the Companies Act 2013, the issue of 61,985 equity shares (previous year 61,985 equity shares) are kept in abeyance.

### 2.17.3 Reconciliation of the Number of Equity Shares Outstanding (including Share Capital Suspense)

	Number of Shares		₹ in Crore	
	Current Year	Previous Year	Current Year	Previous Year
Outstanding as at the beginning of the year	657,626,658	657,399,730	131.53	131.48
Issued during the year under Employee Stock Option Scheme	200,575	226,928	0.04	0.05
Outstanding as at the end of the year	<b>657,827,233</b>	657,626,658	<b>131.57</b>	131.53

## Notes

forming part of the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2020

### 2.17.4 Rights, Preferences and Restrictions attached to Equity Shares

The Company has only one class of Equity Shares having a par value of ₹ 2 per share. Each holder of the Equity Shares is entitled to one vote per share. The Company declares dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the Shareholders.

2.17.5 The Company does not have any Holding Company.

### 2.17.6 List of Shareholders holding more than 5% Shares in the Equity Share Capital of the Company

	Current Year		Previous Year	
	No. of Shares	% Holding	No. of Shares	% Holding
Birla Group Holdings Private Limited *	125,004,398	19.00%	5,477,270	0.83%
Life Insurance Corporation of India	74,299,743	11.29%	60,824,295	9.25%
IGH Holdings Private Limited	33,628,393	5.11%	33,491,293	5.09%
Turquoise Investments and Finance Private Limited *	-	-	42,119,836	6.40%
Trapti Trading and Investments Private Limited *	-	-	41,525,217	6.31%
TGS Investment and Trade Private Limited*	-	-	35,882,075	5.46%

\*Merged with Birla Group Holdings Private Limited with effect from 8<sup>th</sup> July 2019 vide NCLT Order dated 9<sup>th</sup> May 2019

	Current Year		Previous Year	
	No. of Shares	% Holding	No. of Shares	% Holding
2.17.7 Equity Shares of ₹ 2 each (Previous Year ₹ 2 each) represented by Global Depository Receipts (GDRs) (GDR holders have voting rights as per the Deposit Agreement)	38,001,894	5.78%	42,368,187	6.44%

	Current Year	Previous Year
2.17.8 Shares reserved for issue under options and contracts, including the terms and amounts: For details of Shares reserved for issue under the Employee Stock Options Plan (ESOP) of the Company (Refer Note 4.8)	2,053,712	2,272,768



## Notes

forming part of the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2020

	Current Year	Previous Year
<b>2.17.9</b> Aggregate number of Equity Shares issued for consideration other than cash during the period of five years immediately preceding the reporting date	197,770,950	197,770,950
1,461,657* Equity Shares of ₹ 10 each issued in the financial year 2015-2016 as "fully paid up to the shareholders of Aditya Birla Chemicals (India) Limited (ABCIL), pursuant to the Scheme of Amalgamation (*number of equity shares adjusted post sub-division)	7,308,285	7,308,285
Equity Shares of ₹ 2 each issued in the financial year 2017-2018 as fully paid up to the shareholders of Aditya Birla Nuvo Limited (ABNL), pursuant to the Composite Scheme of Arrangement	190,462,665	190,462,665

### 2.18 OTHER EQUITY

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>a) Securities Premium</b>		
Balance at the beginning of the year	23,685.53	23,672.95
Add: ESOP Exercised	8.97	8.53
Transferred from Employee Stock Option Reserve	1.41	4.05
Balance at the end of the year	23,695.91	23,685.53
<b>b) Debenture Redemption Reserve</b>		
Balance at the beginning of the year	95.46	72.08
Add: Transfer from Retained Earnings	24.51	23.38
Less: Transfer to General Reserve	(119.97)	-
Balance at the end of the year	-	95.46
<b>c) General Reserve</b>		
Balance at the beginning of the year	11,464.40	11,464.40
Add: Transfer from Debenture Redemption Reserve	119.97	-
Balance at the end of the year	11,584.37	11,464.40
<b>d) Capital Reserve</b>		
Balance at the beginning of the year	3,670.17	3,670.17
Balance at the end of the year	3,670.17	3,670.17
<b>e) Treasury Shares</b>		
Balance at the beginning of the year	(111.74)	-
Add: Shares of the Company Purchased by Trust for ESOP	-	(111.74)
Balance at the end of the year	(111.74)	(111.74)

## Notes

forming part of the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2020

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>f) Employee Stock Option Reserve</b>		
Balance at the beginning of the year	29.84	22.77
Add: Charge for the year	24.23	11.12
Less: Transfer to Securities Premium on Exercise of Options	(1.41)	(4.05)
Balance at the end of the year	52.66	29.84
<b>g) Retained Earnings</b>		
Balance at the beginning of the year	3,796.06	3,765.46
Add: Profit for the year	1,269.95	515.30
Transfer to retained earnings on sale of equity shares from equity instruments through OCI	355.66	-
Less: Appropriation -		
Gain/(Loss) on remeasurement of Defined Benefit Plan (net of tax)	(57.42)	(5.49)
Lease impact transfer to Retained Earning as per IND AS 116 (refer note 2.3)	(3.69)	-
Transfer to Debenture Redemption Reserve	(24.51)	(23.38)
Dividend on Equity Shares	(459.37)	(407.74)
Corporate Tax on Dividend	(55.64)	(48.09)
	4,821.04	3,796.06
<b>h) Other Comprehensive Income</b>		
(i) Debt Instruments through Other Comprehensive Income		
Balance at the beginning of the year	5.08	7.20
Add: Gain/(Loss) during the year (Net of Tax)	1.31	(2.12)
Balance at the end of the year	6.39	5.08
(ii) Equity Instruments through Other Comprehensive Income		
Balance at the beginning of the year	(787.22)	1,986.19
Add: Gain/(Loss) during the year (Net of Tax)	(5,030.55)	(2,773.41)
Less: Gain on sale of equity shares transferred to retained earnings	(355.66)	-
Balance at the end of the year	(6,173.43)	(787.22)
(iii) Hedging Reserve		
Balance at the beginning of the year	(19.92)	(2.87)
Add: Gain/(Loss) during the year (Net of Tax)	17.02	(17.05)
Balance at the end of the year	(2.90)	(19.92)
	37,542.47	41,827.66

# Notes

## forming part of the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2020

The Description of the nature and purpose of each reserve within equity is as follows:

- a. **Securities Premium:** Securities Premium is credited when shares are issued at premium. It can be used to issue bonus shares, write-off equity related expenses like underwriting costs, etc.
- b. **General Reserve:** Under the erstwhile Companies Act, 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act, 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.
- c. **Capital Reserve:** Capital Reserve is mainly the reserve created during business combination of erstwhile Aditya Birla Chemicals (India) Limited and Aditya Birla Nuvo Limited with the Company.
- d. **Debenture Redemption Reserve:** The Company has issued redeemable non-convertible debentures. Accordingly, the Companies (Share capital and Debentures) Rules, 2014 (as amended), requires the Company to create DRR out of profits of the Company available for payment of dividend. DRR is required to be created for an amount which is equal to 25% of the value of debentures issued. However, as per the amendment in the Companies (Share capital and Debentures) Rules, 2014 vide dated 16<sup>th</sup> August 2019 this requirement is no more applicable; accordingly the Company has not made any new addition in the said reserve and transferred outstanding balance to general reserve.
- e. **Debt Instrument through OCI:** It represents the cumulative gains/(losses) arising on the fair valuation of debt instruments measured at fair value through OCI, net of amount reclassified to Statement of Profit or loss on disposal of such instruments.
- f. **Equity Instrument through OCI:** It represents the cumulative gains/(losses) arising on the fair valuation of Equity Shares (other than investments in Subsidiaries, Joint Ventures and Associates, which are carried at cost) measured at fair value through OCI, net of amounts reclassified to Retained Earnings on disposal of such instruments.
- g. **Hedging Reserve:** It represents the effective portion of the fair value of forward contracts, designated as cash flow hedge.
- h. **Employee Share Option Outstanding:** The Company has stock option schemes under which options to subscribe for the Company's shares have been granted to certain employees including key management personnel. The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, as part of their remuneration.
- i. **Treasury Shares:** The reserve for shares of the Company held by the Grasim Employees Welfare Trust (ESOP Trust). The Company has issued employees stock option scheme for its employees. The shares of the Company have been purchased and held by ESOP Trust to issue and allot to employees at the time of exercise of ESOP by Employees.

## Notes

forming part of the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2020

### 2.19 NON-CURRENT FINANCIAL LIABILITIES - BORROWINGS

(₹ in Crore)

	Non-current Portion as at		Current Maturities as at*		Total as at	
	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
(Carried at Amortised Cost, except otherwise stated)						
<b>Secured</b>						
Rupee Term Loans from Banks	10.08	33.02	22.93	35.76	33.01	68.78
Subsidised Government Loan (Note 4.7.2)	155.48	153.92	69.24	-	224.72	153.92
<b>Unsecured</b>						
External Commercial Borrowing	75.01	137.78	75.35	68.89	150.36	206.67
Non-Convertible debentures	2,446.55	705.86	-	302.53	2,446.55	1,008.39
Deferred sales tax Loan (Note 4.7.2)	27.06	24.53	-	-	27.06	24.53
	<b>2,714.18</b>	<b>1,055.11</b>	<b>167.52</b>	<b>407.18</b>	<b>2,881.70</b>	<b>1,462.29</b>

\* Current Maturities of non-current borrowings have been disclosed under 'Other Current Financial Liabilities' (Note 2.26)

#### 2.19.1 Nature of Security, Repayment Terms and Break-up of Current and Non-Current

##### I: Secured Long-Term Borrowings:

	Note	Rate of Interest	End of tenure	As at 31 <sup>st</sup> March 2020		As at 31 <sup>st</sup> March 2019	
				Gross	Carrying Value	Gross	Carrying Value
<b>(a) Rupee Term Loan from Banks</b>							
HDFC Bank Limited	(i)	2.80%	19-Dec-2021	9.78	9.78	11.99	11.99
Kotak Mahindra Bank	(ii)	3.75%	03-Jun-2021	7.18	7.18	12.35	12.35
HDFC Bank Limited	(iii)	3.35%	28-May-2021	16.05	16.05	23.79	23.79
HDFC Bank Limited		4.45%	29-Jan-2020	-	-	9.66	9.66
State Bank of India		4.40%	30-Dec-2019	-	-	11.00	11.00
<b>(b) Subsidised Government Loan</b>							
Technology Development Board	(iv)	5%	01-Apr-2024	222.40	224.72	162.50	153.92

- (i) Rupee term loan secured by way of first pari passu charge over movable assets of the Company's Rayon Division Plant at Veraval and Textile Division Plant at Rishra. Repayment Terms is 21 quarterly instalments from 19<sup>th</sup> December 2016. Remaining 2 instalments of ₹ 0.63 Crore each and 5 instalments of ₹ 1.70 Crore each.
- (ii) Rupee term loan secured by way of first pari passu charge on existing and future movable fixed assets of the Indian Rayon Division Plant at Gujarat and Textile Division plant at West Bengal. The Charge to be shared with HDFC Bank and SBI. Repayment Terms is 20 quarterly instalments from 3<sup>rd</sup> September 2016. Remaining 1 instalments of ₹ 1.35 Crore, and 4 instalments of ₹ 1.46 Crore each.
- (iii) Rupee term Loan secured by exclusive charge on specific movable fixed assets or first pari-passu charge on movable fixed assets of Nagda (Staple Fibre Division) Repayment Terms is 20 quarterly instalments starting from 31<sup>st</sup> August 2016, remaining 1 instalments of ₹ 2.05 Crore and 4 instalments ₹ 3.50 Crore each.

## Notes

### forming part of the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2020

- (iv) Term loan (Subsidised Government Loan) secured by way of first pari passu charge created by hypothecation of the entire movable fixed assets of the Company's Excel Fibre Division Plant at Kharach. Repayment Terms is 8 half yearly instalments from 1<sup>st</sup> April 2020 of ₹ 27.80 Crore each.

Effective cost for the above loans are in the range of 3.50% to 5.00% per annum. (Previous Year: in the range of 4.01% to 5.00% per annum.)

#### II: Unsecured Borrowings:

##### (a) External Commercial Borrowing<sup>#</sup>

	Currency	Outstanding amount in USD	End of tenure	As at 31 <sup>st</sup> March 2020		As at 31 <sup>st</sup> March 2019	
				Gross	Carrying Value	Gross	Carrying Value
Mizuho Bank	USD	20,000,000	20-Aug-21	151.32	150.36	206.67	206.67

(₹ in Crore)

External Commercial Borrowing Terms: 2 equal yearly instalments of USD 10,000,000 each payable on 20<sup>th</sup> August.

- <sup>#</sup> Foreign Currency Loans is hedged by way of Currency and Interest Rate swaps and Long Term Forward Contracts.  
- Effective cost has been calculated with hedged cost in terms of foreign currency loan.

Effective cost for the above loan is 8.23% per annum.

Bank loans contain certain debt covenants relating to limitation on indebtedness, debt-equity ratio, net Borrowings to EBITDA ratio and debt service coverage ratio. The limitation on indebtedness covenant gets suspended if the Company meets certain prescribed criteria. The debt covenant related to limitation on indebtedness remained suspended as of the date of the authorisation of the financial statements. The Company has also satisfied all other debt covenants prescribed in the terms of bank loan.

The other loans do not carry any debt covenant.

##### (b) Non-Convertible Debentures

	End of tenure	As at 31 <sup>st</sup> March 2020		As at 31 <sup>st</sup> March 2019	
		Gross	Carrying Value	Gross	Carrying Value
(i) 7.60% Series 19-20/II Non-Convertible Debentures Repayment Terms: Redeemable at par	04-Jun-24	750.00	745.34	-	-
(ii) 7.85% Series 19-20/I Non-Convertible Debentures Repayment Terms : Redeemable at par	15-Apr-24	500.00	498.08	-	-
(iii) 9.00% 30 <sup>th</sup> Series Non-Convertible Debentures Repayment Terms: Redeemable at par	10-May-23	200.00	205.96	200.00	207.73
(iv) 6.65% Series 19-20/III Non-Convertible Debentures Repayment Terms: Redeemable at par	17-Feb-23	500.00	498.56	-	-
(v) 7.65% Series 18-19/I Non-Convertible Debentures Repayment Terms: Redeemable at par	15-Apr-22	500.00	498.61	500.00	498.12
(vi) 8.68% 31 <sup>st</sup> Series Non-Convertible Debentures Repayment Terms: Redeemable at par	02-Feb-20	-	-	300.00	302.53

- The Company has rights to keep this debentures alive for the 'purpose of reissue.

## Notes

forming part of the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2020

### (c) Deferred sales tax Loan

	Rate of Interest	End of tenure	As at 31 <sup>st</sup> March 2020		As at 31 <sup>st</sup> March 2019	
			Gross	Carrying Value	Gross	Carrying Value
Government of Karnataka	0%	25-Mar-28	8.94	5.16	8.94	4.78
Government of Uttar Pradesh	0%	04-Jan-27	0.70	0.43	-	-
Government of Uttar Pradesh	0%	04-Nov-25	0.70	0.43	0.70	1.67
Government of Uttar Pradesh	0%	04-Nov-25	0.45	0.32	0.45	0.39
Government of Uttar Pradesh	0%	18-May-25	2.95	1.82	2.95	3.43
Government of Uttar Pradesh	0%	30-Nov-24	5.45	3.69	5.45	0.29
Government of Uttar Pradesh	0%	29-Oct-24	7.68	5.45	7.68	5.04
Government of Uttar Pradesh	0%	25-Dec-23	6.36	4.62	6.36	4.24
Government of Uttar Pradesh	0%	07-Aug-23	5.84	4.35	5.84	3.98
Government of Uttar Pradesh	0%	27-Mar-22	0.95	0.79	0.95	0.72

### 2.19.2 Maturity Profile of Non-Current Borrowings (including Current Maturities) is as set out below:

	Maturity Profile <sup>@</sup>		
	Not later than 1 year	1 to 5 years	Later than 5 years
<b>Secured:</b>			
Rupee Term Loans from Banks	22.93	10.08	-
Subsidised Government Loan (Note 4.7.2)	55.40	167.00	-
<b>Unsecured:</b>			
Foreign Currency loans	65.25	65.25	-
Non-Convertible Debentures	-	2,450.00	-
Deferred Sales Tax Loans (includes amount recognised in Notes 2.23 and 2.27)	-	33.35	6.66
<b>Total</b>			
	<b>Current Year</b>	<b>143.58</b>	<b>2,725.68</b>
	<b>Previous Year</b>	<b>401.01</b>	<b>772.75</b>
		<b>6.66</b>	<b>292.58</b>

<sup>@</sup> The above figures are as per contractual cashflows.

## 2.20 NON-CURRENT FINANCIAL LIABILITIES - OTHERS

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Security and Other Deposits	0.98	1.23
Other Liabilities payable to Related Parties (Note 4.5.3)	0.77	0.71
Other Liabilities	0.91	1.62
	<b>2.66</b>	<b>3.56</b>

## 2.21 NON-CURRENT PROVISIONS

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
For Employee Benefits (Pension)	29.55	29.34
For Warranty Provision {Note 2.28.1 (b)}	-	0.35
	<b>29.55</b>	<b>29.69</b>

# Notes

forming part of the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2020

## 2.22 DEFERRED TAX LIABILITIES (NET)

(₹ in Crore)

	As at 31 <sup>st</sup> March 2019	Recognised in Retained Earnings	Charge for the Current Year		As at 31 <sup>st</sup> March 2020
			Profit or Loss	Other Comprehensive Income	
<b>Deferred Tax Liabilities:</b>					
Property, Plant & Equipment and Intangible Assets	1,869.50	-	(123.52)	-	<b>1,745.98</b>
Fair Valuation of Investments	201.58	-	15.76	(310.82)	<b>(93.48)</b>
Others	(14.23)	(1.98)	16.97	-	<b>0.76</b>
	<b>2,056.85</b>	<b>(1.98)</b>	<b>(90.79)</b>	<b>(310.82)</b>	<b>1,653.26</b>
<b>Deferred Tax Assets:</b>					
MAT Credit Receivable	-	-	16.04	15.09	<b>31.13</b>
Provision allowed under tax on payment basis	93.03	-	(0.90)	-	<b>92.13</b>
Expenses Allowable in Instalments in Income Tax	54.97	-	(22.28)	-	<b>32.69</b>
Income offered for tax, to be excluded in future	22.91	-	6.40	-	<b>29.31</b>
Short Term Capital Loss	-	-	58.85	-	<b>58.85</b>
Others	7.06	-	(0.41)	-	<b>6.65</b>
	<b>177.97</b>	<b>-</b>	<b>57.70</b>	<b>15.09</b>	<b>250.76</b>
<b>Deferred Tax Liabilities (Net)</b>	<b>1,878.88</b>	<b>(1.98)</b>	<b>(148.49)</b>	<b>(325.91)</b>	<b>1,402.50</b>

(₹ in Crore)

	As at 31 <sup>st</sup> March 2018	Minimum Alternate Tax Credit Utilised	Charge for the Current Year		As at 31 <sup>st</sup> March 2019
			Profit or Loss	Other Comprehensive Income	
<b>Deferred Tax Liabilities:</b>					
Property, Plant & Equipment and Intangible Assets	1,785.59	-	83.91	-	1,869.50
Fair Valuation of Investments	457.79	-	(277.37)	21.16	201.58
Others	2.99	-	(2.99)	-	-
	<b>2,246.37</b>	<b>-</b>	<b>(196.45)</b>	<b>21.16</b>	<b>2,071.08</b>
<b>Deferred Tax Assets:</b>					
Provision allowed under tax on payment basis	99.78	-	(6.75)	-	93.03
Expenses Allowable in Instalments in Income Tax	77.06	-	(22.09)	-	54.97
Income offered for tax, to be excluded in future	21.54	-	1.37	-	22.91
Minimum Alternate Tax Credit Entitlement	203.46	(203.46)	-	-	-
Others	9.57	-	11.72	-	21.29
	<b>411.41</b>	<b>(203.46)</b>	<b>(15.75)</b>	<b>-</b>	<b>192.20</b>
<b>Deferred Tax Liabilities (Net)</b>	<b>1,834.96</b>	<b>(203.46)</b>	<b>(180.70)</b>	<b>21.16</b>	<b>1,878.88</b>

## Notes

### forming part of the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2020

Pursuant to the Taxation Laws (Amendment) Act, 2019, a new section 115BAA is inserted in the Income Tax Act, 1961, which provides an option to the domestic companies to pay income tax at lower rate subject to the giving up of certain incentives and deductions. The Company has made an assessment of the impact of the above section and decided to continue with existing taxation structure to avail tax incentives and deductions available to the Company. However, the Company has applied the lower income tax rates on the deferred tax liabilities on account of temporary differences to the extent these are expected to be realized or settled in the future period when the Company may be subjected to lower tax rate. Accordingly, the Company has reversed net deferred tax liability of ₹ 240.74 Crore.

#### 2.23 OTHER NON-CURRENT LIABILITIES

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Deferred Income from Government Grant on Subsidised loan (Note 4.7.2)	19.97	22.66
Deferred Government subsidy (Note 4.7.2)	54.96	10.65
Other liability	36.81	30.41
	<b>111.74</b>	<b>63.72</b>

#### 2.24 CURRENT FINANCIAL LIABILITIES - BORROWINGS

(Carried at Amortised Cost, except otherwise stated)

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>Loans Repayable on Demand from Banks</b>		
<b>Secured:</b>		
Working Capital Borrowings (Notes 2.24.1 and 2.24.2)		
Rupee Loans	475.80	457.10
<b>Unsecured:</b>		
Working Capital Borrowings		
Foreign Currency Loans	-	451.38
<b>Other Loans</b>		
<b>Unsecured:</b>		
Commercial Papers*	1,710.62	940.00
	<b>2,186.42</b>	<b>1,848.48</b>
* Maximum balance outstanding during the year	<b>2,250.00</b>	<b>1,550.00</b>

**2.24.1** Working Capital Borrowings are secured by hypothecation of stocks and book debts of the Company.

**2.24.2** Loan of ₹ 322.14 Crore (previous year ₹ 345.82 Crore) has been availed by the Company under the Special Banking Arrangement (SBA) of Department of Fertiliser, Government of India, and has been secured against subsidy recoverable from Government of India. As per the arrangement, the loan will be repaid directly by Government of India to the Bank and corresponding adjustment will be made in Subsidies recoverable. Rate of interest is 6.15% per annum (previous year 8.20%), out of which interest @ 6.15% (previous year 7.78%) per annum will be borne by the Government of India.

**2.24.3** The Company had available Undrawn Facility of ₹ 478.00 Crore as on 31<sup>st</sup> March 2020 and ₹ 488.74 Crore as on 31<sup>st</sup> March 2019.



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forming part of the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2020

## 2.25 CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES

(Carried at Amortised Cost, except otherwise stated)

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Due to Micro and Small Enterprises (Note 4.7.1)	25.39	14.78
Due to Related Parties (Note 4.5.3)	180.39	243.36
Acceptances	521.02	205.09
Others	1,937.98	1,912.46
	<b>2,664.78</b>	<b>2,375.69</b>

## 2.26 CURRENT - OTHER FINANCIAL LIABILITIES

(Carried at Amortised Cost, except otherwise stated)

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Current Maturities of Long-Term Debts (Note 2.19.1)	167.52	407.18
Interest Accrued but not Due on Borrowings	142.20	22.50
Unclaimed Dividends	17.16	17.60
Security and Other Deposits (Trade Deposits)	104.51	103.02
Liability for Capital Goods*	245.82	166.63
Accrued Expenses Related to Employees	242.10	248.87
Derivative Liability	-	50.45
Other Payables (including Retention money, Liquidated damages, etc.)	167.88	133.42
	<b>1,087.19</b>	<b>1,149.67</b>

\* Includes amount of ₹ 6.92 Crore payable related to Micro and Small enterprises (Note 4.7.1).

## 2.27 OTHER CURRENT LIABILITIES

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Statutory Liabilities	187.28	271.98
Contract liability	129.81	112.71
Deferred Income from Government Grant on Subsidised loan (Note 4.7.2)	5.95	4.55
Deferred Government Subsidy	24.13	6.85
Other Payables	194.24	155.52
	<b>541.41</b>	<b>551.61</b>

## Notes

forming part of the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2020

### 2.28 CURRENT PROVISIONS

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
For Employee Benefits (Gratuity, Compensated Absences and Pension)	265.48	174.58
For Assets Transfer Cost {Note 2.28.1 (a)}	184.53	184.53
For Warranty Provision {Note 2.28.1 (b)}	1.82	1.42
For Provision against contingent liability {Note 2.28.1 (c)}	70.03	70.13
	<b>521.86</b>	<b>430.66</b>

#### 2.28.1 Movement of provisions during the year as required by Ind AS-37 "Provisions, Contingent Liabilities and Contingent Asset"

##### a. Provision for Cost of Transfer of Assets:

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Opening Balance	184.53	234.87
Add: Provision during the year	-	-
Less: Utilisation during the year	-	-
Less: Unused amount reversed	-	50.34
<b>Closing Balance</b>	<b>184.53</b>	<b>184.53</b>

During earlier year, provision for asset transfer cost relates to merger of ABNL, which has been made based on substantial degree of estimation. Outflow against the same is expected at the time of regulatory process of registration of assets owned by ABNL in the name of the Company.

##### b. Warranty Provision:

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Opening Balance (Acquired on merger)	1.77	1.77
Add: Provision during the year	0.05	-
Less: Utilisation during the year	-	-
Less: Unused amount reversed	-	-
<b>Closing Balance</b>	<b>1.82</b>	<b>1.77</b>
Non-Current	-	0.35
Current	1.82	1.42

Provision is recognised for expected warranty claims on Insulator product sold during the last three years based on the past experience of level of returns and replacements.

##### c. Provision against Contingent Liabilities

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Opening Balance	70.13	70.39
Add: Provision during the year	1.35	-
Less: Utilisation during the year	1.24	-
Less: Unused amount reversed	0.21	0.26
<b>Closing Balance</b>	<b>70.03</b>	<b>70.13</b>

During earlier year, as per Ind-AS 103 (business combination) the Company had to recognise on the acquisition date the contingent liability assumed in a business combination if it was a present obligation that had arisen from past events and its fair value could be measured reliably, even if it was not probable that an outflow of resources would be required to settle the obligation.

# Notes

forming part of the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2020

## 3.1 REVENUE FROM CONTRACT WITH CUSTOMERS

### A. Revenue from contracts with customers disaggregated based on nature of product or services

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>Revenue from Sale of Products</b>		
a. Manufactured goods	17,994.15	20,022.42
b. Stock-in-trade	367.12	303.01
(i)	<b>18,361.27</b>	<b>20,325.43</b>
<b>Revenue from Sale of Services</b>		
a. Project Management Services	13.33	10.69
b. O&M for Supervision & Monitoring Services & others	5.81	9.73
(ii)	<b>19.14</b>	<b>20.42</b>
<b>Other Operating Revenues</b>		
Export Incentives	64.44	70.66
Power Sales	17.80	9.32
Rent Income	3.27	3.12
Scrap Sales (Net)	62.99	65.95
Other Miscellaneous Income (Insurance Claims, Sales Tax Incentive, transportation income, etc.)	80.49	55.53
(iii)	<b>228.99</b>	<b>204.58</b>
<b>Revenue from Contract with Customers (i + ii + iii)</b>	<b>18,609.40</b>	<b>20,550.43</b>

### B. Revenue from contracts with customers disaggregated based on geography

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
a. Domestic	15,934.88	17,549.27
b. Exports	2,674.52	3,001.16
<b>Revenue from Contract with Customers</b>	<b>18,609.40</b>	<b>20,550.43</b>

### C. Reconciliation of Gross Revenue from Contracts with Customers

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Gross Revenue	21,032.59	21,893.54
Less: Discount	2,415.79	1,337.27
Less: Returns	4.45	3.27
Less: Price concession	2.11	2.24
Less: Others	0.84	0.33
<b>Net Revenue recognised from Contracts with Customers</b>	<b>18,609.40</b>	<b>20,550.43</b>

#### Notes:

- (i) The amounts receivable from customers become due after expiry of credit period which on an average upto 120 days. There is no significant financing component in any transaction with the customers.
- (ii) The Company provides agreed upon performance warranty for all range of products. The amount of liability towards such warranty is immaterial.

## Notes

### forming part of the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2020

(iii) The Company does not have any remaining performance obligation as contracts entered for sale of goods are for a shorter duration. There are no contracts for sale of services wherein, performance obligation is unsatisfied to which transaction price has been allocated.

(iv) Revenue recognised from Contract liability (Advances from Customers):

Particulars	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Closing Contract liability	129.81	112.71

The Contract liability outstanding at the beginning of the year ₹ 112.71 Crore has been recognised as revenue during the year ended 31<sup>st</sup> March 2020.

### 3.2 OTHER INCOME

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>Interest Income on:</b>		
Non-Current Investments - Debentures or Bonds (measured at FVTOCI)	9.97	12.38
Bank Accounts and Others	69.39	91.10
Deferred Sales Tax Loan (Carried at amortised cost) {Note 4.7.2}	2.11	1.46
<b>Dividend Income from:</b>		
Subsidiary Companies (carried at cost)	190.14	173.60
Non-Current Investments - Others (measured at FVTOCI)	19.47	25.50
Investments - Mutual Funds' Units (measured at FVTPL)	9.60	38.53
<b>Profit on Sale of:</b>		
Investment (Net) - Mutual Funds' Units (measured at FVTPL)	39.60	30.20
<b>Gain on Fair Valuation of:</b>		
Preference Shares (measured at FVTPL)	2.76	4.95
Mutual Funds' Units (measured at FVTPL)	134.27	137.75
Miscellaneous Income	48.14	52.51
	<b>525.45</b>	<b>567.98</b>

### 3.3 COST OF MATERIALS CONSUMED

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Opening Stock	1,743.41	1,623.47
Add: Purchases and Incidental Expenses	8,589.41	9,709.93
Less: Sale of Raw Material	6.79	24.63
Less: Closing Stock	1,279.34	1,743.41
	<b>9,046.69</b>	<b>9,565.36</b>

## Notes

forming part of the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2020

### 3.4 PURCHASES OF STOCK-IN-TRADE

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Purchase of Stock-in-Trade	310.85	267.35
	310.85	267.35

### 3.5 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>Opening Stock</b>		
Finished Goods	559.78	489.60
Stock-in-Trade	31.74	23.03
Work-in-Progress	210.83	161.83
Waste/Scrap	7.21	5.50
	809.56	679.96
<b>Less: Closing Stock</b>		
Finished Goods	731.77	559.78
Stock-in-Trade	37.58	31.74
Work-in-Progress	194.32	210.83
Waste/Scrap	7.48	7.21
	971.15	809.56
<b>(Increase)/Decrease in Stock</b>	(161.59)	(129.60)
(Add)/Less: Stock of trial run production	2.41	(3.36)
<b>(Increase)/Decrease in Stocks</b>	(164.00)	(126.24)

### 3.6 EMPLOYEE BENEFITS EXPENSE

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Salaries, Wages and Bonus	1,384.84	1,322.22
Contribution to Provident and Other Funds (Notes 4.6.1.3 & 4.6.2)	98.20	89.24
Contribution to Gratuity Fund (Note 4.6.1.1)	30.74	27.70
Staff Welfare Expenses	82.90	78.94
Expenses on Employee Stock Option Scheme (Note 4.8.5)	23.58	10.90
	1,620.26	1,529.00
<b>3.6.1</b> Expenses on Employee Stock Option Scheme and Employee SAR Scheme net of recovery from a Subsidiary Company against options granted to the employees of the Subsidiary.		
Expenses on Employee Stock Options Scheme	0.23	0.75

## Notes

forming part of the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2020

### 3.7 FINANCE COSTS

(Financial Liabilities measured at Amortised Cost)

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Interest Expenses <sup>#</sup>	334.28	194.04
Finance Cost of Lease Liability	5.47	-
Other Borrowing Costs	0.52	0.57
Interest on Subsidised Government Loan {refer note 4.7.2}	2.11	1.46
Interest on Income tax	0.60	0.82
Exchange (Gain)/Loss on Foreign Currency Borrowing (Net)	(0.02)	7.15
	<b>342.96</b>	<b>204.04</b>
Less: Capitalised	39.11	4.99
	<b>303.85</b>	<b>199.05</b>
<sup>#</sup> Net of Interest Subsidy from Government	2.58	12.69

### 3.8 DEPRECIATION AND AMORTISATION EXPENSE

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Depreciation on Property, Plant and Equipment	727.13	657.64
Amortisation of Intangible assets	96.23	102.75
Depreciation of Right of Use assets	23.40	-
	<b>846.76</b>	<b>760.39</b>

### 3.9 OTHER EXPENSES

#### 3.9.1 Manufacturing Expenses

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Consumption of Stores, Spare Parts and Components and Incidental Expenses	416.75	434.39
Consumption of Packing Materials	223.13	238.34
Processing and Other Charges	91.11	67.90
Repairs to Buildings	68.67	79.63
Repairs to Machinery	260.94	226.19
Repairs to Other Assets	91.42	77.01

## Notes

forming part of the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2020

### 3.9.2 Administration, Selling and Distribution Expenses

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Advertisement	69.69	79.04
Sales Promotion and Other Selling Expenses	108.47	115.61
Freight and Handling Expenses	332.47	304.58
Allowance for Doubtful Debts	1.65	0.87
Insurance	51.67	25.87
Rent	15.15	37.71
Rates and Taxes	23.84	17.64
Research Contribution and Expenses	24.36	23.60
Impairment/(Reversal) in value of Investments*	-	(1.33)
Directors' Fees	0.42	0.30
Directors' Commission	2.50	16.50
Exchange Rate Difference (Net)	41.69	55.44
Loss on Sale of Property, Plant and Equipment (Net)	35.40	16.50
Miscellaneous Expenses (Note 4.7.6)	631.31	416.30
	2,490.64	2,232.09

\* represents impairment in value of investment of Birla Laos Pulp and Plantations Company Limited.

### 3.9.3 Auditors' Remuneration (excluding GST) Charged to the Standalone Statement of Profit and Loss (included under Miscellaneous Expenses)

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>Payments to Statutory Auditors:</b>		
Audit Fee	3.00	2.60
Tax Audit Fee*	0.30	0.30
Fees for Other Services	0.27	0.16
Reimbursement of Expenses	0.08	0.06
<b>Payments to Cost Auditors:</b>		
Audit Fee	0.17	0.13

\* Previous year includes ₹ 0.10 Crore for tax audit fee of erstwhile Aditya Birla Nuvo Limited.

### 3.10 EXCEPTIONAL ITEMS:

- During the year, the Company has written off its investment of ₹ 290.17 Crore in Aditya Birla Idea Payment Bank Limited (ABIPBL), an associate of the Company. The Board of Directors of ABIPBL at its meeting held on 19<sup>th</sup> July 2019, subject to requisite regulatory approvals, approved the winding up of ABIPBL due to unanticipated developments in the business landscape that has made the economic model unviable. Further, the Company has contributed ₹ 10.20 Crore towards liquidation expenses of ABIPBL.
- During the year, the Company has impaired its Capital project of Di-Calcium Phosphate (DCPD) ₹ 13.44 Crore and ODC Evaluator for ₹ 4.22 Crore.
- During the financial year 2018-19, the Company had provided for ₹ 135 Crore due to delay in implementation of Modified NPS- III for payment on account of additional fixed cost to Urea units by the Ministry of Chemicals and Fertilisers, Government of India ("MOCF"). During the year ended 31<sup>st</sup> March 2020, MOCF has amended Modified NPS-III. Accordingly during financial year ended 31<sup>st</sup> March 2020, the Company has reversed the aforesaid provision to the extent of ₹ 56.42 Crore and have written off balance amount of

## Notes

### forming part of the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2020

₹ 78.58 Crore towards subsidy receivables provided in previous year, in pursuance of such amendment in Modified NPS-III. The Company has also created provision off ₹ 32.47 Crore towards subsidy receivables against UPVAT(ACTN) on account of purchases of raw material.

- (d) During the previous financial year 2018-19, the Company's holding in Idea Cellular Limited (Idea), had reduced from 23.13% to 11.55% consequent to the merger of Vodafone India Limited and Vodafone Mobile Services Limited with Idea Cellular Limited effective from 31<sup>st</sup> August 2018. The merged entity has been named as Vodafone Idea Limited (VIL). Consequent to reduction of the shareholding of the Company in VIL, it had ceased to be an 'Associate' of the Company and has considered as a financial investment under Ind AS 109 w.e.f. 31<sup>st</sup> August 2018. As a result, the investment in VIL had been fair valued as per Ind AS 28 and the difference in the book value and fair value as on 30<sup>th</sup> August 2018 of the said investment amounting to ₹ 2,283.35 Crore had been charged to Statement of Profit and Loss and had been disclosed as an exceptional item. Subsequent change in fair value of investment in VIL has been accounted in Other Comprehensive Income as per Ind AS 109 'Financial Instruments'.
- (e) During the previous financial year 2018-19, an amount of ₹ 50.34 Crore has been written back for provision made for stamp duty related to merger of Aditya Birla Nuvo Limited and Aditya Birla Chemicals with the Company in earlier years.

### 3.11 RECONCILIATION OF EFFECTIVE TAX RATE

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Applicable Tax Rate	34.94%	34.94%
Income not considered for tax purpose	-7.53%	-3.88%
Expenses not allowed for tax purpose (including Exceptional Item)	4.18%	0.31%
Additional Allowances for tax purpose	-5.52%	-1.45%
Effect of change in Tax Rate (DTL reversal)	-17.30%	0.00%
Provision for Tax of earlier years written back	-0.03%	-0.17%
Others	-0.02%	0.22%
<b>Effective Tax Rate (including Fair Value adjustment)</b>	<b>8.72%</b>	<b>29.97%</b>
Tax at lower rate on Fair Value adjustment	-	-7.81%
<b>Effective Tax Rate</b>	<b>8.72%</b>	<b>22.16%</b>

### 3.12 OTHER COMPREHENSIVE INCOME

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>Items that will not be reclassified to Profit and Loss</b>		
Equity Instrument through Other Comprehensive Income	(5,348.93)	(2,742.41)
Re-measurement of Defined Benefit Plan	(88.26)	(8.44)
Income Tax relating to items that will not be reclassified to profit and loss	349.22	(28.05)
<b>Items that will be reclassified to Profit and Loss</b>		
Debt Instruments through Other Comprehensive Income	1.71	(2.80)
Gain/(Loss) on cash flow hedge	24.86	(26.21)
Income Tax relating to items that will be reclassified to profit and loss	(8.24)	9.84
	<b>(5,069.64)</b>	<b>(2,798.07)</b>



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forming part of the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2020

### 3.13 EARNINGS PER EQUITY SHARE (EPS):

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>Net Profit for the Year Attributable to Equity Shareholders (₹ in Crore)</b>	<b>1,269.95</b>	515.30
<b>Basic EPS:</b>		
Weighted-Average Number of Equity Shares Outstanding (Nos.) of Face Value of ₹ 2/- each	<b>657,732,056</b>	657,574,931
<b>Less:</b> Weighted-Average Number of Equity Shares held by ESOP Trust (Nos.) of Face Value of ₹ 2/- each	<b>1,357,375</b>	351,181
Weighted-Average Number of Equity Shares Outstanding (Nos.) for calculation of Basic EPS (Nos.)	<b>656,374,681</b>	657,223,750
<b>Basic EPS (₹) {for Face Value of Shares of ₹ 2/- each}</b>	<b>19.35</b>	7.84
<b>Diluted EPS:</b>		
Weighted-Average Number of Equity Shares Outstanding (Nos.)	<b>656,374,681</b>	657,223,750
<b>Add:</b> Weighted-Average Number of Potential Equity Shares on exercise of Options (Nos.)	<b>331,304</b>	390,705
<b>Add:</b> Weighted-Average Number of Equity Shares kept in Abeyance (Nos.)	<b>61,985</b>	61,985
Weighted-Average Number of Equity Shares Outstanding for calculation of Diluted EPS (Nos.)	<b>656,767,970</b>	657,676,440
<b>Diluted EPS (₹) {for Face Value of Shares of ₹ 2/- each}</b>	<b>19.34</b>	7.84

### 4.1 CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF CLAIMS/DISPUTED LIABILITIES NOT ACKNOWLEDGED AS DEBTS:

Sr. No.	Nature of Statute	Brief Description of Contingent Liabilities	(₹ in Crore)	
			As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
I	Customs Duty - The Customs Act, 1962	- Demand of duty on import of Steam Coal during April 2012 to January 2013 classifying it as Bituminous Coal	11.26	9.86
		- Demand of differential duty on import of Caustic Soda Flakes under project import category	1.18	1.18
		- Demand of duty on project import due to increase in rate of duty in Budget 1986-87	1.56	1.52
		- Various cases - Duty demanded on technical know-how by including it in the value of imported goods and levy of additional duty/countervailing duty etc.	1.54	2.06
II	Excise Duty - The Central Excise Act, 1944, CENVAT Credit Rules, 2002	- Appeal before CESTAT against excise duty demand on freight recovery from customers	31.54	31.22

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Sr. No.	Nature of Statute	Brief Description of Contingent Liabilities	(₹ in Crore)	
			As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
		- Department's appeal before CESTAT against order of Commissioner allowing exemption under notification 30/2004-CE dated 09.07.2004	12.94	12.05
		- SCN demanding duty alleging that mixing of dyes amounted to manufacture	9.28	8.99
		- Demand disputing classification of "Wipes"	9.56	8.75
		- Deemed credit taken on goods in stock on the date qualifying as a composite mill disputed by the Department	-	6.25
		- Duty demanded on clearance of waste and scrap of capital goods	5.26	5.02
		- Duty demanded by including subsidy received from State Government in the assessable value of goods cleared	2.28	-
		- SCN disputing CENVAT availed in respect of CVD paid under protest on imported coal pending classification issue	4.16	3.56
		- Demand of excise duty on clearance of fly ash from factory	0.24	3.32
		- Demand of excise duty as original payment was made under incorrect registration number	4.10	3.12
		- Demand notice disputing availment of Cenvat credit on capital goods alleging that the capital goods were exclusively used for manufacture of exempted products	2.95	2.76
		- Demand disputing quantum of Cenvat Credit reversed on clearance of used capital goods	2.38	2.25
		- Appeal before CESTAT against denial of cenvat credit taken suo-moto after reversing in response to Departmental audit objection	2.01	1.89
		- Department appeal against CESTAT order in favour of the Company in the matter of demand of excise duty disputing valuation of Caustic Soda Lye supplied to other Units	-	1.73
		- Demand of duty on bleached fabric captively consumed during May 1994 to August 1994	-	1.14

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forming part of the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2020

(₹ in Crore)				
Sr. No.	Nature of Statute	Brief Description of Contingent Liabilities	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
		- Department appeal before High Court against order of CESTAT allowing Cenvat Credit on opening stock despite procedural lapses	-	1.12
		- Various cases - Demand of excise duty on removal of capital goods, removal of mercury, disallowance of cenvat credit on packaging material used for exempted goods, eligibility of CENVAT on different issues, etc.	5.09	8.67
III	Service Tax - The Finance Act, 1994	- Denial of Cenvat credit on input services alleging not used for providing output services	41.32	39.12
		- Demand of service tax under reverse charge mechanism alleging import of services	9.07	8.50
		- Demand of service tax on goods transportation agency services through payment in cash/PLA instead of payment made by the Company through cenvat balance	3.37	7.58
		- SCN disputing transfer of cenvat credit by Aditya Birla Minacs IT Services Ltd. and Birla Technologies Limited to Aditya Birla Minacs Worldwide Limited on merger	6.90	6.64
		- Demand towards availment of ineligible cenvat credit although reversed subsequently	-	2.69
		- Denial of cenvat credit on outward transportation charges	2.12	2.27
		- Appeal before CESTAT against denial of cenvat credit treating exports as exempt output services	1.20	1.20
		- Various cases demanding service tax on scientific and technology service, Cenvat credit of services used for renovation and repairs, rejection of refund claims, reversal of credit under Rule 6 of Cenvat Credit Rules, 2004, Cenvat Credit on Rent a Cab services, outdoor catering, etc.	2.52	5.58
IV	Entry Tax-laws of various states	- Department appeal before the Karnataka High Court in the matter of levy of Special Tax on Entry of Goods	10.60	9.45
		- Demand of entry tax in the State of Uttar Pradesh pending before Allahabad High Court	2.32	2.32
		- Other entry tax disputes	-	0.04

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(₹ in Crore)

Sr. No.	Nature of Statute	Brief Description of Contingent Liabilities	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
V	Sales Tax Act/ Commercial Tax Act of various states	- Demand towards non submission of various forms, disallowance of input credit, short reversal of credit, valuation issues and other matters	16.75	16.01
VI	Income-tax Act, 1961	- Demand of dividend distribution tax alleging that the demerger of the Financial Services Business is not qualifying demerger as per Income Tax Act and treating the value of shares allotted by the resulting Company to the shareholders of the Company in consideration of demerger as dividend distributed by the Company to its shareholders	6,635.51	5,872.13
		- Various disallowances/additions being contested in appeals (disallowance u/s 14A, disallowance of additional depreciation allowance, transfer pricing adjustments, penalty etc.)	20.22	77.87
VII	Other Statutes/Other Claims	- CCI demand alleging abuse of dominant position in VSF market	301.61	-
		- Demand of water drawl charges and water reservation charges by Irrigation Department	244.42	211.41
		- Fuel surcharge demand raised by Bihar State Electricity Board	49.33	49.33
		- Demand of maintenance charges on land allotted by State Government	38.32	28.10
		- Labour re-instatement, back wages, workmen compensation, minimum wages issue, increase in retirement age and salary structure cases	10.72	14.37
		- Demand towards contribution to Infrastructure Fund and charges for time limit extension for use of industrial plot	10.27	8.39
		- Demand of water reservation charges from irrigation department	7.78	7.57
		- Claims by various suppliers and contractors on terms of contract, etc.	2.95	4.48
		- Lease rent demand at increased rate by Kandla Port Trust	6.15	3.14
		- Demand for supply of water at higher rate contested by the Company	-	2.58
		- Higher price demanded in respect of land acquired through State Government	11.85	2.42
		- Demand of liquidated damages by Bihar State Industrial Development Corporation	2.55	2.41

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Sr. No.	Nature of Statute	Brief Description of Contingent Liabilities	(₹ in Crore)	
			As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
		- Demand by Competition Commission of India for supply of Poly Aluminium Chloride	2.30	2.30
		- Dispute on price for supply of bamboo by Government of Kerala	2.06	2.06
		- Land lease rent demand at higher rate demanded by Uttar Pradesh State Industrial Development Corporation	1.78	1.78
		- Dispute on ownership of land by Gram Sabha	2.10	1.72
		- Demand of stamp duty on ABCIL merger transaction	2.47	-
		- Various other cases pertaining to Claims by Railways, Electricity Board for lower electricity consumption, Stamp Duty dispute, Property Tax Arrears, Industrial Disputes, Railways license fee demand, Textile Cess on readymade garments, etc.	4.23	4.01
<b>Total</b>			<b>7,560.12</b>	<b>6,513.93</b>

Cash outflows for the above are determinable only on receipt of judgments pending with various authorities/Courts/Tribunals.

Competition Commission of India (CCI) has passed an order dated 16<sup>th</sup> March 2020 under section 4 of the Competition Act, 2002, imposing penalty of ₹ 301.61 Crore in respect of Viscose Staple Fibre turnover of the Company. The Company is in process of challenging the said order of CCI and based on legal opinion, believes that it has strong grounds against the said order, on merit and accordingly no provision has been made in the accounts.

### 4.2 OTHER MONEY FOR WHICH THE COMPANY IS CONTINGENTLY LIABLE:

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
(a) Custom Duty Liability (Net of Cenvat credit), which may arise if obligation for exports is not fulfilled against import of raw materials and machinery	4.44	10.34

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### 4.3 CAPITAL, FINANCIAL AND OTHER COMMITMENTS

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>(i) Capital Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided {Net of Advances paid of ₹ 173.73 Crore (Previous Year ₹ 244.83 Crore)}	1,750.18	1,911.17
<b>(ii) Financial and Other Commitments</b>		
(a) Joint Ventures <sup>@</sup>	197.88	191.52
(b) Commitment to subscribe proposed rights issue of Vodafone Idea Limited	-	2,887.50
(c) For Commitment under lease (refer note 2.3)		
(d) For Commitment under derivative contract (refer Note 4.10(ii))		

<sup>@</sup> As per the agreement with the Joint Ventures, the Company is committed to make additional contribution in proportion to their interest in Joint Ventures, if required. These commitments have not been recognised in the financial statements.

### 4.4 OPERATING SEGMENTS

The Company has presented segment information in its Consolidated Financial Statements, which are part of the same annual report. Accordingly, in terms of provisions of Accounting Standard on Segment Reporting (Ind AS 108) no disclosure related to the segment are presented in the Standalone Financial Statements.

### 4.5 RELATED PARTY DISCLOSURE

#### 4.5.1 Parties where control exists

Parties	Relationship
ABNL Investment Limited	Wholly Owned Subsidiary
Aditya Birla Renewables Limited	Wholly Owned Subsidiary
Aditya Birla Solar Limited (wholly owned subsidiary w.e.f. 31 <sup>st</sup> March 2019)	Wholly Owned Subsidiary
Samruddhi Swastik Trading and Investments Limited	Wholly Owned Subsidiary
Sun God Trading and Investments Limited	Wholly Owned Subsidiary
Grasim Premium Fabric Private Limited (Formerly known as Suktas India Private Limited) (wholly owned subsidiary w.e.f. 29 <sup>th</sup> March 2019)	Wholly Owned Subsidiary
Shaktiman Mega Food Park Limited (up to 22 <sup>nd</sup> February 2019)	Wholly Owned Subsidiary
Aditya Birla Renewables SPV 1 Limited (w.e.f. 15 <sup>th</sup> May 2018)	Subsidiary's Subsidiary
Aditya Birla Renewables Subsidiary Limited (w.e.f. 15 <sup>th</sup> May 2018)	Subsidiary's Subsidiary
Aditya Birla Renewables Utkal Limited (wholly owned subsidiary of Aditya Birla Renewables Limited w.e.f. 27 <sup>th</sup> May 2019)	Subsidiary's Subsidiary
Aditya Birla Chemicals (Belgium) BVBA (up to 21 <sup>st</sup> January 2019)	Subsidiary
UltraTech Cement Limited	Subsidiary
Dakshin Cements Limited	Subsidiary's Subsidiary
UltraTech Cement Lanka Private Limited, Sri Lanka	Subsidiary's Subsidiary
Harish Cement Limited	Subsidiary's Subsidiary
UltraTech Cement Middle East Investments Limited, Dubai, UAE	Subsidiary's Subsidiary

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Parties	Relationship
Star Cement Co. LLC, Dubai, UAE	Subsidiary's Subsidiary
Star Cement Co. LLC, Ras-Al-Khaimah, UAE	Subsidiary's Subsidiary
Al Nakhla Crusher LLC, Fujairah, UAE	Subsidiary's Subsidiary
Arabian Cement Industry LLC, Abu Dhabi, UAE	Subsidiary's Subsidiary
Ultratech Cement Bahrain Company WLL, Bahrain (Formerly known as Arabian Gulf Cement Co. WLL)	Subsidiary's Subsidiary
Emirates Power Company Ltd., Bangladesh (ceased to be a subsidiary w.e.f. 2 <sup>nd</sup> December 2019)	Subsidiary's Subsidiary
Emirates Cement Bangladesh Ltd., Bangladesh (ceased to be a subsidiary w.e.f. 2 <sup>nd</sup> December 2019)	Subsidiary's Subsidiary
PT UltraTech Mining Indonesia, Indonesia	Subsidiary's Subsidiary
PT UltraTech Investments Indonesia, Indonesia	Subsidiary's Subsidiary
PT UltraTech Cement, Indonesia	Subsidiary's Subsidiary
Gotan Lime Stone Khanij Udyog Private Limited	Subsidiary's Subsidiary
PT UltraTech Mining Sumatera	Subsidiary's Subsidiary
Bhagwati Lime Stone Company Private Limited	Subsidiary's Subsidiary
UltraTech Nathdwara Cement Limited (w.e.f. 20 <sup>th</sup> November 2018) (formerly known as Binani Cement Limited)	Subsidiary's Subsidiary
Smooth Energy Private Limited (w.e.f. 20 <sup>th</sup> November 2018) (Formerly known as Binani Energy Private Limited)	Subsidiary's Subsidiary
Bahar Ready Mix Concrete Limited (w.e.f. 20 <sup>th</sup> November 2018) (formerly known as Binani Ready Mix Concrete Limited)	Subsidiary's Subsidiary
Merit Plaza Limited (w.e.f. 20 <sup>th</sup> November 2018)	Subsidiary's Subsidiary
Swiss Merchandise Infrastructure Limited (w.e.f. 20 <sup>th</sup> November 2018)	Subsidiary's Subsidiary
Krishna Holdings PTE Ltd., Singapore, (w.e.f. 20 <sup>th</sup> November 2018)	Subsidiary's Subsidiary
Bhumi Resources PTE Ltd., Singapore, (w.e.f. 20 <sup>th</sup> November 2018)	Subsidiary's Subsidiary
Murari Holdings Ltd., British Virgin Ireland (BVI) (w.e.f. 20 <sup>th</sup> November 2018)	Subsidiary's Subsidiary
Mukundan Holdings Ltd., BVI (w.e.f. 20 <sup>th</sup> November 2018)	Subsidiary's Subsidiary
Binani Cement Factory LLC, UAE (w.e.f. 20 <sup>th</sup> November 2018)	Subsidiary's Subsidiary
Binani Cement Fujairah LLC (w.e.f. 20 <sup>th</sup> November 2018)	Subsidiary's Subsidiary
Binani Cement (Tanzania) Limited, Tanzania, (w.e.f. 20 <sup>th</sup> November 2018)	Subsidiary's Subsidiary
BCTradelink Limited, Tanzania (w.e.f. 20 <sup>th</sup> November 2018)	Subsidiary's Subsidiary
Shandong Binani Rongan Cement Company Limited, China (w.e.f. 20 <sup>th</sup> November 2018) (Joint Venture Company - 90% with UNCL through its WoS)	Subsidiary's Subsidiary
PT Anggana Energy Resources (Anggana), Indonesia (w.e.f. 20 <sup>th</sup> November 2018)	Subsidiary's Subsidiary
Binani Cement (Uganda) Limited, Uganda (w.e.f. 20 <sup>th</sup> November 2018)	Subsidiary's Subsidiary
Aditya Birla Capital Limited (ABCL)	Subsidiary
Aditya Birla PE Advisors Private Limited	Subsidiary's Subsidiary
Aditya Birla My Universe Limited	Subsidiary's Subsidiary
Aditya Birla Trustee Company Private Limited	Subsidiary's Subsidiary

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Parties	Relationship
Aditya Birla Money Limited	Subsidiary's Subsidiary
Aditya Birla Commodities Broking Limited	Subsidiary's Subsidiary
Aditya Birla Financial Shared Services Limited	Subsidiary's Subsidiary
Aditya Birla Finance Limited	Subsidiary's Subsidiary
Aditya Birla Insurance Brokers Limited	Subsidiary's Subsidiary
Aditya Birla Housing Finance Limited	Subsidiary's Subsidiary
Aditya Birla Money Mart Limited	Subsidiary's Subsidiary
Aditya Birla Money Insurance Advisory Services Limited	Subsidiary's Subsidiary
Aditya Birla Sun Life Insurance Company Limited	Subsidiary's Subsidiary
Aditya Birla Sun Life Pension Management Limited	Subsidiary's Subsidiary
Aditya Birla Health Insurance Co. Limited	Subsidiary's Subsidiary
ABCAPTrustee Company Private Limited	Subsidiary's Subsidiary
Aditya Birla ARC Limited	Subsidiary's Subsidiary
Aditya Birla Stressed Asset AMC Private Limited (incorporated w.e.f. 22 <sup>nd</sup> May 2018)	Subsidiary's Subsidiary
Aditya Birla Capital Investment Limited (incorporated w.e.f. 12 <sup>th</sup> October 2018)	Subsidiary's Subsidiary

#### 4.5.2 Other Related Parties where transactions have taken place during the year:

Parties	Relationship
AV Group NB Inc., Canada	Joint Venture
AV Terrace Bay Inc., Canada	Joint Venture
Aditya Group AB, Sweden	Joint Venture
Birla Jingwei Fibres Company Limited, China	Joint Venture
Aditya Birla Power Composites Limited (w.e.f. 15 <sup>th</sup> October 2019)	Joint Venture
Aditya Birla Renewables Limited (up to 14 <sup>th</sup> May 2018)	Joint Venture
Aditya Birla Solar Limited (up to 14 <sup>th</sup> May 2018)	Joint Venture
Aditya Birla Renewables SPV 1 Limited (up to 14 <sup>th</sup> May 2018)	Joint Venture's Subsidiary
Aditya Birla Sun Life AMC Limited (formerly known as Birla Sun Life Asset Management Company Limited)	Joint Venture
Aditya Birla Science and Technology Company Private Limited	Associate
Aditya Birla Sun Life Trustee Private Limited (Formerly known as Birla Sun Life Trustee Company Private Limited)	Joint Venture
Aditya Birla Idea Payment Bank Limited (Under Liquidation)	Associate
Vodafone Idea Limited (up to 30 <sup>th</sup> August 2018) (formerly know as Idea Cellular Limited)	Associate
Waacox Energy Private Limited (w.e.f. 27 <sup>th</sup> June 2018)	Associate
Shri Kumar Mangalam Birla - Non-Executive Director	Key Management Personnel (KMP)
Smt. Rajashree Birla - Non-Executive Director	Key Management Personnel (KMP)



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Parties	Relationship
Shri Himanshu Kapania - Non-Executive Director (ceased w.e.f. 31 <sup>st</sup> December 2019)	Key Management Personnel (KMP)
Shri Dilip Gaur - Managing Director	Key Management Personnel (KMP)
Shri B.V. Bhargava - Independent Director (ceased w.e.f. 23 <sup>rd</sup> August 2019)	Key Management Personnel (KMP)
Shri Sushil Agarwal, Whole- time Director and CFO (ceased w.e.f. 30 <sup>th</sup> June 2019)	Key Management Personnel (KMP)
Shri Ashish Adukia - CFO (w.e.f. 1 <sup>st</sup> July 2019)	Key Management Personnel (KMP)
Shri M.L. Apte - Independent Director (ceased w.e.f. 23 <sup>rd</sup> August 2019)	Key Management Personnel (KMP)
Smt. Usha Sangwan - Non-Executive Director (w.e.f. 23 <sup>rd</sup> May 2018)	Key Management Personnel (KMP)
Smt. Anita Ramachandran - Independent Director (w.e.f. 14 <sup>th</sup> August 2018)	Key Management Personnel (KMP)
Shri Cyril Shroff - Independent Director	Key Management Personnel (KMP)
Dr. Thomas Connelly, Jr. - Independent Director	Key Management Personnel (KMP)
Shri Shailendra K Jain - Non-Executive Director	Key Management Personnel (KMP)
Shri N. Mohan Raj - appointed as an Independent Director (w.e.f. 12 <sup>th</sup> July 2019)	Key Management Personnel (KMP)
Shri O.P. Rungta - Independent Director	Key Management Personnel (KMP)
Shri Arun Thiagrajan - Independent Director	Key Management Personnel (KMP)
Grasim Industries Limited Employees Provident Fund	Post-Employment Benefit Plan
Provident Fund of Aditya Birla Nuvo Limited <sup>®</sup>	Post-Employment Benefit Plan
Indo gulf Fertilisers Limited Employee Provident Fund Trust	Post-Employment Benefit Plan
Jayshree Provident Fund Institution	Post-Employment Benefit Plan
Grasim Industries Limited Employees Gratuity Fund	Post-Employment Benefit Plan
Grasim (Senior Executive & Officers) Superannuation Scheme	Post-Employment Benefit Plan
Century Rayon Provident Fund Trust 1 & 2	Post-Employment Benefit Plan
Shailendra Jain & Co.	Other Related Parties in which Directors are interested
Prafulla Brothers	Other Related Parties in which Directors are interested
Birla Carbon India Private Limited (formerly known as SKI Carbon Black (India) Private Limited)	Other Related Parties in which Directors are interested
Birla Group Holdings Private Limited	Other Related Parties in which Directors are interested
Aditya Birla Management Corporation Private Limited* (w.e.f. 01 <sup>st</sup> January 2019)	Other Related Parties in which Directors are interested
Shri Suvrat Jain (Son of Shri Shailendra K Jain)	Relatives of KMPs
Shri Devarat Jain (Son of Shri Shailendra K Jain)	Relatives of KMPs
Cyril Amarchand Mangaldas	Other Related Parties in which Directors are interested
Shardul Amarchand Mangaldas & Co.	Other Related Parties in which Directors are interested
Birla Research Institute of Applied Sciences	Other Related Parties in which Directors are interested

<sup>®</sup> Merged with Grasim Industries Limited Employees Provident Fund

\* The Company is a member of Aditya Birla Management Corporation Private Limited (ABMCPL), a company limited by guarantee formed for the purpose of its members to mutually avail and share common facilities, expertise and other support on an arm's length basis.

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### 4.5.3 Disclosure of Related Party Transactions:

#### Terms and Condition of Transaction with Related Parties

The transaction with related parties are made in the normal course of business and on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest-free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. The below transactions are as per approval of Audit Committee.

The Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

(₹ in Crore)		
A. Nature of Transactions	Current Year	Previous Year
<b>Revenue from Contracts with Customers:</b>		
UltraTech Cement Limited	2.80	4.02
Birla Jingwei Fibres Company Limited	306.68	259.34
Aditya Birla Renewables Limited	9.77	0.47
Aditya Birla Solar Limited	0.10	4.64
Aditya Birla Renewables SPV1 Limited	2.33	3.69
Aditya Birla Renewables Subsidiary Limited	0.55	6.08
Aditya Birla Sun Life AMC Limited	0.66	0.66
Aditya Birla Capital Limited	0.01	0.01
Grasim Premium Fabric Private Limited	1.84	-
Aditya Birla Management Corporation Private Limited	0.27	-
Aditya Birla Renewables Utkal Limited	0.81	-
Waacox Energy Private Limited	0.01	0.51
<b>Total</b>	<b>325.83</b>	<b>279.42</b>
<b>Interest and Other Income:</b>		
UltraTech Cement Limited	0.23	0.19
Aditya Birla Capital Limited	0.01	0.01
Aditya Birla Science and Technology Company Private Limited	1.28	1.58
Waacox Energy Private Limited	-	0.37
Aditya Birla Renewables SPV1 Limited	0.07	0.30
Aditya Birla Renewables Limited	1.02	-
Aditya Birla Solar Limited	0.11	0.42
Aditya Birla Management Corporation Private Limited	2.63	0.68
Aditya Birla Renewables Subsidiary Limited	-	0.11
Birla Carbon India Private Limited	0.95	0.95
Samruddhi Swastik Trading and Investments Limited	1.01	-
ABNL Investment Limited	0.00	-
Aditya Birla Power Composite Limited	0.24	-
<b>Total</b>	<b>7.55</b>	<b>4.61</b>
<b>Reimbursement</b>		
Aditya Birla Power Composite Limited	1.00	-
Aditya Group AB	0.61	-

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(₹ in Crore)		
A. Nature of Transactions	Current Year	Previous Year
ABNL Investment Limited	0.02	-
<b>Total</b>	<b>1.63</b>	<b>-</b>
<b>Dividend Received:</b>		
UltraTech Cement Limited	190.14	173.60
<b>Total</b>	<b>190.14</b>	<b>173.60</b>
<b>Dividend Paid:</b>		
Birla Group Holdings Private Limited	87.50	3.40
<b>Total</b>	<b>87.50</b>	<b>3.40</b>
<b>Finance Cost:</b>		
Aditya Birla Sun Life Insurance Company Limited	4.41	4.34
<b>Total</b>	<b>4.41</b>	<b>4.34</b>
<b>Purchases of Goods/Payment of Other Services</b>		
UltraTech Cement Limited	15.19	12.05
AV Group NB Inc.	669.49	717.12
Aditya Group AB	396.29	540.39
Aditya Birla Science and Technology Company Private Limited	33.14	24.87
Vodafone Idea Limited	-	1.03
Aditya Birla Sun Life Insurance Company Limited	4.05	1.21
Aditya Birla Health Insurance Co. Limited	2.23	0.99
Birla Jingwei Fibres Company Limited <sup>#</sup>	(0.08)	-
AV Terrace Bay Inc., Canada <sup>#</sup>	(0.08)	-
Aditya Birla Renewables Limited	13.29	14.12
Aditya Birla Management Corporation Private Limited	151.84	40.60
ABNL Investments Limited	0.96	0.96
Samruddhi Swastik Trading and Investments Limited	0.11	0.23
Birla Group Holdings Private Limited	0.22	0.22
Birla Research Institute of Applied Sciences	1.12	-
Other Related Parties in which Directors are interested	1.26	1.17
Relatives of KMPs	0.15	0.30
Grasim Premium Fabric Private Limited	0.92	-
Aditya Birla Idea Payment Bank	10.20	-
<b>Total</b>	<b>1,300.30</b>	<b>1,355.26</b>
<b>Payments to Key Management Personnel*</b>		
Managerial Remuneration Paid *	22.15	16.96
Commission to Non Executive Directors (KMPs)	2.50	16.50
Sitting fees to Directors	0.42	0.30
Dividend to KMPs	0.49	0.43

\* Based on the recommendation of the Nomination, Remuneration and Compensation Committee, all decisions relating to the remuneration of the Directors are taken by the Board of Directors of the Company, in accordance with shareholders' approval, wherever necessary.

# IT Recovery expenses

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forming part of the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2020

(₹ in Crore)

A. Nature of Transactions	Current Year	Previous Year
<b>Compensation of Key Management Personnel of the Company*</b>		
Short-term Employee benefits	12.21	11.78
Post-Retirement benefits	2.96	2.44
Share-Based Payments	6.98	2.74
<b>Total</b>	<b>22.15</b>	<b>16.96</b>

\* Expenses towards gratuity and leave encashment provisions are determined by actuary on an overall Company basis at the end of each year and, accordingly have not been considered in the above information.

(₹ in Crore)

A. Nature of Transactions	Current Year	Previous Year
<b>Loans Provided:</b>		
Aditya Birla Renewables Limited	65.00	-
Aditya Birla Solar Limited	13.00	10.35
Aditya Birla Renewables SPV1 Limited	6.25	18.70
Waacox Energy Private Limited	-	35.00
Aditya Birla Renewables Subsidiary Limited	-	9.00
ABNL Investments Limited	4.00	-
Samruddhi Swastik Trading and Investments Limited	80.00	0.15
<b>Total</b>	<b>168.25</b>	<b>73.20</b>
<b>Repayments against Loans Provided:</b>		
Aditya Birla Renewables Limited	60.00	-
Aditya Birla Solar Limited	-	14.65
Aditya Birla Renewables SPV1 Limited	6.25	18.70
ABNL Investments Limited	4.00	-
Samruddhi Swastik Trading and Investments Limited	80.00	0.15
Waacox Energy Private Limited	-	35.00
Aditya Birla Science and Technology Company Private Limited	2.20	-
Aditya Birla Renewables Subsidiary Limited	-	9.00
<b>Total</b>	<b>152.45</b>	<b>77.50</b>
<b>Deposits Given:</b>		
Aditya Birla Management Corporation Private Limited	44.64	5.65
<b>Purchase of Non-Convertible Debentures:</b>		
Aditya Birla Sun Life Insurance Company Limited	10.00	-
<b>Redemption of Non-Convertible Debentures</b>		
Aditya Birla Sun Life Insurance Company Limited	50.00	-
<b>Investments/(Sale) in Equity Shares:</b>		
Aditya Birla Renewables Limited	164.76	86.17
Aditya Birla Idea Payment Bank Limited	-	59.49
ABNL Investments Limited	-	(0.05)
Aditya Birla Capital Limited	770.00	-

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(₹ in Crore)		
A. Nature of Transactions	Current Year	Previous Year
Aditya Birla Power Composite Limited	0.05	-
Aditya Birla Solar Limited	-	6.15
<b>Total</b>	<b>934.81</b>	<b>151.76</b>
<b>Purchases/(Sales) of Property, Plant and Equipment/ Intangible Assets:</b>		
UltraTech Cement Limited	6.23	6.61
<b>Total</b>	<b>6.23</b>	<b>6.61</b>
<b>Contribution to Post-Retirement Funds:</b>		
Grasim Industries Limited Employees' Provident Fund	13.18	11.15
Jayshree Provident Fund Institution	5.11	3.24
Indo gulf Fertilizer Ltd. Employee Provident Fund Trust	2.18	3.36
Century Rayon Provident Fund Trust - 1 & 2	7.94	7.02
Grasim (Senior Executive & Officers) Superannuation Scheme	1.16	1.12
Grasim Industries Limited Employees Gratuity Fund	45.00	56.00
<b>Total</b>	<b>74.57</b>	<b>81.89</b>
<b>Receipts from Post-Retirement Fund:</b>		
Grasim Industries Limited Employees Gratuity Fund	-	1.03

(₹ in Crore)		
B. Outstanding Balances	Current Year	Previous Year
<b>Other Non-current Liabilities (Financial and non-financial):</b>		
Aditya Birla Sun Life AMC Limited	0.71	0.71
UltraTech Cement Limited	0.06	-
<b>Total</b>	<b>0.77</b>	<b>0.71</b>
<b>Trade Payables:</b>		
UltraTech Cement Limited	1.54	1.01
Aditya Birla Sun Life Insurance Company Limited	-	0.24
Aditya Birla Renewables Limited	2.59	-
Aditya Birla Health Insurance Company Limited	-	0.18
AV Group NB Inc.	159.77	210.81
Aditya Group AB	15.56	30.99
Aditya Birla Solar Limited	-	0.12
Aditya Birla Management Corporation Private Limited	0.09	-
Grasim Premium Fabric Private Limited	0.79	-
Samruddhi Swastik Trading and Investments Limited	0.05	0.01
<b>Total</b>	<b>180.39</b>	<b>243.36</b>
<b>Other Current Liabilities (Financial and Non-financial):</b>		
Aditya Birla Capital Limited	0.03	-
UltraTech Cement Limited	0.03	0.06

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	(₹ in Crore)	
B. Outstanding Balances	Current Year	Previous Year
Grasim Premium Fabric Private Limited	-	0.01
Aditya Birla Renewables Limited	-	1.51
Aditya Birla Management Corporation Private Limited	12.96	5.65
Century Rayon Provident Fund Trust	2.72	2.46
Jayshree Provident Fund Institution	1.24	1.16
Indo gulf Fertilizer Ltd. Employee Provident Fund Trust	0.52	1.08
Grasim Industries Limited Employees Provident fund	0.19	0.23
Grasim Industries Limited Employees Gratuity Fund	67.71	-
<b>Total</b>	<b>85.40</b>	<b>12.16</b>
<b>Trade Receivables:</b>		
UltraTech Cement Limited	0.25	0.27
Birla Jingwei Fibres Company Limited	27.88	75.83
Aditya Group AB (Domjo)	3.92	-
AVTerrace Bay Inc., Canada	0.03	-
Aditya Birla Renewables Limited	10.54	-
Aditya Birla Solar Limited	0.03	-
Aditya Birla Renewables Subsidiary Limited	0.57	-
Aditya Birla Health Insurance Company Limited	0.19	0.19
Aditya Birla Sun Life Insurance Company Limited	0.09	-
Aditya Birla Renewables SPV1 Limited	2.47	3.06
Grasim Premium Fabric Private Limited	0.07	-
Waacox Energy Private Limited	0.55	0.55
Aditya Birla Management Corporation Private Limited	0.06	-
Aditya Birla Renewables Utkal Limited	0.87	-
Samruddhi Swastik Trading and Investments Limited	0.09	-
<b>Total</b>	<b>47.61</b>	<b>79.90</b>
<b>Investments in Equity Shares (Note 2.4):</b>		
Subsidiaries	21,082.90	20,149.54
Joint Ventures	735.75	735.70
Associates	11.35	301.52
<b>Total</b>	<b>21,830.00</b>	<b>21,186.76</b>
<b>Investments in Preference Shares (Note 2.5):</b>		
Joint Ventures	71.66	68.94
<b>Non-Current Financial Assets - Loans and Deposits:</b>		
Birla Group Holdings Private Limited	7.37	7.37
Aditya Birla Management Corporation Private Limited	50.01	5.37
Samruddhi Swastik Trading and Investments Limited	0.13	0.13
<b>Total</b>	<b>57.51</b>	<b>12.87</b>

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forming part of the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2020

(₹ in Crore)		
B. Outstanding Balances	Current Year	Previous Year
<b>Non-Convertible Debentures:</b>		
Aditya Birla Sun Life Insurance Company Limited	10.00	50.42
<b>Total</b>	<b>10.00</b>	<b>50.42</b>
<b>Current Financial Assets - Loans:</b>		
Aditya Birla Science and Technology Company Private Limited	20.54	22.74
Aditya Birla Solar Limited	13.00	-
Aditya Birla Renewables Limited	5.00	-
<b>Total</b>	<b>38.54</b>	<b>22.74</b>
<b>Other Current Assets (Financial and Non-financial):</b>		
Aditya Birla Sun Life Insurance Company Limited	1.19	1.02
Aditya Birla Health Insurance Company Limited	1.76	1.34
Aditya Birla Sun Life AMC Limited	0.05	0.01
Aditya Birla Capital Limited	-	0.10
UltraTech Cement Limited	0.22	0.01
Aditya Group AB	-	5.18
Aditya Birla Management Corporation Private Limited	0.15	0.06
Aditya Birla Power Composite Limited	1.24	-
Other Related Parties in which Directors are interested	0.01	-
<b>Total</b>	<b>4.62</b>	<b>7.72</b>

(₹ in Crore)		
C. Balances written off	Current Year	Previous Year
<b>Investments</b>		
Aditya Birla Idea Payment Bank Limited	290.17	-

### 4.6. RETIREMENT BENEFITS:

#### 4.6.1 Defined Benefit Plans as per Actuarial Valuation:

##### Gratuity (funded by the Company):

The Company operates a Gratuity plan through a trust for its all employees. The Gratuity plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of service, whichever is earlier, of an amount equivalent to 15 to 30 days' salary for each completed year of service as per rules framed in this regard. Vesting occurs upon completion of five continuous years of service in accordance with Indian law. In case of majority of employees, the Company's scheme is more favourable as compared to the obligation under payment of Gratuity Act, 1972.

The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method as prescribed by the Ind AS-19 - 'Employee Benefits', which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up final obligation.

##### Inherent Risk:

The plan is defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, this exposes the Company to actuarial risk such as adverse

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### forming part of the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2020

salary growth, changes in demographic experience, inadequate return on underlying plan assets. This may result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature, the plan is not subject to any longevity risk.

#### Pension:

The Company provides pension to few retired employees as approved by the Board of Directors of the Company.

#### Inherent Risk:

The plan is of a defined benefit in nature which is sponsored by the Company and hence it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Company that any adverse increase in salary increases for serving employees/pension increase for pensioners or adverse demographic experience can result in an increase in cost of providing these benefits to employees in future. In this case the pension is paid directly by the Company (instead of pension being bought out from an insurance company) during the lifetime of the pensioners/beneficiaries and hence the plan carries the longevity risks.

#### 4.6.1.1 Gratuity and Pension:

(₹ in Crore)

	Gratuity (Funded)		Pension	
	Current Year	Previous Year	Current Year	Previous Year
<b>(i) Reconciliation of Present Value of the Obligation:</b>				
Opening Defined Benefit Obligation	534.13	493.78	34.18	35.71
Adjustments of:				
Current Service Cost	32.06	28.57	-	-
Past Service Cost	-	-	-	-
Interest Cost	37.35	35.40	2.41	2.60
Actuarial Loss/(Gain)	72.86	15.24	2.87	0.86
Benefits Paid	(45.00)	(38.86)	(4.96)	(4.99)
Closing Defined Benefit Obligation	631.40	534.13	34.50	34.18
<b>(ii) Reconciliation of Fair Value of the Plan Assets:</b>				
Opening Fair Value of the Plan Assets	536.07	476.43	-	-
Adjustments of:				
Return on Plan Assets	38.25	34.82	-	-
Actuarial Gain/(Loss)	(10.64)	7.68	-	-
Contributions by the Employer	45.00	56.00	4.97	4.99
Benefits Paid	(45.00)	(38.86)	(4.97)	(4.99)
Closing Fair Value of the Plan Assets	563.68	536.07	-	-
<b>(iii) Net Liabilities/(Assets) recognised in the Balance Sheet:</b>				
Present Value of the Defined Benefit Obligation at the end of the year	631.40	534.13	34.50	34.18
Fair Value of the Plan Assets	563.68	536.07	-	-
Net Liabilities/(Assets) recognised in the Balance Sheet	67.72	(1.94)	34.50	34.18



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(₹ in Crore)

	Gratuity (Funded)		Pension	
	Current Year	Previous Year	Current Year	Previous Year
<b>(iv) Amount recognised in Salary and Wages under Employee Benefits Expense in the Statement of Profit and Loss:</b>				
Current Service Cost	32.06	28.57	-	-
Past Service Cost	-	-	-	-
Interest on Defined Benefit Obligations (Net)	(0.90)	0.57	2.41	2.60
Net Cost	31.16	29.14	2.41	2.60
Capitalised as Pre-Operative Expenses in respect of Projects and other Adjustments	(0.42)	(1.44)	-	-
Net Charge to the Statement of Profit and Loss	30.74	27.70	2.41	2.60
<b>(v) Amount recognised in Other Comprehensive Income (OCI) for the Year:</b>				
Changes in Financial Assumptions	45.91	8.11	1.36	0.33
Changes in Demographic Assumptions	-	(0.09)	-	(1.28)
Experience Adjustments	26.95	7.22	1.51	1.81
Actual return on Plan Assets less Interest on Plan Assets	10.64	(7.68)	-	-
Recognised in OCI for the year	83.50	7.56	2.87	0.86
<b>(vi) Maturity profile of Defined Benefit Obligation:</b>				
Within next 12 months (next annual reporting period)	83.90	85.45	4.94	5.57
Between 1 and 5 years	239.44	184.08	16.13	18.84
Between 5 and 9 years	228.76	204.06	12.32	14.57
10 years and above	777.65	671.17	17.63	22.97
<b>(vii) Quantitative sensitivity analysis for significant assumptions:</b>				
Increase/(decrease) on present value of defined benefit obligation at the end of the year				
50 bps increase in discount rate	(25.65)	(20.03)	(0.82)	(0.80)
50 bps decrease in discount rate	27.58	21.47	0.86	0.85
50 bps increase in salary escalation rate	27.21	21.37	-	-
50 bps decrease in salary escalation rate	(25.56)	(20.08)	-	-
Increase in Life Expectancy by one year	-	-	1.25	1.13
Decrease in Life Expectancy by one year	-	-	(1.26)	(1.15)

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(₹ in Crore)

	Gratuity (Funded)		Pension	
	Current Year	Previous Year	Current Year	Previous Year
(viii) <b>The major categories of Plan Assets as a % of total plan:</b>				
Government of India Securities	18.15%	17.87%	N.A.	N.A.
Corporate Bonds	2.02%	1.98%	N.A.	N.A.
Insurer Managed Fund	79.75%	80.06%	N.A.	N.A.
Others	0.09%	0.09%	N.A.	N.A.
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>N.A.</b>	<b>N.A.</b>
(ix) <b>Principal Actuarial Assumptions:</b>				
Discount Rate	6.75%	7.60%	6.75%	7.60%
Salary Escalation rate	5.50%- 8.00%	5.50%- 8.00%	-	-
Mortality Tables	Indian Assured Lives Mortality (2012-14) Ult.	Indian Assured Lives Mortality (2012-14) Ult.	S1PA annuity rates adjusted suitably	S1PA annuity rates adjusted suitably
<b>Retirement Age:</b>				
Management	60 Yrs.	60 Yrs.		
Non-Management	58 Yrs.	58 Yrs.		
(x) <b>Weighted Average Duration of Defined Benefit obligation</b>	<b>8.44 Yrs.</b>	<b>7.76 Yrs.</b>	<b>4.85 Yrs.</b>	<b>4.86 Yrs.</b>

(xi) There are no amounts included in the Fair Value of Plan Assets for:

- Company's own financial instrument
- Property occupied by or other assets used by the Company

(xii) **Basis used to determine Discount Rate:**

Discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date, applicable to the period over which the obligation is to be settled.

(xiii) **Asset Liability matching Strategy:**

The money contributed by the Company to the fund to finance the liabilities of the plan has to be invested.

The trustees of the plan are required to invest the funds as per the prescribed pattern of investments laid out in the income tax rules for such approved schemes. Due to the restrictions in the type of investments that can be held by the fund, it is not possible to explicitly follow an asset-liability matching strategy to manage risk actively.

There is no compulsion on the part of the Company to fully pre-fund the liability of the Plan. The Company's philosophy is to fund the benefits based on its own liquidity and tax position as well as level of under funding of the plan.

(xiv) **Salary Escalation Rate:**

The estimates of future salary increases are considered taking into account inflation, seniority, promotion, increments and other relevant factors.

# Notes

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**(xv) Sensitivity Analysis:**

Sensitivity Analysis have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market condition at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analysis.

**(xvi)** The best estimate of the expected Contribution for the next year amounts to ₹ 20 Crore (Previous Year ₹ 20 Crore).

**4.6.1.2 Compensated Absences:**

The obligation for compensated absences is recognised in the same manner as gratuity, amounting to charge of ₹ 40.02 Crore (Previous Year ₹ 33.61 Crore).

**4.6.1.3 The details of the Company's Defined Benefit Plans in respect of the Company managed Provident Fund Trust:**

Contribution to the recognised provident fund are substantially defined contribution plan. The Company is liable for any shortfall in the fund assets based on the Government specified rate of return. Such shortfall, if any, is recognised in the Statement of Profit and Loss as an expense in the year of incurring the same.

Amount recognised as expense and included in the Note 3.6 as "Contribution - Company owned Provident Fund" is ₹ 28.56 Crore (Previous Year ₹ 24.77 Crore) and Amount recognized as pre-operative expense and included in note 2.1.7 as "Contribution - Company owned Provident Fund" is ₹ 0.30 Crore (Previous Year ₹ 0.76 Crore).

(₹ in Crore)

Particulars	Provident Fund (Funded)	
	Current Year	Previous Year
<b>(i) Reconciliation of Present Value of the Obligation:</b>		
Opening Defined Benefit Obligation	1,081.75	1,012.45
Adjustments of:		
Current Service Cost	28.86	25.53
Interest Cost	71.53	76.45
Actuarial Loss/(Gain)	37.26	27.94
Contributions by the Employees	77.44	71.10
Benefits Paid	(97.89)	(114.81)
Liabilities assumed/(settled)	(28.26)	(16.91)
Closing Defined Benefit Obligation	1,170.69	1,081.75
<b>(ii) Reconciliation of Fair Value of the Plan Assets:</b>		
Opening Fair Value of the Plan Assets	1,081.75	1,012.45
Adjustments of:		
Expected Return on Plan Assets	71.53	76.45
Actuarial Gain/(Loss)	37.26	27.94
Contributions by the Employer	28.86	25.05
Contributions by the Employee	77.44	71.10

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(₹ in Crore)

Particulars	Provident Fund (Funded)	
	Current Year	Previous Year
Benefits Paid	(97.89)	(114.81)
Assets acquired/(settled)	(28.26)	(16.43)
Closing Fair Value of the Plan Assets	1,170.69	1,081.75
<b>(iii) Net Liabilities/(Assets) recognised in the Balance Sheet:</b>		
Present Value of the Defined Benefit Obligation at the end of the period	1,170.69	1,081.75
Fair Value of the Plan Assets	1,170.69	1,081.75
Net Liabilities/(Assets) recognised in the Balance Sheet	-	-
<b>(iv) Amount recognised in Salary and Wages under Employee Benefits Expense in the Statement of Profit and Loss:</b>		
Current Service Cost	28.86	25.53
Interest on Defined Benefit Obligations (Net)	71.53	76.45
Net Cost	100.39	101.98
Expected return on plan assets	71.53	76.45
Net Charge to the Statement of Profit and Loss	28.86	25.53
<b>(v) Actual return on plan assets:</b>		
Expected return on plan assets	71.53	76.45
Actuarial gain on plan assets	37.26	27.94
Actual return on plan assets	108.79	104.39
<b>(vi) Asset information:</b>		
Government Securities	509.33	461.62
Private Sector Bonds	550.97	494.56
Equity/insurer managed funds/mutual funds	37.63	46.55
Others	72.76	79.02
Total assets at the end of the year	1,170.69	1,081.75
<b>(vii) Principal actuarial assumptions used:</b>		
Discounted rate (per annum)	6.75%	7.60%
Expected rate of return on plan assets (per annum)	6.25% - 6.55%	7.08%-7.54%
Average Historic Yield on Investment Portfolio	8.03% - 8.73%	8.40%- 9.07%
Guaranteed Interest Rate	8.20%	8.65%

#### 4.6.2 Defined Contribution Plans:

(₹ in Crore)

Particulars	As on 31 <sup>st</sup> March 2020	As on 31 <sup>st</sup> March 2019
Amount recognized as an expense and included in note 3.6 as "Contribution to Provident and Other Funds"	69.64	64.47
Amount recognized as pre-operative expense and included in note 2.1.5 as Contribution to Provident and Other Funds"	0.95	0.41
Total Contribution to Provident and Other Funds	70.59	64.88

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## 4.7 ADDITIONAL INFORMATION

### 4.7.1 Information relating to Micro and Small Enterprises, as per the Micro, Small and Medium Enterprises Development Act, 2006:

Particulars	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
(a) the principal amount overdue and the interest thereon (₹ 0.06 Crore) remaining unpaid to any supplier at the end of each accounting year;	6.44	0.08
(b) the amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	0.09
(c) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Development Act, 2006;	0.76	-
(d) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	0.82	0.01
(e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

### 4.7.2 Government Grants (Ind AS 20)

The Company has received interest-free loans of ₹ 0.70 Crore (Previous year ₹ 18.03 Crore) from a State Government, repayable in full after seven years. Using prevailing market interest rate @ 7.50% p.a. (Previous year in range of 7.66%-8.70% p.a.) for an equivalent loan, the fair value of loan at initial recognition is estimated at ₹ 0.42 Crore (Previous year ₹ 9.95 Crore). The difference of ₹ 0.28 Crore (Previous year ₹ 8.08 Crore) between gross proceeds and fair value of loan is the government grant which will be recognised in the Statement of Profit and Loss over the period of loan.

The Company has also received a subsidised loan of ₹ 87.50 Crore (Previous year ₹ 100 Crore) @ 5% p.a. and 0.50% royalty on net sale from a Central Government, repayable in nine equal half yearly instalments starting from 01.04.2020. Using prevailing market interest rate in range of 6.75% to 7.40% p.a. for an equivalent loan, the fair value of loan at initial recognition is estimated at ₹ 84.16 Crore (Previous year ₹ 92.99 Crore). The difference of ₹ 3.34 Crore (Previous year ₹ 7.01 Crore) between gross proceeds and fair value of loan is the government grant which will be recognised in the Statement of Profit and Loss over the period of loan.

Cumulative loan interest-free and interest at subsidised rate received from the government is ₹ 88.20 Crore (previous year ₹ 118.03 Crore). Accordingly, an amount of ₹ 2.11 Crore (Previous year ₹ 1.46 Crore) has been recognised as income in the current year and correspondingly equivalent amount has been accounted as an interest expense.

Further, it also includes savings in import duty on procurement of capital goods and export incentives under MEIS scheme.

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### 4.7.3 Corporate Social Responsibility:

The Company has spent ₹ 58.98 Crore on Corporate Social Responsibility Projects/initiatives during the year (Previous Year ₹ 47.14 Crore).

The amount required to be spent under Section 135 of the Companies Act, 2013 for the year ended 31<sup>st</sup> March 2020 is ₹ 48.43 Crore (Previous Year ₹ 33.97 Crore) i.e. 2% of average net profits for last three financial years, calculated as per Section 198 of the Companies Act, 2013.

### 4.7.4 Distribution Made and Proposed (Ind AS 1):

Particulars	(₹ in Crore)	
	Current Year	Previous Year
<b>Cash dividends declared and paid on equity shares:</b>		
Final dividend for the year ended on 31 <sup>st</sup> March 2019: ₹ 7 per share of face value of ₹ 2 each (31 <sup>st</sup> March 2018: ₹ 6.20 per share of face value of ₹ 2 each)	460.33	407.74
Dividend Distribution Tax on final dividend	55.54	48.09
Total cash outflow on account of Dividend and tax thereon	515.87	455.83
<b>Proposed dividends on Equity shares:</b>		
Final dividend for the year ended on 31 <sup>st</sup> March 2020: ₹ 4 per share of face value of ₹ 2 each (31 <sup>st</sup> March 2019: ₹ 7 per share of face value of ₹ 2 each)	263.12	460.34
Dividend Distribution Tax on proposed dividend	-	55.54
Total proposed Dividend and tax thereon	263.12	515.88

	(₹ in Crore)	
	Current Year	Previous Year
<b>4.7.5</b> Revenue expenditure incurred by approved in-house R&D centres on Research and Development included in different heads of expenses in the Statement of Profit and Loss	67.40	64.28
<b>4.7.6</b> Miscellaneous Expenses include contribution to AB General Electoral Trust. The Trust uses such funds for contribution for Political purposes.	66.00	9.50

# Notes

forming part of the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2020

## 4.8 SHARE BASED PAYMENTS

**4.8.1** 1,884,025 Equity Shares of Face Value of ₹ 2 each (Previous Year 2,172,121 Equity Shares of Face Value of ₹ 2 each ) are reserved for issue under Employee Stock Option Scheme-2006 (ESOS-2006) Employee Stock Option Scheme, 2013 (ESOS-2013) and Employee Stock Option Scheme, 2018 (ESOS-2018).

- a. Under the ESOS-2006, the Company has granted 56,005 Options to its eligible employees, the details of which are given hereunder:

Particulars	Options
	Tranche V
No. of Options Granted	56,005
Grant Date	18 <sup>th</sup> October 2013
Grant Price (₹ Per Share) <sup>#</sup>	532
Market Price on the Date of Grant (₹)	543
Fair Value on the Date of Grant of Option (₹ Per Share)	197
Method of Settlement	Equity
Method of Accounting	Intrinsic value for options vested before 1 <sup>st</sup> April 2015, and Fair value for options vested after 1 <sup>st</sup> April 2015
Graded Vesting Plan	25% every year, commencing after one year from the date of grant
Normal Exercise Period	5 years from the date of vesting

<sup>#</sup> The Grant Price in respect of Tranche V has been revised in the Previous Financial Year post-demergers of Financial Service business of Grasim to ABCL, resulted in reduction of ₹ 14 per share from the earlier Exercise Price, i.e. Face value of ABCL's share X 1.4 (share entitlement ratio).

## Notes

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b. Under the ESOS-2013, the Company has granted 964,960 Options and Restricted Stock Units (RSUs) to the eligible employees of the Company and its subsidiary, the details of which are given hereunder:

Particulars	Options					RSUs				
	Tranche I	Tranche III	Tranche V	Tranche I	Tranche II	Tranche III	Tranche IV	Tranche V		
No. of Options/RSUs Granted	627,015	121,750	30,440	93,495	40,420	31,010	16,665	4,165		
Grant Date	18 <sup>th</sup> October 2013	15 <sup>th</sup> January 2016	2 <sup>nd</sup> April 2016	18 <sup>th</sup> October 2013	21 <sup>st</sup> November 2013	29 <sup>th</sup> January 2014	15 <sup>th</sup> January 2016	2 <sup>nd</sup> April 2016		
Grant Price (₹ Per Share) <sup>#</sup>	529	686	757	2	2	2	2	2		
Market Price on the Date of Grant (₹) <sup>#</sup>	529	686	757	529	522	686	757	757		
Fair value on the date of Grant of option (₹ per share)	199	274	291	520	498	495	687	750		
Method of Settlement	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity		
Method of Accounting	Intrinsic value for options vested before 1 <sup>st</sup> April 2015 and Fair value for options vested after 1 <sup>st</sup> April 2015	Equity	Equity	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value		
Graded Vesting Plan	25% every year, commencing after one year from the date of grant	Equity	Equity	Equity	Equity	Equity	Equity	Equity		
Normal Exercise Period	5 years from the date of vesting	5 years from the date of vesting	5 years from the date of vesting	Bullet vesting at the end of three years from the date of grant	Bullet vesting at the end of three years from the date of grant	Bullet vesting at the end of three years from the date of grant	Bullet vesting at the end of three years from the date of grant	Bullet vesting at the end of three years from the date of grant		

<sup>#</sup>The Grant Price and Market Price in respect of Tranches I, III and IV has been revised in the previous Financial Year post- demerger of Financial Service business of Grasim to ABCL, resulting in reduction of ₹ 14 per share from the earlier Exercise Price i.e. Face value of ABCL's share X 1.4 (share entitlement ratio).

c. Under the ESOS-2018, the Company has granted 1,463,206 Options and Restricted Stock Units (RSUs) to the eligible employees of the Company and its subsidiary, the details of which are given hereunder:

Particulars	Options					RSUs				
	Tranche I	Tranche III	Tranche V	Tranche I	Tranche II	Tranche III	Tranche IV			
No. of Options/RSUs Granted	1,077,312	26,456	53,480	206,320	66,179	5,066	28,393			
Grant Date	17 <sup>th</sup> December 2018	24 <sup>th</sup> December 2019	13 <sup>th</sup> March 2020	17 <sup>th</sup> December 2018	27 <sup>th</sup> March 2019	24 <sup>th</sup> December 2019	13 <sup>th</sup> March 2020			
Grant Price (₹ Per Share)	847.20	742.35	559.85	2	2	2	2			
Market Price on the date of Grant (₹) <sup>#</sup>	847.20	742.35	559.85	847.20	836.70	742.35	559.85			
Fair value on the date of Grant of option (₹ per share)	422.53	347.48	266.70	832.64	822.29	726.19	547.29			
Method of Settlement	Equity	Equity	Equity	Equity	Equity	Equity	Equity			
Method of Accounting	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value			
Graded Vesting Plan	25% every year, commencing after one year from the date of grant	Equity	Equity	Equity	Equity	Equity	Equity			
Normal Exercise Period	5 years from the date of vesting	5 years from the date of vesting	5 years from the date of vesting	Bullet vesting at the end of three years from the date of grant	Bullet vesting at the end of three years from the date of grant	Bullet vesting at the end of three years from the date of grant	Bullet vesting at the end of three years from the date of grant			



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**4.8.2 (a) Under the Employee Stock Options Scheme - 2013 (ESOS-2013), the Company has granted 140,517 Options to the eligible employees of erstwhile ABNL as per the composite scheme of arrangement between the Company and ABNL. The details are as under:**

Particulars	Options			RSUs		
	Tranche IA	Tranche IIIA	Tranche IVA	Tranche IA	Tranche IVA	Tranche IVA
No. of Options Granted	39,887	6,144	51,219	18,483	24,784	24,784
Grant Date	7 <sup>th</sup> December 2013	12 <sup>th</sup> November 2014	24 <sup>th</sup> May 2016	7 <sup>th</sup> December 2013	24 <sup>th</sup> May 2016	24 <sup>th</sup> May 2016
Grant/Exercise Price (₹ Per Share)	449	631	648	2	2	2
Market Price on the date of Grant	1,240	1,727	992	1,240	992	992
Fair Value on the date of merger (1 <sup>st</sup> July 2017)	806	693	716	1,200	1,195	1,195
Method of Settlement	Equity	Equity	Equity	Equity	Equity	Equity
Method of Accounting	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
Graded Vesting Plan	25% every year, commencing after one year from the date of grant			Bullet vesting at the end of three years from the date of grant		
Normal Exercise Period	5 years from the date of vesting			5 years from the date of vesting		

**(b) Under the Employee Stock Options Scheme - 2013 (ESOS-2013), the Company has granted 212,986 SAR to the eligible employees of erstwhile ABNL as per the composite scheme of arrangement between the Company and ABNL. The details are as under:**

Particulars	SARs (Linked with the Company's market price)		SARs (Linked with Aditya Birla Capital Limited's market price)	
	Tranche - IV A	Tranche - IV B	Tranche - IV A	Tranche - IV B
Number of SARs	79,382	8,920	111,137	13,547
Method of Accounting	Fair Value	Fair Value	Fair Value	Fair Value
Vesting Plan	Graded Vesting - 25% every year	Bullet Vesting-end of 3 years from grant date	Graded Vesting - 25% every year	Bullet Vesting - end of 3 years from grant date
Exercise Period	3 Years from the date of Vesting or 6 years from the date of grant, whichever is earlier		3 Years from the date of Vesting or 6 years from the date of grant, whichever is earlier	
Grant Date	24 <sup>th</sup> May 2016	24 <sup>th</sup> May 2016	24 <sup>th</sup> May 2016	24 <sup>th</sup> May 2016
Grant Price (₹ Per Share)	648	2	10	10
Market Price on the Date of Grant of SARs (₹ Per Share)	992.4	992.4	N.A.	N.A.

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### 4.8.3 Movement of Options and RSUs Granted along with Weighted-Average Exercise Price (WAEP)

#### 4.8.3.1 For Options referred to in 4.8.1(a), (b) and (c)

	Number of Options and RSUs			
	Current Year		Previous Year	
	Nos.	WAEP (₹)	Nos.	WAEP (₹)
Outstanding at the beginning of the year	2,172,121	602	1,039,210	463
Granted during the year	113,395	438	1,398,864	678
Exercised during the year	187,945	452	210,280	389
Lapsed during the year	131,876	699	6,620	711
Outstanding at the end of the year	1,965,695	601	2,172,121	602
Options: Unvested at the end of the year	1,088,786	611	1,393,016	675
Exercisable at the end of the year	876,909	588	779,105	472

The weighted average share price at the date of exercise for options was ₹ 719.55 per share (31<sup>st</sup> March 2019 ₹ 602.09 per share) and weighted average remaining contractual life. For the share options outstanding as at 31<sup>st</sup> March 2020 was 3.19 years (31<sup>st</sup> March 2019: 2.35 years).

#### 4.8.3.2 For Options referred to in 4.8.2(a) and (b)

	Number of Options and RSUs				Number of SARs			
	Current Year		Previous Year		Current Year		Previous Year	
	Nos.	WAEP (₹)	Nos.	WAEP (₹)	Nos.	WAEP (₹)	Nos.	WAEP (₹)
Outstanding at the beginning of the year	100,647	372	122,167	364	135,441	258	167,876	239
Granted during the year	-	-	-	-	-	-	-	-
Exercised during the year	12,630	419	16,648	235	25,070	203	22,204	106
Lapsed during the year	-	-	4,872	643	-	-	10,231	274
Outstanding at the end of the year	88,017	365	100,647	372	110,371	270	135,441	258
Options: Unvested at the end of the year	10,664	648	39,042	355	36,221	276	83,679	240
Exercisable at the end of the year	77,353	327	61,605	383	74,150	267	51,762	287

The weighted average share price at the date of exercise for options was ₹ 866.22 per share (previous year ₹ 1,035.75 per share) and weighted average remaining contractual life for the share options outstanding as at 31<sup>st</sup> March 2020 was 2.71 years (31<sup>st</sup> March 2019: 2.76 years).

The weighted average share price at the date of exercise for SARs was ₹ 407.23 per share (31<sup>st</sup> March 2019 ₹ 354.64 per share) and weighted average remaining contractual life for the SARs outstanding as at 31<sup>st</sup> March 2020 was 1.79 years (31<sup>st</sup> March 2019 2.2 years).

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### 4.8.4 Fair Valuation

The fair value of options used to compute proforma net income and earnings per equity share has been done by an independent firm of Chartered Accountants on the date of grant using Black-Scholes Model and Binomial Model.

The Key Assumptions in Black-Scholes Model and Binomial Model for calculating fair value as on the date of grant are:

#### 4.8.4.1 For options referred to in 4.8.1(a), (b) & (c)

	Options	
	Tranche I	Tranche V
ESOS-2006	Black - Scholes Model	
Method Used	8.58%	
Risk-Free Rate	Vesting Period (1 Year) + Average of Exercise Period	
Option Life (Years)	24.01%	
Expected Volatility*	1.03%	
Dividend Yield		

The weighted-average fair value of the option, as on the date of grant, works out to ₹ 211 per stock option.

	Options					RSUs				
	Tranche I	Tranche III	Tranche IV	Tranche I	Tranche II	Tranche III	Tranche IV	Tranche V		
ESOS-2013	Black - Scholes Model					Black - Scholes Model				
Method Used	8.58%	7.87%	7.60%	8.66%	8.90%	9.00%	7.96%	7.78%		
Risk-Free Rate	Vesting Period (1 Year) + Average of Exercise Period					5.50				
Option Life (Years)	24.01%	28.26%	27.96%	24.01%	23.76%	23.47%	28.52%	28.41%		
Expected Volatility*	1.03%	0.36%	0.52%	1.34%	1.40%	1.43%	0.34%	0.51%		
Dividend Yield										

The weighted-average fair value of the option and RSU, as on the date of grant, works out to ₹ 215 per stock option and ₹ 539 per RSU.

\*Expected volatility on the Company's stock price on National Stock Exchange based on the data commensurate with the expected life of the options/RSUs upto the date of grant.

	Options			RSUs		
	Tranche I	Tranche II	Tranche III	Tranche I	Tranche II	Tranche III
ESOS-2018	Binomial Model			Binomial Model		
Method Used	7.60%	6.74%	6.85%	7.65%	7.48%	6.74%
Risk-Free Rate	Vesting Period (1 year) + Average of Exercise Period			Vesting Period (3 years) + Average of Exercise Period		
Option Life (Years)	32.06%	32.35%	32.78%	32.06%	31.48%	32.35%
Expected Volatility*	0.52%	0.66%	0.66%	0.52%	0.52%	0.66%
Dividend Yield						

The weighted-average fair value of the option and RSU, as on the date of grant, works out to ₹ 413.61 per stock option, ₹ 816.16 per RSU.

\* Expected volatility on the Company's stock price on National Stock Exchange based on the data commensurate with the expected life of the options/RSUs upto the date of grant.

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### 4.8.4.2 For options referred to in 4.8.2(a)&(b)

ESOS-2013	Options			RSUs	
	Tranche IA	Tranche IIIA	Tranche IVA	Tranche IA	Tranche IVA
Risk-Free Rate	6.60%	6.60%	6.70%	6.50%	6.70%
Option Life (Years)	2.6 years	2.7 years	4.4 years	2.2 years	4.4 years
Expected Volatility*	27.20%	27.80%	27.20%	27.70%	27.40%
Dividend Yield	0.31%	0.31%	0.31%	0.31%	0.31%
Weighted average fair value of the option/RSU on the date of grant	₹ 583 per stock option			₹ 1,004 per stock option	

ESOS-2013	SARs (Linked to the Company's market price)		SARs (Linked with Aditya Birla Capital Limited's market price)	
	Tranche IVA	Tranche IVB	Tranche IVA	Tranche IVB
Method Used	Binomial Model	Binomial Model	Binomial Model	Binomial Model
Risk-Free Rate	5.89%	5.89%	5.89%	5.89%
Option Life (Years)	1.82 years	2.15 years	1.82 years	2.15 years
Expected Volatility*	32.78%	32.36%	35.00%	35.92%
Dividend Yield	0.66%	0.66%	-	-
Weighted average fair value of SARs on 31 <sup>st</sup> Mar 2020	₹ 93.56 per SAR		₹ 32.28 per SAR	

\* Expected volatility on the Company's stock price on National Stock Exchange based on the data commensurate with the expected life of the options/RSUs upto the date of grant.

4.8.5 Employee Stock Option expenses recognised in the statement of Standalone Profit and Loss ₹ 23.58 Crore (Previous Year ₹ 10.90 Crore) and recognised in pre-operative expense ₹ 0.60 Crore (Previous Year ₹ 0.27 Crore).

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## 4.9 FINANCIAL INSTRUMENTS-DISCLOSURE, ACCOUNTING CLASSIFICATIONS AND FAIR VALUE MEASUREMENTS (IND AS 107)

### A. Disclosure of Financial Instruments:

#### i. Investments in Equity Instruments (Other than Subsidiaries, Joint Ventures and Associates) designated at FVTOCI

These investments have been designated on initial recognition to be measured at FVTOCI as these are strategic investments and are not intended for sale.

#### ii. Investment in Debentures and Bonds measured at FVTOCI

Investments in Debentures or Bonds meet the contractual cash flow test as required by Ind AS 109- Financial Instruments. However, the business Model of the Company is such that it does not hold these investments till maturity as the Company intends to sell these investments as and when need arises. Hence, the same have been measured at FVTOCI.

#### iii. Investment in Mutual Fund Units and Preference Shares measured at FVTPL

Preference Shares and Mutual Funds have been measured on initial recognition at FVTPL as these financial assets do not pass the contractual cash flow test as required by Ind AS 109- Financial Instruments, for being measured at amortised cost or FVTOCI, hence, classified at FVTPL.

### B. Classification of Financial Assets and Liabilities:

(₹ in Crore)

Particulars	31 <sup>st</sup> March 2020		31 <sup>st</sup> March 2019	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Financial Assets at Amortised Cost</b>				
Trade Receivables	2,905.32	2,905.32	3,491.59	3,491.59
Loans	344.18	344.18	259.21	259.21
Cash and Bank Balances	78.92	78.92	42.47	42.47
Other Financial Assets	298.15	298.15	243.61	243.61
<b>Financial Assets at fair value through Other Comprehensive Income</b>				
Investments (Current and Non-Current)	3,982.67	3,982.67	6,841.46	6,841.46
<b>Financial Assets at fair value through Profit or Loss</b>				
Investments (Current and Non-Current)	1,863.48	1,863.48	3,099.35	3,099.35
<b>Hedging Instruments measured at fair value</b>				
Derivative Assets	24.60	24.60	-	-
<b>Total</b>	<b>9,497.32</b>	<b>9,497.32</b>	<b>13,977.69</b>	<b>13,977.69</b>
<b>Financial Liabilities at Amortised Cost</b>				
Rupee Term Loans from Banks	33.01	30.90	68.78	62.52
Subsidised Government Loan	224.72	224.56	153.92	153.85
Deferred Sales Tax Loans	27.06	27.06	24.53	24.53
Non-Convertible Debentures	2,446.55	2,474.60	1,008.39	1,028.15
External Commercial Borrowing	150.36	150.36	206.67	206.67
Rupee Loans (Current)	475.80	475.80	457.10	457.10
Foreign Currency Loans (Current)	-	-	451.38	451.38
Commercial Papers (Current)	1,710.62	1,710.62	940.00	940.00

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(₹ in Crore)

Particulars	31 <sup>st</sup> March 2020		31 <sup>st</sup> March 2019	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Lease Obligation (Current and Non-Current)	65.76	65.76	-	-
Trade Payables	2,664.78	2,664.78	2,375.69	2,375.69
Other Financial Liabilities	922.33	922.33	695.60	695.60
<b>Hedging Instruments measured at fair value</b>				
Derivative Liabilities	-	-	50.45	50.45
<b>Total</b>	<b>8,720.99</b>	<b>8,746.77</b>	<b>6,432.51</b>	<b>6,445.94</b>

### C. Fair Value Measurements (Ind AS 113):

The fair values of the Financial Assets and Liabilities are included at the amount, at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments based on the input that is significant to the fair value measurement as a whole:

Level 1 – This hierarchy uses quoted (unadjusted) prices in active markets for identical assets or liabilities. The fair value of all Equity Shares which are traded on the stock exchanges, is valued using the closing price at the reporting date.

Level 2 – The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over the counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on company specific estimates. The mutual fund units are valued using the closing Net Asset Value. Investments in Debentures or Bonds are valued on the basis of dealer's quotation based on fixed income and money market association (FIMMDA).

If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3 – If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

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For assets and liabilities which are measured at fair value as at Balance sheet date, the classification of fair value calculation by category is summarised below:

(₹ in Crore)

Quantitative disclosures fair value measurement hierarchy for assets and liabilities	Level 1	Level 2	Level 3	Total
<b>As at 31<sup>st</sup> March 2020</b>				
<b>Financial Assets</b>				
<b>1. Measured at Fair Value through Other Comprehensive Income</b>				
Investments in Debentures or Bonds	-	131.04	-	131.04
Investment in Equity Instruments (other than Subsidiaries, Joint Ventures and Associates)	3,398.05	-	453.58	3,851.63
<b>2. Measured at fair value through Profit or Loss</b>				
Investments in Mutual Funds	-	1,790.92	-	1,790.92
Investments in Preference Shares	-	-	72.56	72.56
Derivative Assets	-	24.60	-	24.60
<b>Financial Liabilities</b>				
<b>1. Measured at Amortised cost</b>				
Borrowings	-	2,474.60	432.88	2,907.48
<b>As at 31<sup>st</sup> March 2019</b>				
<b>1. Measured at Fair Value through Other Comprehensive Income</b>				
Investments in Debentures or Bonds	-	165.05	-	165.05
Investment in Equity Instruments (other than Subsidiaries, Joint Ventures and Associates)	6,242.77	-	433.64	6,676.41
<b>2. Measured at fair value through Profit or Loss</b>				
Investments in Mutual Funds	-	3,024.55	-	3,024.55
Investments in Preference Shares	-	-	74.80	74.80
<b>Financial Liabilities</b>				
<b>1. Measured at fair value through Profit or Loss</b>				
Hedging Instruments	-	50.45	-	50.45
<b>2. Measured at Amortised cost</b>				
Borrowings	-	1,028.15	447.57	1,475.72

The management assessed that cash and bank balances, trade receivables, loans, trade payables, borrowings (cash credits, commercial papers, foreign currency loans, working capital loans) and other financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

During the reporting period ending 31<sup>st</sup> March 2020 and 31<sup>st</sup> March 2019, there was no transfer between Level 1 and Level 2 fair value measurement.

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### 4.9.1 Key Inputs for Level 1 & 2 Fair valuation Technique:

1. Mutual Funds: Based on Net Asset Value of the Scheme (Level 2)
2. Debentures or Bonds: Based on market yield for instruments with similar risk profile/maturity, etc., (Level 2)
3. Listed Equity Investments (other than Subsidiaries, Joint Ventures and Associates): Quoted Bid Price on Stock Exchange (Level 1)
4. Derivative Liabilities (Level 2)
  - (a) The fair value of interest rate swaps is calculated as the present value of estimated future cash flows based on observable yield curves and an appropriate discount factor.
  - (b) The fair value of forward foreign exchange contracts is calculated as the present value determined using forward exchange rates and interest rate curve of respective currencies.
  - (c) The fair value of currency swap is calculated as the present value determined using forward exchange rates, currency basis spreads between the respective currencies, interest rate curves and an appropriate discount factor.

### 4.9.2 Description of Significant Unobservable Inputs used for Financial Instruments (Level 3)

The following table shows the valuation techniques used for financial instruments:

Investments in Preference Shares	Discounted cash flow method using risk adjusted discount rate
Equity Investments - Unquoted (Other than Subsidiaries, Joint Ventures and Associates)	Discounted cash flow method using risk adjusted discount rate/Net worth of Investee Co.
Other Financial Assets (Non-current)	Discounted cash flow method using risk adjusted discount rate
Other Financial Liabilities (Non-current)	Discounted cash flow method using risk adjusted discount rate
Long-Term Borrowings - Deferred Sales Tax Loans and Non-convertible Debentures	Discounted cash flow method using risk adjusted discount rate

### 4.9.3 The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values:

	(₹ in Crore)
<b>Balances as at 1<sup>st</sup> April 2018</b>	<b>621.71</b>
Add: Fair Value Loss recognised in the Statement of Profit and Loss	4.95
Less: Sale/Redemption of Investments	(39.97)
Add: Purchase of Investment	0.04
Add: Fair Value Gain recognised in OCI	(78.29)
<b>Balances as at 31<sup>st</sup> March 2019</b>	<b>508.44</b>
Add: Fair value Loss recognised in the Statement of Profit and Loss	2.76
Less: Sale/Redemption of Investments	(5.00)
Add: Purchase of Investment	0.06
Add/(Less): Fair value loss recognised in OCI	19.88
<b>Balances as at 31<sup>st</sup> March 2020</b>	<b>526.14</b>



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#### 4.9.4 Relationship of Unobservable Inputs to Level 3 fair values (Recurring):

##### A. Equity Investments - Unquoted (for Equity Shares where Discounted Cash Flow Method is used):

A 100 bps increase/decrease in the Weighted Average Cost of Capital (WACC) or discount rate used while all other variables were held constant, the carrying value of the shares would decrease by ₹ 32.57 Crore or increase by ₹ 49.54 Crore (as at 31<sup>st</sup> March 2019: decrease by ₹ 16.49 Crore or increase by ₹ 21.75 Crore).

##### B. Preference Shares:

A 100 bps increase/decrease in the discount rate used while all the other variables were held constant, the carrying value of the shares would decrease by ₹ 3.38 Crore or increase by ₹ 3.59 Crore (as at 31<sup>st</sup> March 2019: decrease by ₹ 4.25 Crore or increase by ₹ 4.57 Crore).

#### 4.10 FINANCIAL RISK MANAGEMENT OBJECTIVES (IND AS 107)

The Company's principal financial liabilities, other than derivatives, comprise of borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets, other than derivatives, include trade and other receivables, investments and cash and cash equivalents that arise directly from its operations.

The Company's activities expose it to market risk, liquidity risk and credit risk.

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments, including investments and deposits, foreign currency receivables, payables and borrowings.

The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Company uses derivative financial instruments, to hedge foreign currency risk exposure. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

The sources of risks which the Company is exposed to and their management are given below:

Risks	Exposure Arising From	Measurement	Management
<ul style="list-style-type: none"> <li>Market Risk:</li> </ul>			
- Foreign Exchange Risk	Committed commercial transactions, Financial Assets and Liabilities not denominated in INR	Cash Flow Forecasting, Sensitivity Analysis	Forward foreign exchange contracts
- Interest Rate Risk	Long-Term Borrowings at variable rates, Investments in Debt Schemes of Mutual Funds and Other Debt Securities	Sensitivity Analysis, Interest rate Movements	Interest Rate swaps Portfolio Diversification
- Equity Price Risk	Investments (other than Subsidiaries, Joint Ventures and Associates which are carried at cost)	Financial Performance of the Investee Company and its price in equity market	Investments are long term in nature and in Companies with sound management with leadership positions in their respective businesses

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Risks	Exposure Arising From	Measurement	Management
<ul style="list-style-type: none"> <li>• <b>Credit Risk</b></li> </ul>	Trade Receivables, Investments, Derivative Financial Instruments, Loans	Ageing analysis, Credit Rating	Diversification of mutual fund investments and portfolio credit monitoring, credit limit and credit worthiness monitoring, criteria based approval process
<ul style="list-style-type: none"> <li>• <b>Liquidity Risk</b></li> </ul>	Borrowings and Other Liabilities	Rolling Cash Flow Forecasts, Broker Quotes	Adequate unused credit lines and borrowing facilities, sufficient cash and marketable securities

The Management updates the Audit Committee/Risk Management Committee/Board of Directors on a quarterly basis about the implementation of the above policies. It also updates on periodical basis about various risk to the business and the status of various activities planned to mitigate such risks.

Details relating to the risks are provided here below:

### A. Foreign Exchange Risk:

Foreign exchange risk is the risk of impact related to fair value or future cash flows of an exposure in foreign currency, which fluctuate due to changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates to import of fuels, raw materials and spare parts, plant and equipment, exports, foreign currency borrowings and net investment in foreign subsidiaries/JVs.

The Company regularly evaluates exchange rate exposure arising from foreign currency transactions. The Company follows the established risk management policies and standard operating procedures. It uses derivative instruments like forward covers to hedge exposure to foreign currency risk.

When a derivative is entered into for the purpose of hedge, the Company negotiates the terms of those derivatives to match the terms of the foreign currency exposure.

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## (i) Foreign Currency Sensitivity:

The sensitivities are based on financial assets and liabilities held at 31<sup>st</sup> March 2020 that are not denominated in Indian Rupees. The sensitivities do not take into account the Company's sales and costs and the results of the sensitivities could change due to other factors such as changes in the value of financial assets and liabilities as a result of non-foreign exchange influenced factors.

### Effect as 31<sup>st</sup> March 2020

(₹ in Crore)

	USD	EUR	GBP	JPY	CAD	CNY/ CNH	SEK	AUD	SGD	PESO	THB	CHF	Total
<b>Effect of 5% strengthening of INR</b>													
On Profit	35.69	18.13	(0.97)	0.39	(2.03)	(5.81)	0.04	14.58	-	-	-	-	60.03
On Equity	(4.48)	(0.98)	(1.96)	-	-	-	-	1.90	-	-	-	-	(5.52)
<b>Effect of 5% Diminishing of INR</b>													
On Profit	(35.69)	(18.13)	0.97	(0.39)	2.03	5.81	(0.04)	(14.58)	-	-	-	-	(60.03)
On Equity	4.48	0.98	1.96	-	-	-	-	(1.90)	-	-	-	-	5.52

### Effect as 31<sup>st</sup> March 2019

(₹ in Crore)

	USD	EUR	GBP	JPY	CAD	CNY/ CNH	SEK	AUD	SGD	PESO	THB	CHF	Total
<b>Effect of 5% strengthening of INR</b>													
On Profit	23.63	(3.99)	0.08	(0.01)	-	4.69	-	0.01	0.09	-	-	6.87	31.37
On Equity	(24.33)	-	-	-	(1.74)	-	-	-	-	(0.12)	(6.02)	-	(32.21)
<b>Effect of 5% Diminishing of INR</b>													
On Profit	(23.63)	3.99	(0.08)	0.01	-	(4.69)	-	(0.01)	(0.09)	-	-	(6.87)	(31.37)
On Equity	24.33	-	-	-	1.74	-	-	-	-	0.12	6.02	-	32.21

## (ii) Hedging Activities and Derivatives:

The Company evaluates exchange rate exposure arising from foreign currency transactions. The Company uses various derivative financial instruments, such as foreign exchange forward contracts, option contracts, future contracts and currency swaps to manage and mitigate its exposure to foreign exchange risk. The Company reports periodically to its risk management committee, the foreign exchange risks and compliance of the policies to manage its foreign exchange risk.

The Company has taken foreign currency floating rate borrowings, which are linked to LIBOR. For managing the foreign currency risk and interest rate risk arising from changes in LIBOR on such borrowings, the Company has entered into currency interest rate swap (CIRS). Under the terms of the CIRS, the Company pays interest at the fixed rate to the swap counterparty in INR and receives the floating interest payments based on LIBOR in foreign currency.

The Company assesses hedge effectiveness based on the following criteria:

- (i) an economic relationship between the hedged item and the hedging instrument;
- (ii) the effect of credit risk; and
- (iii) assessment of the hedge ratio

The Company designates the forward exchange contracts to hedge its currency risk and generally applies a hedge ratio of 1:1. The Company's policy is to match the tenor of the forward exchange contracts with the hedged item.

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### (a) Cash Flow Hedge

Sr. No.	Type of Hedges and Risks	Foreign currency Amount (₹ in Crore)		Weighted average Foreign Exchange Rate		Nominal Value (₹ in Crore)		Carrying amount of Hedging Instrument (₹ in Crore)		Maturity Date-Range	Change in Fair Value of hedging instrument (₹ in Crore)
		Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities		
Foreign Exchange Risk											
1) Foreign exchange forward contracts Outstanding as on 31 <sup>st</sup> March 2020											
a	USD	0.20	1.14	77.24	73.22	15.37	83.13	(0.12)	3.32	03-04-2020 to 12-11-2020	3.57
b	EUR	0.46	0.25	81.18	81.94	37.29	20.33	1.42	0.37	03-04-2020 to 29-01-2021	4.29
c	CNH	2.13	-	10.55	-	22.47	-	0.78	-	30-04-2020 to 29-01-2021	17.27
d	AUD	0.83	-	45.82	-	37.87	-	0.32	0.00	03-04-2020 to 12-06-2020	0.12
e	GBP	-	0.42	-	95.23	-	39.97	0.00	(0.12)	15-04-2020 to 21-12-2020	0.69
2) Cross Currency Interest Rate Swaps Outstanding as on 31 <sup>st</sup> March 2020											
a	USD	2.00	-	65.25	-	130.50	-	17.43	-	20-08-2019 to 20-08-2021	(1.07)

Sr. No.	Type of Hedges and Risks	Foreign currency Amount (₹ in Crore)		Weighted average Foreign Exchange Rate		Nominal Value (₹ in Crore)		Carrying amount of Hedging Instrument (₹ in Crore)		Maturity Date-Range	Change in Fair Value of hedging instrument (₹ in Crore)
		Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities		
Foreign Exchange Risk											
1) Foreign exchange forward contracts Outstanding as on 31 <sup>st</sup> March 2019											
a	USD	1.57	7.34	70.97	71.53	111.69	525.21	0.83	10.08	05-04-2019 to 31-01-2020	(10.88)
b	EUR	0.80	0.68	79.26	85.94	63.11	58.16	1.93	2.55	31-05-2019 to 31-12-2019	(3.54)
c	CNH	0.66	39.95	10.67	10.84	7.09	433.08	0.21	17.00	30-04-2019 to 31-10-2019	(17.00)
d	JPY	-	53.94	-	0.67	-	36.17	-	1.28	30-04-2019 to 29-11-2019	(1.28)
e	SEK	-	0.80	-	7.98	-	6.38	-	0.04	30-09-2019 to 31-01-2020	(0.04)
f	AUD	0.29	-	50.47	-	14.49	-	-	(0.20)	10-04-2019 to 09-07-2019	0.20
g	GBP	-	0.23	-	95.64	-	22.00	0.57	-	28-05-2019 to 20-02-2020	0.01
2) Cross Currency Interest Rate Swaps Outstanding as on 31 <sup>st</sup> March 2019											
a	USD	3.00	-	65.25	-	195.75	-	10.04	-	20-08-2019 to 20-08-2021	6.31

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### (b) Fair Value Hedge

Sr. No.	Type of Hedges and Risks	Foreign currency Amount (₹ in Crore)		Weighted average Foreign Exchange Rate		Nominal Value (₹ in Crore)		Carrying amount of hedging instrument (₹ in Crore)		Maturity Date-Range
		Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	
	Foreign Exchange Risk									
1)	Foreign exchange forward contracts outstanding as on 31 <sup>st</sup> March 2020									
a	USD	7.71	1.46	73.89	75.06	569.63	109.36	12.87	(3.28)	03-04-2020 to 09-09-2020
b	EUR	2.35	0.11	82.94	81.79	194.73	9.21	(0.16)	(2.89)	03-04-2020 to 25-02-2021
c	GBP	-	0.10	-	93.30	-	9.56	(0.11)	-	09-04-2020 to 25-08-2020
d	JPY	15.36	-	0.68	-	10.48	0.00	0.28	-	02-04-2020 to 29-05-2020
e	AUD	2.74	-	51.06	-	140.03	-	-	10.56	07-04-2020 to 19-03-2021
f	CNH	1.16	0.00	10.83	-	12.52	0.00	(0.05)	0.09	02-04-2020 to 29-05-2020

Sr. No.	Type of Hedges and Risks	Foreign currency Amount (₹ in Crore)		Weighted average Foreign Exchange Rate		Nominal Value (₹ in Crore)		Carrying amount of hedging instrument (₹ in Crore)		Maturity Date-Range
		Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	
	Foreign Exchange Risk									
1)	Foreign exchange forward contracts outstanding as on 31 <sup>st</sup> March 2019									
a	USD	0.84	8.21	71.29	72.98	59.93	599.39	1.25	26.93	02-04-2019 to 09-09-2019
b	EUR	1.54	0.44	84.31	82.05	129.52	35.74	1.40	6.39	02-04-2019 to 14-02-2020
c	GBP	-	0.13	-	92.82	-	11.81	0.08	-	10-06-2019 to 30-09-2019

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### B. Interest Rate Risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in prevailing market interest rates. For all long-term borrowings in foreign currency with floating interest rates, the risk of variation in the interest rates is mitigated through interest rate swaps. The Company constantly monitors the credit markets and revisits its financing strategies to achieve an optimal maturity profile and financing cost.

#### Interest Rate Exposure:

(₹ in Crore)

Particulars	Total Borrowings	Floating Rate	at Fixed Rate	Non-Interest Bearing
INR Borrowings	4,917.76	33.01	4,535.55	349.20
USD Borrowings	150.36	-	150.36	-
<b>Total as at 31<sup>st</sup> March 2020</b>	<b>5,068.12</b>	<b>33.01</b>	<b>4,685.91</b>	<b>349.20</b>
INR Borrowings	2,652.72	82.15	2,546.04	24.53
USD Borrowings	658.05	451.38	206.67	-
<b>Total as at 31<sup>st</sup> March 2019</b>	<b>3,310.77</b>	<b>533.53</b>	<b>2,752.71</b>	<b>24.53</b>

Note: Long term borrowing in foreign currency with floating interest rate is hedged with interest rate swap and shown as fixed rate borrowing above.

#### Interest rate sensitivities for floating rate borrowings (impact of increase/(decrease) in 1%):

Interest rate sensitivity has been calculated assuming the borrowings outstanding at the reporting date have been outstanding for the entire reporting period. Increase/decrease in interest rates at the balance sheet date would result in an impact (decrease/increase in case of net income and increase/decrease in case of net loss) for the respective year(s) is as below.

(₹ in Crore)

Effect on Profit Before Tax	Basis Point	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
INR - Increase	100	(0.33)	(0.82)
INR - Decrease	100	0.33	0.82
USD - Increase	100	-	(4.51)
USD - Decrease	100	-	4.51

The Company's manages its interest rate risk by having a balanced portfolio of fixed and variable rate borrowings, which is monitored on continuous basis. For certain long-term borrowings with floating rates, the risk of variation in the interest rates is mitigated through interest rate swaps. These swaps are designated to hedge underlying debt obligations. The Company constantly monitors the credit markets and rebalances its financing strategies to achieve an optimal maturity profile and financing cost.

Interest rate sensitivity has been calculated assuming the borrowings outstanding at the reporting date have been outstanding for the entire reporting period. Further, the calculations for the unhedged floating rate borrowings have been done on the notional value of the foreign currency (excluding the revaluation).

# Notes

## forming part of the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2020

### C. Equity Price Risk:

The Company is exposed to equity price risk arising from Equity Investments (other than Subsidiaries, Joint Ventures and Associates, which are carried at cost).

#### Equity Price Sensitivity Analysis:

The Sensitivity analysis below has been determined based on the exposure to equity price risk at the end of the reporting period.

If equity prices of the quoted investments increase/decrease by 5%, Other Comprehensive income for the year ended 31<sup>st</sup> March 2020 would increase/decrease by ₹ 169.9 Crore (for the year ended 31<sup>st</sup> March 2019 by ₹ 306.12 Crore).

### D. Credit Risk:

Credit risk arises when a customer or counterparty does not meet its obligations under a customer contract or financial instrument, leading to a financial loss. The Company is exposed to credit risk from its operating activities primarily trade receivables and from its financing/investing activities, including deposits with banks, mutual fund investments, investments in debt securities and foreign exchange transactions. The Company has no significant concentration of credit risk with any counterparty.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets.

#### (i) Trade Receivables:

Trade receivables are consisting of a large number of customers. The Company has credit evaluation policy for each customer and, based on the evaluation, credit limit of each customer is defined. Wherever the Company assesses the credit risk as high, the exposure is backed by either bank, guarantee/letter of credit or security deposits.

Total Trade receivables as on 31<sup>st</sup> March 2020 is ₹ 2,905.32 Crore (31<sup>st</sup> March 2019 is ₹ 3,491.59 Crore).

The Company does not have higher concentration of credit risks to a single customer.

Single largest customers of the Company have exposure of 3.61% of total sales (31<sup>st</sup> March 2019: 3.26%) and in receivables 2.46% (31<sup>st</sup> March 2019: 2.29%).

The ageing analysis of the receivables (net of provision) has been considered from the date the invoice falls due.

Particulars	Neither past due nor impaired	For less than 1 month	For 1 to 3 months	For 3 to 6 months	For more than 6 months	Total
<b>As at 31<sup>st</sup> March 2020</b>						
Trade Receivables	1,438.96	493.28	322.23	612.16	38.69	2,905.32
Other Financial Assets - Freight Subsidy and Gas Pooling	50.30	19.35	45.55	39.41	40.54	195.15
<b>As at 31<sup>st</sup> March 2019</b>						
Trade Receivables	3,135.06	251.28	61.27	14.10	29.88	3,491.59
Other Financial Assets - Freight Subsidy and Gas Pooling	89.23	9.30	19.74	17.86	2.39	138.52

## Notes

### forming part of the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2020

As per simplified approach, the Company makes provision of expected credit losses on trade receivables using a provision matrix to mitigate the risk of default in payments and makes appropriate provision at each reporting date wherever outstanding is for longer period and involves higher risk. However, total write off against receivables are ₹ 79.3 Crore of the outstanding receivables for the current year (previous year ₹ 3.65 Crore).

#### Movement of Allowance for Doubtful Debts:

Particulars	(₹ in Crore)	
	Current Year	Previous Year
Opening provision	196.76	69.98
Add: Provided during the year	34.12	135.87
Less: Utilised during the year	79.30	0.91
Less: Written back during the year	56.42	8.18
<b>Closing Provision</b>	<b>95.16</b>	<b>196.76</b>

#### (ii) Investments, Derivative Instruments, Cash and Cash Equivalents and Bank Deposits:

Credit Risk on cash and cash equivalents, deposits with the banks/financial institutions is generally low as the said deposits have been made with the banks/financial institutions, who have been assigned high credit rating by international and domestic rating agencies. Credit Risk on Derivative Instruments is generally low as the Company enters into the Derivative Contracts with the reputed Banks.

Investments of surplus funds are made only with approved Financial Institutions/Counterparty. Investments primarily include investment in units of quoted Mutual Funds, quoted Bonds, Non-Convertible Debentures issued by Government/Semi-Government Agencies/PSU Bonds/High Investment grade Corporates, etc. These Mutual Funds and Counterparties have low credit risk.

The Company has standard operating procedures and investment policy for deployment of surplus liquidity, which allows investment in debt securities and mutual fund schemes of debt and arbitrage categories and restricts the exposure in equity markets.

Compliances of these policies and principles are reviewed by internal auditors on periodical basis.

Total Non-current and current investments as on 31<sup>st</sup> March 2020 is ₹ 27,676.15 Crore (31<sup>st</sup> March 2019 ₹ 31,127.57 Crore).

#### E. Liquidity Risk:

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of credit facilities to meet obligations when due. The Company's treasury team is responsible for managing liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's liquidity position through rolling forecasts on the basis of expected cash flows.



## Notes

### forming part of the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2020

The table below provides details of financial liabilities and investments at the reporting date based on contractual undiscounted payments.

(₹ in Crore)

As at 31 <sup>st</sup> March 2020	Less than 1 Year	1 to 5 Years	More than 5 Years	Total
<b>Financial Liabilities:</b>				
Borrowings (including current maturities)*	2,385.48	2,697.87	6.66	5,090.01
Trade Payables	2,664.78	-	-	2,664.78
Interest Accrued but not Due on Borrowings	142.20	-	-	142.20
Other Financial Liabilities (excluding Derivative Liability)	777.47	2.66	-	780.13
Lease liability *	13.64	34.75	28.63	77.02
<b>Financial Assets:</b>				
Derivative Asset	24.60	-	-	24.60
Surplus Investments in Mutual Funds, Bonds, Fixed Deposit with Corporates, etc.	1,822.92	308.29	-	2,131.21

\* Contractual amount

(₹ in Crore)

As at 31 <sup>st</sup> March 2019	Less than 1 Year	1 to 5 Years	More than 5 Years	Total
<b>Financial Liabilities:</b>				
Borrowings (including current maturities) *	2,249.49	1,021.09	44.24	3,314.82
Trade Payables	2,375.69	-	-	2,375.69
Interest Accrued but not Due on Borrowings	22.50	-	-	22.50
Other Financial Liabilities (excluding Derivative Liability)	668.20	3.56	-	671.76
Derivative Liability	50.45	-	-	50.45
<b>Liquid Financial Assets:</b>				
Surplus Investments in Mutual Funds, Bonds, Fixed Deposit with Corporates, etc.	2,997.83	706.52	64.02	3,768.37

\* Contractual amount

## Notes

forming part of the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2020

### F. Capital Management:

The Company's objectives when managing capital are to (a) maximise shareholder value and provide benefits to other stakeholders; and (b) maintain an optimal capital structure to reduce the cost of capital.

For the purposes of the Company's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders.

The Company monitors capital using debt-equity ratio, which is total debt less investments divided by total equity.

Particulars	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Total Debt (Bank and other borrowings)	5,068.12	3,310.77
Less: Liquid Investments (Bonds, Mutual Funds, Fixed Deposits with Corporates and Investment in Larsen & Toubro)	2,092.79	3,768.37
Net Debt/(Surplus)	2,975.33	(457.61)
Equity	37,674.04	41,959.19
<b>Net Debt to Equity</b>	<b>0.08</b>	<b>-</b>

In addition, the Company has financial covenants relating to the borrowing facilities that it has taken from the lenders like interest coverage service ratio, Debt to EBITDA, etc. which is maintained by the Company.

### 4.11 ACQUISITION OF ASSET FROM KPR INDUSTRIES INDIA LIMITED (KIIL)

During the previous financial year the Company had acquired the Chlor Alkali business of KPR Industries India Limited by way of slump sale, for a cash consideration of ₹ 253 Crore. The business consist of an under-construction ChlorAlkali plant of 200 TPD capacity at Balabhadrapuram, Andhra Pradesh. The Company had taken over the identified assets and identified liabilities associated with the business.

The following table summarises the apportionment of amounts of assets and identified liabilities acquired based on fair valuation on the date of acquisition.

Particulars	(₹ in Crore)	
	As on 19 <sup>th</sup> February 2019	
Property Plant and Equipment		
Freehold Land		48.83
Plant and Equipment		0.12
Furniture and Fixtures		0.06
Capital Work-in-Progress		201.61
Other Current Assets (Financial and Non-Financial)		35.51
<b>Less:</b>		
Trade Payable		0.33
Other Non-Current Liabilities (Financial and Non-Financial)		0.18
Other Current Liabilities (Financial and Non-Financial)		32.62
<b>Total Purchase Consideration</b>		<b>253.00</b>

# Notes

## forming part of the Standalone Financial Statements for the year ended 31<sup>st</sup> March 2020

### 4.12 RECLASSIFICATION NOTE:

The figures for the corresponding previous year have been regrouped/reclassified, wherever necessary, to make them comparable.

### 4.13 COVID-19 (GLOBAL PANDEMIC):

As per the directives of the Central and State Governments in the wake of COVID-19 pandemic, the Company had suspended operations across various locations, except for Fertiliser business w.e.f. 25<sup>th</sup> March 2020, which adversely impacting the businesses. Operations have since been resumed at all the plants of the Company except plant located at Harihar, taking cognizance of the Governments' views around resuming manufacturing activities with controlled entry and exit facilities, and after obtaining necessary permissions in this behalf.

The Company has been taking various precautionary measures to protect employees and their families from COVID-19 apart from contributing towards various measures of the local authorities at the plant locations for countering COVID-19 impact on the local communities. The Company has also committed to contribute ₹ 25 Crore towards PM Care Relief Fund.

The Company believes that the pandemic is not likely to impact the recoverability of the carrying value of its assets. The Company is closely monitoring the developments and possible effects that may result from the current pandemic on its financial condition, liquidity and operations and is actively working to minimize the impact of this unprecedented situation. As the situation is continuously evolving, the eventual impact may be different from the estimates made as of the date of approval of these financial statements.

**4.14** Grasim Premium Fabric Private Limited, (GPFPL), a wholly owned subsidiary of the Company (previously known as Suktas India Private Limited) has filed a Scheme of Arrangement with National Company Law Tribunal (NCLT), Mumbai, bench for amalgamation of GPFPL with the Company, with effect from 1<sup>st</sup> April 2019 (the Appointed Date as per the Scheme) or any other date as may be sanctioned by the NCLT. Pending sanction of the Scheme by NCLT, the performance of GPFPL has not been included in the Company's financial statement.

**4.15** Figures less than ₹ 50,000 have been shown at actual, wherever statutorily required to be disclosed, as the figures have been rounded off to the nearest lakh.

### 4.16 AUTHORISATION OF FINANCIAL STATEMENTS:

The financial statements for the year ended 31<sup>st</sup> March 2020 were approved by the Board of Directors on 13<sup>th</sup> June 2020.

Signatures to Notes '1' to '4'

For B S R & Co. LLP  
Chartered Accountants  
Firm Registration No.: 101248W/W-100022

Vikas R Kasat  
Partner  
Membership No.: 105317

Mumbai  
Dated: 13<sup>th</sup> June 2020

For S R B C & CO LLP  
Chartered Accountants  
Firm Registration No.: 324982E/E300003

Vijay Maniar  
Partner  
Membership No.: 36738

Dilip Gaur  
Managing Director  
DIN: 02071393

Ashish Adukia  
Chief Financial Officer

Mumbai  
Dated: 13<sup>th</sup> June 2020

For and on behalf of the Board of Directors of  
**GRASIM INDUSTRIES LIMITED**  
CIN-L17124MP1947PLC000410

Shailendra K Jain  
Non-Executive Director  
DIN: 00022454

Hutokshi Wadia  
Company Secretary  
Membership No.: 5761

# Independent Auditor's Report

TO THE MEMBERS OF  
GRASIM INDUSTRIES LIMITED

## REPORT ON THE AUDIT OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

### OPINION

We have audited the accompanying consolidated Ind AS financial statements of Grasim Industries Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") its associates and joint ventures comprising of the consolidated Balance Sheet as at March 31 2020, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, associates and joint ventures, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and joint ventures as at March 31, 2020, their consolidated profit including other comprehensive loss, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

### BASIS FOR OPINION

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements' section of our report. We are independent of the Group, associates, joint ventures in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

### EMPHASIS OF MATTERS

(i) We draw attention to note 4.12A of the consolidated Ind AS financial statements. The statutory auditors of UltraTech Cement Limited ("UltraTech") a subsidiary company, without modifying their opinion on the consolidated financial Ind AS financial statements of UltraTech have stated that the Scheme of Demerger of Cement division of Century Textiles and Industries Limited has been given effect to in the results of UltraTech based on the Appointed Date approved by the National Company Law Tribunal which is deemed to be the acquisition date for the purpose of accounting under Ind AS 103 'Business Combinations'. Consequently, the financial information for year ended March 31, 2019 included in the consolidated Ind AS financial statements has been restated.

(ii) The statutory auditors of UltraTech without qualifying their opinion on the audited consolidated Ind AS financial statements of UltraTech have drawn attention to note 4.3.3 which states that:

In terms of order dated August 31, 2016, the Competition Commission of India ("CCI") had imposed penalty of ₹ 1,449.51 Crore for alleged contravention of the provision of the Competition Act, 2002 by UltraTech (including Demerged Cement Division). UltraTech (including Demerged Cement Division) had filed an appeal against the CCI Order before the Competition Appellate Tribunal ("COMPAT"). Consequent to reconstitution of tribunals by the Government, this matter was transferred to the National Company Law Appellate Tribunals ("NCLAT"). NCLAT completed its hearing on the matter and disallowed the appeal filed by UltraTech (including Demerged Cement Division) against the CCI Order. Aggrieved by the order of the NCLAT, UltraTech (including Demerged

Cement Division) has filed an appeal before the Honorable Supreme Court, which has granted a stay against the NCLAT order on the condition that UltraTech (including Demerged Cement Division) deposits 10% of the penalty amounting to ₹ 144.95 Crore which has been deposited. Based on competent legal opinions obtained by UltraTech (and Demerged Cement Division), UltraTech believes that it has a good case in this matter. Considering the uncertainty relating to the outcome of this matter pending hearing of the case by the Supreme Court, no provision has been considered by UltraTech in the books of account.

b. In terms of order dated January 19, 2017, the CCI had imposed penalty of ₹ 68.30 Crore pursuant to a reference filed by the Government of Haryana for alleged contravention of the provisions of the Competition Act, 2002 in August 2012 by UltraTech. UltraTech had filed an appeal before COMPAT and received the stay order dated April 10, 2017. Consequent to reconstitution of tribunals by the Government, this matter was transferred to the NCLAT for which hearing is pending. Based on a competent legal opinion, UltraTech believes that it has a good case in this matter. Considering the uncertainty relating to the outcome of this matter, no provision has been considered by UltraTech in the books of accounts.

c. The statutory auditors of UltraTech Nathdwara Cement Limited ("UNCL"), a wholly owned subsidiary of UltraTech, without modifying their opinion on the audited consolidated financial statements as at and for the year ended March 31, 2020 have reported that UNCL had filed an appeal before the COMPAT against the Order of the CCI dated August 31, 2016. Consequent to reconstitution of Tribunals by the Government, this matter was transferred to the NCLAT. NCLAT completed its hearing on the matter and disallowed the appeal filed by UNCL against the CCI order. Aggrieved by the order of NCLAT, UNCL had filed an appeal before the Honorable Supreme Court of India, which has granted a stay, vide its order dated January 18, 2019, against NCLAT order. Consequently, UNCL had deposited an amount of ₹ 16.73 Crore equivalent to 10% of the penalty amount. Based on the legal opinion taken by UltraTech in its own similar matter, UNCL believes that it has a good case in this matter. Considering the uncertainty relating to the outcome of this matter pending hearing of the case, no provision has been considered in the books of accounts of UNCL.

(iii) We draw attention to note 4.15 of the consolidated Ind AS financial statements, the statutory auditors of Aditya Birla Capital Limited ("ABCL"), without modifying their opinion on the consolidated Ind AS financial statements of ABCL describes the uncertainties arising from the COVID 19 pandemic.

Our opinion is not modified in respect of the above matters.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
<b>Assessment of impairment of Goodwill and Other Intangibles</b>	
<p>As disclosed in note 2.2 and 2.3 of consolidated Ind AS financial statements, the Group has goodwill of ₹ 20,046 Crore and other intangible assets of ₹ 9,684 Crore as at March 31, 2020 which represents goodwill/intangibles assets acquired through various business combinations and allocated to cash generating units ("CGU").</p> <p>A cash generating unit to which goodwill has been allocated and to which intangible assets belong to is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.</p> <p>As disclosed in note 2.2.1, impairment of goodwill and intangible assets is determined by assessing the recoverable amount of each CGU to which these assets relates.</p> <p>We have identified the annual impairment assessment as key audit matter because of the amounts involved, complexity in assessment, judgmental by nature, significant changes in business environment specifically due to outbreak of Covid-19 and further, is based following key assumptions:</p> <ul style="list-style-type: none"> <li>projected future cash inflows</li> <li>expected growth rate, discount rate, terminal growth rate</li> <li>benchmarking of price and market multiples</li> </ul>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>Tested the design and the operating effectiveness of internal controls over the impairment review process including review of valuation models.</li> <li>Obtained an understanding of the process followed by the management in determining the CGU to which goodwill/intangible assets are allocated.</li> <li>Obtained an understanding of the process followed by the management to determine the recoverable amounts of CGU.</li> <li>Evaluated the competence, capabilities and independence of the specialist engaged by the Company and reviewed the valuation reports issued by such specialist.</li> <li>Evaluated the model used in determining the value in use of each CGU.</li> <li>Engaged valuation expert to assist in evaluating the key assumptions of the valuations.</li> <li>Tested the arithmetical accuracy of the computation of recoverable amounts of each CGU.</li> <li>Assessed the disclosures provided by the Group in relation to its annual impairment test in note 2.2.1 to consolidated Ind AS financial statements.</li> </ul>

#### KAM reported in the standalone Ind AS financial statements of the Holding Company

Key audit matters	How our audit addressed the key audit matter
<b>Regulations – Litigation pertaining to matters related to direct tax and Competition Commission of India (CCI)</b>	
<p>As disclosed in note 4.3 of the consolidated Ind AS financial statements, the Company has pending litigations with regards to direct tax matters amounting to ₹ 6,635.51 Crore (Demand of ₹ 5,872.13 and Interest of ₹ 763.38 cores) and order issued by the Competition Commission of India ("CCI") on the Viscose Staple Fiber ("VSF") business of the Company amounting to ₹ 301.62 Crore detailed as under</p> <ul style="list-style-type: none"> <li>The Company's tax position has been challenged by the tax authorities for Demand of dividend distribution tax alleging that the demerger of the Financial Services Business is not qualifying demerger as per Income Tax Act, 1961 and treating the value of shares allotted by the resulting Company to the shareholders of the Company in consideration of demerger as dividend distributed by the Company to its shareholders,</li> <li>CCI has issued an order against the Company alleging abuse of dominant position in VSF business and consequent violations of Competition Act, 2002.</li> </ul>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>Tested the design and operating effectiveness of internal controls related to the assessment of the likely outcome of regulatory and tax matters, and provision made, if any.</li> <li>Obtained and read the details of legal and tax disputed matters. Further, read the latest correspondence between the Company and various regulatory authorities.</li> <li>Considered evaluation made by the management and assessed management's position through discussions on both the probability of success and the magnitude of any potential loss.</li> <li>Read external opinions obtained by the management for direct tax and CCI matters and other evidence to corroborate management's assessment of the risk profile in respect of them.</li> </ul>

Key audit matters	How our audit addressed the key audit matter
<p>We considered the above as key audit matter as the Company applies significant judgment in estimating the likelihood of the future outcome based on its own past assessments, judicial precedents and opinions of experts/legal counsels. when considering whether, and how much, to provide or in determining the required disclosure for the potential exposure of these matters. This is due to highly complex nature and magnitude of amounts involved along with the fact that resolution of income-tax and CCI proceedings may span over multiple years and may involve protracted litigation and these estimates could change substantially over time as new facts emerge as these matters progress.</p>	<ul style="list-style-type: none"> <li>Involved tax expert in assessing the nature and amount of the tax exposure. Assessed management's conclusions on whether exposures are probable, contingent or remote.</li> <li>Assessed the disclosures in note 4.3 made in relation to these direct tax and CCI matter for compliance with disclosure requirements.</li> </ul>
<b>KAM as reported by the auditors of UltraTech</b>	
<b>Revenue recognition – Discounts, incentives and rebates</b>	
<p>Revenue is measured net of discounts, incentives, rebates etc. given to the customers on UltraTech's sales.</p> <p>Due to UltraTech's presence across different marketing regions within the country and the competitive business environment makes the assessment of various type of discounts, incentives and rebates as complex and judgmental.</p> <p>Therefore, there is a risk of revenue being misstated as a result of variations in the assessment of discounts, incentives and rebates.</p> <p>Given the complexity and judgement required to assess the provision for discounts, incentives and rebates, this is a key audit matter.</p>	<p>The procedures performed by the auditors, as reported by them, included the following:</p> <ul style="list-style-type: none"> <li>Assessed UltraTech's accounting policies relating to revenue, discounts, incentives and rebates by comparing with applicable accounting standards.</li> <li>Assessed the design and implementation and testing the operating effectiveness of UltraTech's internal controls over the provisions, approvals and disbursements of discounts, incentives and rebates.</li> <li>Assessed UltraTech's computations for accrual of discounts, incentives and rebates, on a sample basis, and compared the accruals made with the approved schemes and underlying documents.</li> <li>Verified, on a sample basis, the underlying documentation for discounts, incentives and rebates recorded and disbursed during the year.</li> <li>Compared the historical trend of payments and reversal of discounts, incentives and rebates to provisions made to assess the current year accruals.</li> <li>Examined the manual journals posted to discounts, rebates and incentives to identify unusual or irregular items.</li> </ul>
<b>Regulations - Litigations and claims</b>	
<p>UltraTech operates in various states within India and is exposed to different Central and State/Local laws, regulations and interpretations thereof. In this regulatory environment, there is an inherent risk of litigations and claims.</p> <p>Consequently, provisions and contingent liability disclosures may arise from indirect tax proceedings, legal proceedings, including regulatory and other government/department proceedings, as well as investigations by authorities and commercial claims.</p>	<p>The procedures performed by the auditors, as reported by them, included the following:</p> <ul style="list-style-type: none"> <li>Gained an understanding of outstanding litigations against UltraTech from UltraTech's in-house legal counsel and other key managerial personnel who have knowledge of these matters.</li> <li>Read the correspondence between the UltraTech and the various tax/legal authorities and the legal opinions of external legal advisors, where applicable, for significant matters.</li> </ul>

Key audit matters	How our audit addressed the key audit matter
<p>UltraTech applies significant judgement in estimating the likelihood of the future outcome in each case and in determining the provisions or disclosures required for each matter.</p> <p>Resolution of tax and legal proceedings may span over multiple years due to the highly complex nature and magnitude of the legal matters involved and may involve protracted negotiation or litigation.</p> <p>These estimates could change significantly over time as new facts emerge and each legal case progresses.</p> <p>Given the inherent complexity and magnitude of potential exposures and the judgement necessary to estimate the amount of provisions required or to determine required disclosures, this is a key audit matter.</p>	<ul style="list-style-type: none"> <li>• Tested the completeness of the litigations and claims by examining, on a sample basis, UltraTech's legal expenses and minutes of the board meetings.</li> <li>• Challenged UltraTech's estimate of the possible outcome of the disputed cases based on applicable tax laws and legal precedence by involving tax specialists.</li> <li>• Assessed the adequacy of disclosures in respect of contingent liabilities for tax and legal matters.</li> </ul>
<p><b>Business combination - Acquisition of Cement Division of Century Textiles and Industries Limited ("Demerged Cement Division")</b></p>	
<p>UltraTech has completed the acquisition of Cement Division of Century Textiles and Industries Limited effective 1 October 2019 pursuant to a Scheme of Arrangement ("the Scheme").</p> <p>The Scheme was approved by the National Company Law Tribunal ("NCLT") with an appointed date of 20 May 2018.</p> <p>UltraTech has accounted for such acquisition as a business combination as per Ind AS 103 'Business Combinations' by recognizing identifiable assets and liabilities at fair value.</p> <p>The measurement of the identifiable assets and liabilities acquired at fair value is inherently judgmental.</p> <p>Fair value was determined by UltraTech with the assistance of an external valuation expert using various valuation models, which were applied according to the assets and liabilities being measured.</p> <p>Given the complexity and judgement involved in fair value measurements and magnitude of the acquisition made by UltraTech, this is a key audit matter.</p>	<p>The procedures performed by the auditors, as reported by them, included the following:</p> <ul style="list-style-type: none"> <li>• Read the Scheme and the NCLT Order documents to understand the key terms and conditions of the acquisition.</li> <li>• Compared the accounting treatment specified in the Scheme with the one specified in Ind AS 103.</li> <li>• Assessed the competence and objectivity of the experts engaged by UltraTech.</li> <li>• Critically evaluated the key assumptions, purchase price allocation adjustments and the identification and valuation of acquired intangible assets by involving valuation specialists and based on knowledge of UltraTech and the industry.</li> <li>• Involved valuation specialists to gain an understanding of the work of the experts by examining the valuation reports.</li> <li>• Assessed the adequacy of the disclosures in respect of the acquisition in accordance with the requirements of Ind AS 103.</li> </ul>
<p><b>Recognition and measurement of Income Taxes</b></p>	
<p>UltraTech operates in a complex tax jurisdiction and is subject to periodic challenges by tax authorities on various matters relating to claims for tax exemptions/deductions.</p> <p>The determination of provision for income tax and deferred taxes including write backs of provisions involves significant judgements and estimates and interpreting the prevailing tax laws and rules.</p>	<p>The procedures performed by the auditors, as reported by them, included the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of key tax matters.</li> <li>• Read and analysed select key correspondences, external legal opinions/consultations obtained by UltraTech for key tax matters.</li> <li>• Critically challenged the key assumptions made by UltraTech in estimating current and deferred taxes by involving tax specialists.</li> </ul>



Key audit matters	How our audit addressed the key audit matter
<p>These also involve significant judgment to determine the possible outcome of the uncertain tax positions, consequently having an impact on related accounting and disclosures in the consolidated financial statements.</p> <p>Considering the complexity and significant level of estimation and judgement, this is a key audit matter.</p>	<ul style="list-style-type: none"> <li>Challenged UltraTech's estimate of the possible outcome of the disputed tax cases by considering legal precedence and other judicial rulings by involving tax specialists.</li> <li>Assessed the adequacy of disclosures for income taxes in the financial statements.</li> </ul>
<b>Adoption of Ind AS 116 – Leases</b>	
<p>UltraTech has adopted Ind AS 116 'Leases' ("Ind AS 116") with effect from 1 April 2019.</p> <p>The application and transition to this accounting standard is complex and is an area of focus in audit since UltraTech has large number of leases with different contractual terms.</p> <p>Ind AS 116 introduces a new lease accounting model, wherein lessees are required to recognise a right-of-use (ROU) asset and a lease liability arising from a lease on the balance sheet.</p> <p>The lease liabilities are initially measured by discounting future lease payments during the lease term as per the contract/arrangement.</p> <p>Adoption of the standard involves significant judgements and estimates in determination of the discount rates and the lease term including termination and renewal options.</p> <p>Additionally, Ind AS 116 requires detailed disclosures in respect of transition.</p> <p>Considering the judgements and complexities involved in transitioning to this new standard, this is a key audit matter.</p>	<p>The procedures performed by the auditors, as reported by them, included the following:</p> <ul style="list-style-type: none"> <li>Obtained an understanding of UltraTech's processes and controls for adoption of Ind AS 116.</li> <li>Assessed UltraTech's evaluation on the identification of leases based on the contractual agreements and knowledge of the business.</li> <li>Upon transition as at 1 April 2019: <ul style="list-style-type: none"> <li>Evaluated the method of transition and practical expedients applied.</li> <li>Tested the completeness of the lease data by reconciling UltraTech's operating lease commitments to data used in computing ROU asset and lease liabilities.</li> </ul> </li> <li>Evaluated the computation of lease liabilities, on a sample of lease contracts, and challenged the key estimates such as discount rates and the lease term.</li> <li>Assessed the presentation and disclosures relating to Ind AS 116 including disclosures relating to transition.</li> </ul>
<b>Valuation and classification of subsidiaries classified as Held for Sale (KAM of Ultratech Nathdwara Cement Limited ("UNCL"), a subsidiary of UltraTech)</b>	
<p>UNCL has classified its subsidiaries in China and Dubai as 'Held for Sale' in its separate financial statements in accordance with the provisions of Ind AS 105 'Non-current Assets Held for Sale and Discontinued Operations'.</p> <p>UNCL is in the process of identification of prospective buyer for sale of investments in its subsidiaries at China and Dubai since 31 March 2019.</p> <p>The same is considered as a key audit matter as it involves evaluation of conditions that are required to be satisfied for classification of assets held for sale, fair valuation of assets less cost of disposal and liabilities on such classification and consequential impairment, if any, and disclosure and presentation in the consolidated financial statements.</p>	<p>The procedures performed by the auditors, as reported by them, included the following:</p> <ul style="list-style-type: none"> <li>Obtained a detailed progress note from the Management for status of investments continued to be classified as Held for Sale.</li> <li>Read minutes of meetings of Board of Directors of UNCL.</li> <li>Verified the Non-Disclosure Agreement entered in to by UNCL with the bankers to identify prospective buyer.</li> <li>Read communications between bankers and prospective buyers.</li> <li>Sighted underlying documents to verify that the fair value less costs of disposal of investment exceeds its carrying amount in the financial statements.</li> <li>Assessed appropriateness of disclosures included in the Ind AS consolidated financial statements for compliance with the disclosure requirements.</li> </ul>

Key audit matters	How our audit addressed the key audit matter
<b>KAM as reported by the auditors of Aditya Birla Capital Limited ("ABCL")</b>	
<b>Allowances for Expected Credit Losses</b>	
<p>As at March 31, 2020 in ABCL, loan assets aggregated ₹ 58,101.74 Crore measured at amortised cost, constituting 43% of the ABCL's total assets. Significant judgement is used in classifying these loan assets and applying appropriate measurement principles. The allowance for expected credit losses ("ECL") on such loan assets measured at amortised cost is a critical estimate involving greater level of management judgement.</p>	<p>The procedures performed by the auditors, as reported by them, included the following:</p>
<p>As part of our risk assessment, ABCL determined that the allowance for ECL on loan assets (including undisbursed commitments) has a high degree of estimation uncertainty, with a potential range of reasonable outcomes for the financial statements.</p>	<ul style="list-style-type: none"> <li>• Examined the policies approved by the Board of Directors of the Company that articulate the objectives of managing each portfolio and their business. Verified the methodology adopted for computation of ECL ("ECL Model") that addresses policies approved by the Board of Directors, procedures and controls for assessing and measuring credit risk on all lending exposures measured at amortised cost.</li> </ul>
<p>The elements of estimating ECL which involved increased level of audit focus are the following:</p>	<ul style="list-style-type: none"> <li>• Additionally, confirmed that adjustments to the output of the ECL Model is consistent with the documented rationale and basis for such adjustments and that the amount of adjustment has been approved by the Audit Committee of the Board of Directors.</li> </ul>
<ul style="list-style-type: none"> <li>• Qualitative and quantitative factors used in staging the loan assets measured at amortised cost.</li> <li>• Basis used for estimating Probabilities of Default ("PD")</li> <li>• Basis used for estimating Loss Given Default ("LGD")</li> <li>• Judgements used in projecting economic scenarios and probability weights applied to reflect future economic conditions.</li> <li>• Adjustments to model driven ECL results to address emerging trends.</li> </ul>	<ul style="list-style-type: none"> <li>• Procedures related to the allowance for ECL included the following, among others: <ul style="list-style-type: none"> <li>➤ Testing the design and effectiveness of internal controls over the: <ul style="list-style-type: none"> <li>- completeness and accuracy of the Exposure at Default ("EAD") and the classification thereof into stages consistent with the definitions applied in accordance with the policy approved by the Board of Directors including the appropriateness of the qualitative factors to be applied.</li> <li>- Completeness, accuracy and appropriateness of information used in the estimation of the PD and LGD for the different stages depending on the nature of the portfolio; and</li> <li>- computation of the ECL including methodology used to determine macro economic overlays and adjustments to the output of the ECL Model.</li> </ul> </li> <li>➤ Also, for a sample of ECL on loan assets tested: <ul style="list-style-type: none"> <li>- tested the input data such as ratings and period of default and other related information used in estimating the PD;</li> <li>- evaluated reasonableness of LGD estimates by comparing actual recoveries post the loan asset becoming credit impaired with estimates of LGD.</li> </ul> </li> </ul> </li> </ul>

Key audit matters	How our audit addressed the key audit matter
	<ul style="list-style-type: none"> <li>- evaluated the incorporation of the applicable assumptions into the ECL Model and tested the mathematical accuracy and computation of the allowances by using the same input data used by the Company.</li> <li>• Tested the adequacy of the adjustment after stressing the inputs used in determining the output as per the ECL Model and ensured that the adjustment was in conformity with the amount approved by the Audit Committee.</li> <li>• Assessed the disclosures made in relation to the ECL allowance to confirm compliance with the provisions of Ind AS 107.</li> </ul>

### Information Technology and General Controls

ABCL is highly dependent on technology due to the significant number of transactions that are processed daily across multiple and discrete Information Technology ("IT") systems. The audit approach relies extensively on automated controls and therefore on the effectiveness of controls over IT systems.

IT application controls are critical to ensure that changes to applications and underlying data are made in an appropriate manner. Appropriate controls contribute to mitigating the risk of potential fraud or errors as a result of changes to applications and data.

Management is in the process of implementing several remediation activities that are expected to contribute to reducing the risk over IT applications in the financial reporting process. These include implementation of company-wide preventive and detective controls across critical applications and infrastructure. Due to the pervasive nature, in the preliminary risk assessment we began by assessing the risk of a material misstatement arising from technology as significant for the audit.

The procedures performed by the auditors, as reported by them, included the following:

- Access rights tested over applications, operating systems and databases relied upon for financial reporting. Specifically, the tests were designed to cover the following:
  - Access requests for joiners were properly reviewed and authorized;
  - User access rights were removed on a timely basis when an individual left or moved role;
  - Access rights to applications, operating systems and databases were periodically monitored for appropriateness; and
  - Highly privileged access is restricted to appropriate personnel.
- Other areas that were independently assessed includes password policies, security configurations, controls over changes to applications and databases and that business users, developers and production support did not have access to change applications, the operating system or databases in the production environment.

## OTHER INFORMATION

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF MANAGEMENT FOR THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associates and joint ventures in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its associates and joint ventures and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for assessing the ability of the Group and of its associates and joint ventures to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group and of its associates and joint ventures are also responsible for overseeing the financial reporting process of the Group and of its associates and joint ventures.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and joint ventures to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates and joint ventures of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## OTHER MATTER

- (a) We did not audit the financial statements and other financial information, in respect of 11 subsidiaries, whose Ind AS financial statements include total assets of ₹ 2,15,347.25 Crore as at March 31, 2020, and total revenues of ₹ 59,017.53 Crore and net cash inflows of ₹ 1,797.49 Crore for the year ended on that date. The consolidated Ind AS financial statements also include the Group's share of net loss of ₹ 56.58 Crore for the year ended March 31, 2020, as considered in the consolidated Ind AS financial statements, in respect of 3 associates and 6 joint ventures. These financial statement and other financial information have not been jointly audited by us and have been audited either singly by one of us or jointly by one of us with other auditors or by other auditors, whose financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, joint ventures and associates, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, joint ventures and joint operations and associates, is based solely on the report(s) of such other auditors.

Certain of these joint ventures are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such joint ventures located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such joint ventures located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

- (b) The accompanying consolidated Ind AS financial statements include unaudited financial statements and other unaudited financial information in respect of 14 subsidiaries, whose financial statements and other financial information reflect total assets of ₹ 2,074.76 Crore as at March 31, 2020, and total revenues of ₹ 100.85 Crore and net cash inflows of ₹ 16 Crore for the year ended on that date. These unaudited financial statements and other unaudited financial information have been furnished to us by the management. The consolidated Ind

AS financial statements also include the Group's share of net profit of ₹ 0.12 Crore for the year ended March 31, 2020, as considered in the consolidated Ind AS financial statements, in respect of an associate and a joint ventures, whose financial statements, other financial information have not been audited and whose unaudited financial statements, other unaudited financial information have been furnished to us by the Management. Our opinion, in so far as it relates amounts and disclosures included in respect of these subsidiaries, joint ventures and associates, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, joint ventures and associates, is based solely on such unaudited financial statements and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

The statutory auditors of Aditya Birla Capital Limited "ABCL", a subsidiary company, without modifying their conclusion on the consolidated Ind AS financial statements of ABCL have stated that:

- a. Determination of the following as at and for the year ended March 31, 2020 is the responsibility of the ABCL's Appointed Actuaries:
  - (i) Change in Valuation of Liability in Respect of Insurance Policies" includes charge for actuarial valuation of liabilities for life policies in force and charge for the policies in respect of which premium has been discontinued but liability exists as at March 31, 2020, in respect of subsidiary engaged in Life Insurance Segment and "Benefits Paid – Insurance Business" includes the estimate of claims Incurred But Not Reported (IBNR) and claims Incurred But Not Enough Reported (IBNER), in respect of subsidiary engaged in Health Insurance Segment. These charges have been determined based on the liabilities duly certified by the subsidiaries' Appointed Actuaries and in their respective opinions, the assumptions for such valuation are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority of India (IRDAI) and the Institute of Actuaries of India in concurrence with the IRDAI. The respective auditors of these subsidiaries have relied on the Appointed Actuaries certificates in this regard in forming their opinion on the financial results of the said subsidiaries; and
  - (ii) Other adjustments for the purpose of Statement confirmed by the Appointed Actuaries in the Life Insurance and Health Insurance Segments are in accordance with Indian Accounting Standard 104 on Insurance Contracts:
    - a. Assessment of contractual liabilities based on classification of contracts into insurance contracts and investment contracts;
    - b. Valuation and Classification of Deferred Acquisition Costs and Deferred Origination Fees on Investment Contracts;
    - c. Grossing up and Classification of the Reinsurance Assets; and
    - d. Liability Adequacy test as at the reporting dates.

The auditors of ABCL and respective subsidiaries have relied upon the certificates of the Appointed Actuaries in respect of above matters in forming their opinion on the consolidated Ind AS financial statements of the said subsidiaries.

Our opinion is not modified in respect of the above matters.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, associates and joint ventures, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

- (a) We have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;

- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, associate companies and joint ventures, none of the directors of the Group's companies, its associates and joint ventures, incorporated in India, is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company and its subsidiary companies, associate companies and joint ventures, incorporated in India, refer to our separate Report in "Annexure 2" to this report;
- (g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries, associates and joint ventures incorporated in India, the managerial remuneration for the year ended March 31, 2020 has been paid/provided by the Holding Company, its subsidiaries, associates and joint ventures incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, associates and joint ventures, as noted in the 'Other matter' paragraph:
- i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, its associates and joint ventures in its consolidated Ind AS financial statements – Refer Note 4.3 to the consolidated Ind AS financial statements;
  - ii. The Group, its associates and joint ventures did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2020;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiaries, associates and joint ventures, incorporated in India during the year ended March 31, 2020.

For **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No: 101248W/W-100022

**Vikas R Kasat**  
Partner  
Membership No: 105317  
UDIN: 20105317AAAACB1369

Mumbai  
13<sup>th</sup> June 2020

For **S R B C & CO LLP**  
Chartered Accountants  
Firm's Registration No: 324982E/E300003

**Vijay Maniar**  
Partner  
Membership No: 36738  
UDIN: 20036738AAAACS5891

Mumbai  
13<sup>th</sup> June 2020

# Annexure A

## to the Independent Auditor's Report of even date on the Consolidated Ind AS Financial Statements of Grasim Industries Limited

### REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

In conjunction with our audit of the consolidated Ind AS financial statements of Grasim Industries Limited as of and for the year ended March 31, 2020, we have audited the internal financial controls with reference to financial statements of Grasim Industries Limited (hereinafter referred to as the "Holding Company"), its subsidiary companies, its associate companies and its joint ventures, which are companies incorporated in India, as of that date.

#### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Holding Company, its subsidiary companies, its associate companies and its joint ventures, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal controls with reference to financial statements criteria established by the Holding Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (the "ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance the Guidance Note and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's internal financial controls system with reference to financial statements.

#### MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated Ind AS financial statements in accordance with generally accepted accounting principles,



and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated Ind AS financial statements.

## INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## OPINION

In our opinion, the Holding Company, its subsidiary companies, its associate companies and its joint ventures, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls system with reference to financial reporting and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal controls with reference to financial statements criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

## OTHER MATTERS

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements of the Holding Company, in so far as it relates to these 11 subsidiary companies, 2 associate companies and 2 joint venture, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiaries, associates and joint venture incorporated in India.

For **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No: 101248W/W-100022

**Vikas R Kasat**  
Partner  
Membership No: 105317  
UDIN: 20105317AAAACB1369

Mumbai  
13<sup>th</sup> June 2020

For **S R B C & CO LLP**  
Chartered Accountants  
Firm's Registration No: 324982E/E300003

**Vijay Maniar**  
Partner  
Membership No: 36738  
UDIN: 20036738AAAACS5891

Mumbai  
13<sup>th</sup> June 2020

# Consolidated Balance Sheet

as at 31<sup>st</sup> March 2020

(₹ in Crore)

	Note No.	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	2.1	55,758.44	55,652.22
Capital Work-in-Progress	2.1	3,822.45	2,728.20
Investment Property	2.1	15.67	16.11
Goodwill	2.2	20,046.50	21,346.39
Other Intangible Assets	2.3	9,684.29	10,114.47
Intangible Assets Under Development	2.3	81.68	37.77
Right of Use Assets	2.4	2,062.63	-
Equity Accounted Investees	2.5	6,533.09	6,284.29
<b>Financial Assets</b>			
<b>Investments</b>			
- Investments of Insurance Business	2.6	19,269.34	15,601.37
- Other Investments	2.7	6,211.67	8,751.22
Assets held to cover linked liabilities of Life Insurance Business	2.8	17,638.81	20,234.85
Loans	2.9	46,054.89	46,384.67
Other Financial Assets	2.10	518.03	318.90
Deferred Tax Assets (Net)	2.11	137.57	46.95
Non-Current Tax Assets (Net)		672.89	245.78
Other Non-Current Assets	2.12	3,562.51	3,530.17
		<b>192,070.46</b>	<b>191,293.36</b>
<b>Current Assets</b>			
Inventories	2.13	6,805.57	7,059.13
<b>Financial Assets</b>			
<b>Investments</b>			
- Investments of Insurance Business	2.14	993.53	931.12
- Other Investments	2.15	10,500.75	6,012.98
Assets held to cover linked liabilities of Life Insurance Business	2.16	5,189.98	4,931.49
Trade Receivables	2.17	5,651.50	6,690.07
Cash and Cash Equivalents	2.18	3,072.80	1,223.69
Bank Balances other than Cash and Cash Equivalents	2.19	740.30	684.54
Loans	2.20	14,175.00	17,192.24
Other Financial Assets	2.21	1,697.98	1,607.19
Current Tax Assets (Net)		0.38	38.71
Other Current Assets	2.22	2,440.34	2,414.68
Assets/Disposal Group held for Sale	4.4.4	1,077.21	1,094.73
		<b>52,345.34</b>	<b>49,880.57</b>
<b>TOTAL ASSETS</b>		<b>244,415.80</b>	<b>241,173.93</b>

# Consolidated Balance Sheet (Cont.)

as at 31<sup>st</sup> March 2020

(₹ in Crore)

	Note No.	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	2.23	131.57	131.53
Other Equity	2.24	56,520.76	57,887.99
<b>Equity Attributable to Owners of the Company</b>		<b>56,652.33</b>	<b>58,019.52</b>
Non-Controlling Interest		34,335.42	30,502.58
<b>Total Equity</b>		<b>90,987.75</b>	<b>88,522.10</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	2.25	58,745.91	56,686.10
Lease Liability	2.4	1,366.14	-
Policyholder's Liabilities	2.26	38,915.80	37,669.48
Other Financial Liabilities	2.27	335.15	348.74
		<b>99,363.00</b>	<b>94,704.32</b>
Provisions	2.28	314.99	252.25
Deferred Tax Liabilities (Net)	2.29	6,997.06	8,842.78
Other Non-Current Liabilities	2.30	127.09	87.03
<b>Current Liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	2.31	11,988.13	18,378.52
Lease Liability	2.4	195.70	-
Policyholder's Liabilities	2.32	2,348.74	2,480.54
Trade Payables	2.33		
- Total Outstanding Dues of Micro Enterprises and Small Enterprises		83.15	36.36
- Total Outstanding Dues of Creditors other than Micro Enterprises and Small Enterprises		6,605.44	6,047.34
Other Financial Liabilities	2.34	17,920.54	14,419.25
		<b>39,141.70</b>	<b>41,362.01</b>
Other Current Liabilities	2.35	4,561.06	4,779.31
Provisions	2.36	1,311.82	1,230.93
Current Tax Liabilities (Net)		1,122.33	904.20
Liabilities included in Disposal Group held for sale	4.4.4	489.00	489.00
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>244,415.80</b>	<b>241,173.93</b>
Significant Accounting Policies and Key Accounting Estimates and Judgements	1		
The accompanying Notes are an integral part of the Consolidated Financial Statements			

In terms of our report on even date attached

For **GRASIM INDUSTRIES LIMITED**  
CIN-L17124MP1947PLC000410

For **B S R & Co. LLP**  
Chartered Accountants  
Firm Registration No.: 101248W/W-100022

For **S R B C & CO LLP**  
Chartered Accountants  
Firm Registration No.: 324982E/E300003

**Dilip Gaur**  
Managing Director  
DIN: 02071393

**Shailendra K Jain**  
Non-Executive Director  
DIN: 00022454

**Vikas R Kasat**  
Partner  
Membership No.: 105317

**Vijay Maniar**  
Partner  
Membership No.: 36738

**Ashish Adukia**  
Chief Financial Officer

**Hutokshi Wadia**  
Company Secretary  
Membership No.: 5761

Mumbai  
Dated: 13<sup>th</sup> June 2020

Mumbai  
Dated: 13<sup>th</sup> June 2020

# Consolidated Statement of Profit and Loss

for the year ended 31<sup>st</sup> March 2020

(₹ in Crore)

	Note No.	Year Ended 31 <sup>st</sup> March 2020 (Current Year)	Year Ended 31 <sup>st</sup> March 2019 (Previous Year)
<b>INCOME</b>			
<b>Continuing Operations</b>			
Revenue from Contract with Customers	3.1	77,625.10	77,200.25
Other Income	3.2	966.61	827.69
<b>Total Income (I)</b>		<b>78,591.71</b>	<b>78,027.94</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	3.3	14,618.05	15,261.12
Purchases of Stock-in-Trade	3.4	1,469.86	1,507.01
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	3.5	(525.90)	(79.89)
Employee Benefits Expense	3.6	5,864.53	5,428.21
Power and Fuel		11,436.68	12,423.45
Freight and Handling Expenses		10,058.06	10,619.15
Change in Valuation of Liability in respect of Insurance Policies		1,032.26	1,408.88
Benefits Paid - Insurance Business		5,177.01	4,553.57
Finance Cost relating to NBFC/HFC's Business	3.7	4,587.82	4,050.18
Other Finance Costs	3.8	2,338.50	2,009.85
Depreciation and Amortisation Expenses	3.9	4,040.82	3,571.38
Other Expenses	3.10	11,047.77	9,482.99
		71,145.46	70,235.90
Less: Captive Consumption of Cement		20.46	30.76
<b>Total Expenses (II)</b>		<b>71,125.00</b>	<b>70,205.14</b>
<b>Profit from Continuing operations Before Share in Profit of Equity Accounted Investees, Exceptional Items and Tax</b>		<b>7,466.71</b>	<b>7,822.80</b>
Share in Profit of Equity Accounted Investees	2.38 & 4.4.3	562.22	29.06
<b>Profit from Continuing Operations Before Tax and Exceptional Items</b>		<b>8,028.93</b>	<b>7,851.86</b>
Exceptional Items	3.11	(1,382.10)	(2,688.40)
<b>Profit from Continuing Operations Before Tax</b>		<b>6,646.83</b>	<b>5,163.46</b>
Tax Expense of Continuing Operations	3.12		
Current Tax		1,607.38	2,339.40
Provision for Tax of Earlier Years Written Back		(4.44)	(15.51)
Deferred Tax	4.4.3	(1,633.59)	94.83
<b>Total Tax Expense</b>		<b>(30.65)</b>	<b>2,418.72</b>
<b>Profit for the Year from Continuing Operations (III)</b>		<b>6,677.48</b>	<b>2,744.74</b>
<b>Discontinued Operations</b>			
Profit before tax from discontinued operations		90.03	54.94
Tax expenses of discontinued operations		(36.63)	(15.31)
Less: Impairment of assets classified as held for sale		(53.40)	(39.63)
<b>Profit for the Year from discontinued Operations (IV)</b>		<b>-</b>	<b>-</b>
<b>Profit for the Year (V = III + IV)</b>		<b>6,677.48</b>	<b>2,744.74</b>
<b>Other Comprehensive Income</b>	3.13		
A (i) Items that will not be reclassified to Profit or Loss		(5,512.19)	(2,689.45)
(ii) Income tax relating to items that will not be reclassified to Profit or Loss		373.62	(31.06)
B (i) Items that will be reclassified to Profit or Loss		145.53	(77.38)
(ii) Income tax relating to items that will be reclassified to Profit or Loss		(8.96)	16.63
<b>Other Comprehensive Income for the Year (VI)</b>		<b>(5,002.00)</b>	<b>(2,781.26)</b>
<b>Total Comprehensive Income for the Year (V + VI)</b>		<b>1,675.48</b>	<b>(36.52)</b>

# Consolidated Statement of Profit and Loss (Cont.)

for the year ended 31<sup>st</sup> March 2020

(₹ in Crore)

	Note No.	Year Ended 31 <sup>st</sup> March 2020 (Current Year)	Year Ended 31 <sup>st</sup> March 2019 (Previous Year)
<b>Profit from Continuing Operations Attributable to:</b>			
Owners of the Company		4,425.19	1,692.99
Non-Controlling interest		2,252.29	1,051.75
		<b>6,677.48</b>	<b>2,744.74</b>
<b>Profit Attributable to:</b>			
Owners of the Company		4,425.19	1,692.99
Non-Controlling interest		2,252.29	1,051.75
		<b>6,677.48</b>	<b>2,744.74</b>
<b>Other Comprehensive Income Attributable to:</b>			
Owners of the Company		(5,067.74)	(2,822.50)
Non-Controlling interest		65.74	41.24
		<b>(5,002.00)</b>	<b>(2,781.26)</b>
<b>Total Comprehensive Income Attributable to:</b>			
Owners of the Company		(642.55)	(1,129.51)
Non-Controlling interest		2,318.03	1,092.99
		<b>1,675.48</b>	<b>(36.52)</b>
<b>Earnings Per Equity Share (Face Value ₹ 2 each) - Continuing Operations</b>			
Basic (₹)	3.14	67.42	25.76
Diluted (₹)		67.38	25.74
<b>Earnings Per Equity Share (Face Value ₹ 2 each) - Discontinued Operations</b>			
Basic (₹)		-	-
Diluted (₹)		-	-
<b>Earnings Per Equity Share (Face Value ₹ 2 each) - Continuing &amp; Discontinued Operations</b>			
Basic (₹)	3.14	67.42	25.76
Diluted (₹)		67.38	25.74
Significant Accounting Policies and Key Accounting Estimates and Judgements	1		
The accompanying Notes are an integral part of the Consolidated Financial Statements			

In terms of our report on even date attached

For **B S R & Co. LLP**  
Chartered Accountants  
Firm Registration No.: 101248W/W-100022

**Vikas R Kasat**  
Partner  
Membership No.: 105317

Mumbai  
Dated: 13<sup>th</sup> June 2020

For **S R B C & CO LLP**  
Chartered Accountants  
Firm Registration No.: 324982E/E300003

**Vijay Maniar**  
Partner  
Membership No.: 36738

**Dilip Gaur**  
Managing Director  
DIN: 02071393

**Ashish Adukia**  
Chief Financial Officer

Mumbai  
Dated: 13<sup>th</sup> June 2020

For **GRASIM INDUSTRIES LIMITED**  
CIN-L17124MP1947PLC000410

**Shailendra K Jain**  
Non-Executive Director  
DIN: 00022454

**Hutokshi Wadia**  
Company Secretary  
Membership No.: 5761



# Consolidated Statement of Changes in Equity (Cont.)

for the year ended 31<sup>st</sup> March 2020

	Attributable to Owners of the Company													Non-Controlling Interest	Total Equity				
	Equity Component of Other Financial Instruments	Reserves and Surplus										Other Comprehensive Income (OCI)				Total			
		Capital Reserve	Capital Suspense	Legal Reserve	Securities Premium	General Reserve	Debt Redemption Reserve	Special Reserve Fund	Treasury Shares held by ESOP Trust	Retained Earnings	Employee Share Options Outstanding	Debt Instruments through OCI	Equity Instruments through OCI				Hedging Reserve	Foreign Currency Translation Reserve	
Employee Stock Options Exercised	-	-	-	29.59	-	-	-	-	-	(33.07)	-	-	-	-	-	-	(3.48)	15.81	12.33
Employee Stock Options Granted (net of lapses)	-	-	-	-	-	-	-	-	-	73.65	-	-	-	-	-	-	73.65	-	73.65
Transfer to General Reserve on account of lapse of vested options	-	-	-	-	2.80	-	-	-	-	(5.16)	-	-	-	-	-	-	(2.36)	2.36	-
Share issue Expenses	-	-	-	(1.61)	-	-	-	-	-	-	-	-	-	-	-	(1.61)	(1.36)	(1.36)	(2.97)
Dividend (including Dividend Distribution Tax of ₹ 120.47 Crore) pertaining to FY 2018-19	-	-	-	-	-	-	-	-	-	(542.89)	-	-	-	-	-	(542.89)	(162.54)	(162.54)	(705.43)
Dividend Paid to Non-Controlling Interest by a Subsidiary Company	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(7.42)	(7.42)
Issue of Equity Shares in QIP by a subsidiary Company (Note 4.4.7)	-	-	-	332.14	-	-	-	-	-	-	-	-	-	-	-	-	332.14	997.86	1,330.00
Issue of Equity Shares to Non-Controlling Interest by a subsidiary Company	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	179.15	179.15
Gain arising on issue of Shares pursuant to Scheme of Demerger transfer to securities premium and retained earnings (Note 4.12 A)	-	(3,086.62)	-	3,078.62	-	-	-	-	-	8.00	-	-	-	-	-	-	-	-	-
Stake Dilution in Subsidiary Companies (Note 4.4.7)	-	-	-	(0.04)	(0.05)	-	(5.58)	-	-	(524.91)	-	0.40	0.66	-	(0.04)	(529.56)	529.56	-	-
Others including subvention money & Aditya Birla Capital Technology Services Limited Demerger impact	-	-	-	-	-	-	-	-	-	(0.14)	-	-	-	-	-	(0.14)	0.56	0.42	0.42
Other Movement during the year in Joint Ventures and Associate Companies	-	-	(0.07)	-	1.28	-	-	-	-	-	-	-	-	-	-	-	1.21	-	1.21
<b>Closing Balance as at 31<sup>st</sup> March 2020</b>	<b>3.00</b>	<b>146.55</b>	<b>-</b>	<b>0.69</b>	<b>27,170.25</b>	<b>30,075.73</b>	<b>141.79</b>	<b>286.46</b>	<b>(160.03)</b>	<b>4,625.60</b>	<b>263.39</b>	<b>6.91</b>	<b>(6,180.97)</b>	<b>(83.21)</b>	<b>224.60</b>	<b>56,520.76</b>	<b>34,335.42</b>	<b>90,856.18</b>	

@ Represents remeasurement of Defined Benefits Plan.

# Consolidated Statement of Changes in Equity (Cont.)

for the year ended 31<sup>st</sup> March 2020

	Attributable to Owners of the Company															Non-Controlling Interest	Total Equity	
	Reserves and Surplus										Other Comprehensive Income (OCI)				Total			
	Equity Component of Other Financial Instruments	Capital Reserve	Capital Suspense	Legal Reserve	Securities Premium	General Reserve	Debt Redemption Reserve	Special Reserve Fund	Treasury Shares held by ESOP Trust	Retained Earnings	Employee Share Options Outstanding	Debt Instruments through OCI	Equity Instruments through OCI	Hedging Reserve				Foreign Currency Translation Reserve
Previous Year	3.00	12733	-	1.10	24,347.27	26,648.19	273.51	80.85	-	3,453.58	124.59	(38.00)	1,980.19	52.73	173.03	57,230.37	26,336.88	83,567.25
Opening Balance as at 1 <sup>st</sup> April 2018	-	-	-	-	-	-	-	-	-	1,692.99	-	-	-	-	-	1,692.99	1,051.75	2,744.74
Profit for the year	-	24.03	-	-	-	-	-	-	4.13	-	-	7.53	(2,761.73)	(72.14)	(16.06)	(2,822.50)	41.24	(2,781.26)
Other Comprehensive Income for the Year (Note 3.13)	-	-	-	-	-	-	-	-	-	-	-	7.53	(2,761.73)	(72.14)	(16.06)	(1,293.51)	1,092.99	(36.52)
Total Comprehensive Income for the Year	-	24.03	-	-	-	-	-	-	-	-	-	-	-	-	-	0.21	(0.27)	(0.06)
Acquisition of Minority stake in Aditya Birla Solar Limited	-	0.17	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gain on Sale of Non-Current Investment transferred to Retained Earnings from Equity Instrument through OCI	-	-	-	-	-	-	-	-	-	21.39	-	-	(21.39)	-	-	-	-	-
Treasury Shares held by ESOP Trust	-	-	-	-	-	-	-	(158.27)	-	-	-	-	-	-	-	(158.27)	(34.64)	(192.91)
Transaction cost on Cancellation of Shares in UltraTech Nathdwara Company Limited (UNCL)	-	-	-	-	-	-	-	-	-	(0.86)	-	-	-	-	-	(0.86)	(0.60)	(1.46)
Subvention money received in Subsidiary books	-	-	-	-	-	-	-	-	-	4.44	-	-	-	-	-	4.44	11.11	15.55
Transfer from Retained Earnings to General Reserve	-	-	-	-	1,032.60	-	-	-	-	(1,032.60)	-	-	-	-	-	-	-	-
Transfer from Retained Earnings to Special Reserve Fund	-	-	-	-	-	-	-	107.47	-	(107.47)	-	-	-	-	-	-	-	-
Transfer from Debenture Redemption Reserve to Retained Earnings	-	-	-	-	-	(57.29)	-	-	-	57.29	-	-	-	-	-	-	-	-
Transfer from Retained Earnings to Debenture Redemption Reserve	-	-	-	-	-	133.44	-	-	-	(133.44)	-	-	-	-	-	-	-	-
Idea Cellular Limited not consolidated as an Associate w.e.f. 31 <sup>st</sup> August 2018 post merger with Vodafone India Limited and Vodafone Mobile Services	-	-	-	-	(632.17)	1.75	-	-	-	636.67	-	-	-	-	-	-	-	-
Employee Stock Options Exercised	-	-	-	-	18.74	-	-	-	-	0.05	(9.17)	-	-	-	-	9.62	4.72	14.34
Employee Stock Options Granted (net of lapses)	-	-	-	-	-	-	-	-	-	-	112.55	-	-	-	-	112.55	-	112.55



# Consolidated Statement of Changes in Equity (Cont.)

for the year ended 31<sup>st</sup> March 2020

Previous Year	Atributable to Owners of the Company														Non-Controlling Interest	Total Equity			
	Equity Component of Other Financial Instruments	Reserves and Surplus								Other Comprehensive Income (OCI)							Total		
		Capital Reserve	Capital Suspense	Legal Reserve	Securities Premium	General Reserve	Debt Redemption Reserve	Special Reserve Fund	Treasury Shares held by ESOP Trust	Retained Earnings	Employee Share Options Outstanding	Debt Instruments through OCI	Equity Instruments through OCI	Hedging Reserve				Foreign Currency Translation Reserve	
Dividend (including Dividend Distribution Tax of ₹ 107.36 Crore) pertaining to FY 2017-18	-	-	-	-	-	-	-	-	(481.39)	-	-	-	-	-	-	-	(481.39)	(148.47)	(629.86)
Dividend Paid to Non-Controlling Interest by a Subsidiary Company	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(9.21)	(9.21)
Issue of Equity Shares to Non-Controlling Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	159.00	159.00
Non-Controlling Interest arising on acquisition of controlling stake in Joint Venture Companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5.86	5.86
Gain on merger of Cement business of Century Textiles Limited with UltraTech Cement Limited (Note 4.12 A)	-	(4.97)	3,086.62	(2.28)	(590.70)	(9.44)	-	-	(185.16)	-	-	-	-	(2.53)	(3.05)	(3.05)	2,308.49	3,079.22	5,387.71
Stake Dilution in Subsidiary Companies	-	(0.01)	-	(0.01)	(5.35)	(0.03)	(0.01)	-	(0.57)	-	0.01	-	-	(0.01)	(0.01)	(0.01)	(5.98)	5.99	-
Other Movement during the year in Joint Ventures and Associate Companies	-	-	-	(0.34)	(1.33)	-	-	-	(0.00)	-	-	-	-	-	-	-	(1.67)	-	(1.67)
<b>Closing Balance as at 31<sup>st</sup> March 2019</b>	<b>3.00</b>	<b>146.55</b>	<b>3,086.62</b>	<b>0.76</b>	<b>23,731.55</b>	<b>27,086.16</b>	<b>333.94</b>	<b>188.31</b>	<b>(158.27)</b>	<b>3,940.83</b>	<b>227.97</b>	<b>(802.93)</b>	<b>(21.95)</b>	<b>153.91</b>	<b>57,887.99</b>	<b>30,502.58</b>	<b>88,390.57</b>		

\* Refer Note 4.12 C  
\* Represents remeasurement of Defined Benefits Plan.

Significant Accounting Policies and Key Accounting Estimates and Judgements - Refer Note 1  
The accompanying notes are an integral part of the Consolidated Financial Statements.

In terms of our report on even date attached

**For B S R & Co. LLP**  
Chartered Accountants  
Firm Registration No.: 101248W/W-100022

**Vikas R Kasat**  
Partner  
Membership No.: 105317

Mumbai  
Dated: 13<sup>th</sup> June 2020

**For S R B C & CO LLP**  
Chartered Accountants  
Firm Registration No.: 324982E/E3000003

**Vijay Maniar**  
Partner  
Membership No.: 36738

Mumbai  
Dated: 13<sup>th</sup> June 2020

**Dilip Gaur**  
Managing Director  
DIN: 02071393

**Ashish Adulkia**  
Chief Financial Officer

**For GRASIM INDUSTRIES LIMITED**  
CIN-L17124MP1947PLC000410

**Shailendra K Jain**  
Non-Executive Director  
DIN: 00022454

**Hutokshi Wadia**  
Company Secretary  
Membership No.: 5761

# Consolidated Cash Flow Statement

for the year ended 31<sup>st</sup> March 2020

	(₹ in Crore)	
	Current Year	Previous Year
<b>A. Cash Flow from Operating Activities</b>		
(a) Profit Before Tax after Exceptional Items and before Share in Profit/(Loss) of Equity Accounted Investees	6,084.61	5,134.40
Adjustments for:		
Exceptional Items (Note 3.11)	1,382.10	2,688.40
Depreciation and Amortisation	4,040.82	3,571.38
Finance Costs	2,338.50	2,009.85
Interest Income	(150.51)	(199.19)
Dividend Income	(61.54)	(86.48)
Unrealised Exchange loss	18.56	30.50
Employee Stock Options and Stock Appreciation Rights Expenses	73.64	117.50
Allowance for Credit losses on advances/debts (Net)	11.28	8.12
Provision for Mines Restoration - (Release)/Charge	17.15	(6.29)
Change in valuation of liabilities in respect of Insurance Policies in force	1,032.26	1,408.88
Impairment on Financial Instruments including Loss on de-recognition of Financial Assets at Amortised cost (Expected Credit Loss)	780.31	322.62
Excess Provision Written Back (Net)	(150.14)	(90.32)
(Profit)/Loss on Sale of Property, Plant and Equipment (Net)	38.95	13.87
Profit on Sale of Investments (Net)	(121.70)	(159.49)
Unrealised Gain and fair value adjustments on Investments measured at Fair Value through Profit and Loss (Net)	(527.26)	(434.51)
Other Non-Cash Items	10.09	(45.96)
<b>(b) Operating Profit Before Working Capital Changes</b>	<b>14,817.12</b>	<b>14,283.28</b>
Adjustments for:		
Trade Receivables	1,027.80	(1,269.51)
Loans of Financing Business	2,719.07	(11,643.53)
Financial and Other Assets	(431.34)	(1,161.06)
Inventories	234.47	(353.67)
Trade Payables and Other Liabilities	988.85	1,512.51
Investment of Life Insurance Policy holders	(951.40)	(1,153.07)
<b>(c) Cash Generated from Operations</b>	<b>18,404.57</b>	<b>214.95</b>
Income Taxes Paid (Net of Refund)	(1,738.52)	(1,873.53)
<b>Net Cash Generated from/(used in) Operating Activities</b>	<b>16,666.05</b>	<b>(1,658.58)</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Property, Plant and Equipment and other Intangible Assets (Note v below)	(5,130.36)	(4,178.95)
Proceeds from Disposal of Property, Plant and Equipment and other Intangible Assets	94.26	170.18
Acquisition of Equity Shares in Subsidiaries	-	(35.07)
Investments in Grasim Premium Fabrics Private Limited (earlier known as Suktas (India) Private Limited) (wholly owned Subsidiary)	(4.33)	(123.98)
Contribution towards Liquidation Expenses of Idea Payment Bank Private Limited	(10.20)	-
Investments in Joint Ventures and Associates	(0.05)	(95.22)
Sale of Mutual Fund Units and Bonds (Non-Current)	3,507.26	4,458.56
Purchase of Mutual Fund Units and Bonds (Non-Current)	(6,717.18)	(2,007.42)
(Purchase)/Sale of Investments and Shareholders' Investment of Life Insurance Business (Current) {Net}	(829.21)	(404.48)
Proceeds from Sale of Non-Current Equity Investment (Subsidiary)	156.69	0.07
Proceeds from sale of Non-Current Equity Investment (Joint Venture)	-	35.67

# Consolidated Cash Flow Statement (cont.)

for the year ended 31<sup>st</sup> March 2020

(₹ in Crore)

	Current Year	Previous Year
Purchase of other Non-Current Investments	(2,891.14)	(60.66)
Proceeds from sale of other Non-Current Investment	12.55	81.34
Investment in Treasury Shares held by ESOP Trust	(8.55)	(187.99)
Sale of Treasury Shares	0.51	-
Investment in Other Bank Deposits	(96.94)	(257.13)
Expenditure for Cost of Assets Transferred	(76.53)	(52.32)
Loans and Advances given to Joint Ventures and Associates	-	(35.00)
Receipt against Loans and Advances given to Joint Ventures and Associates	2.20	35.00
Inter-Corporate Deposits	-	(31.88)
Interest Received	125.81	178.80
Dividend Received [includes dividend from Joint Venture ₹ 168.30 Crore (Previous Year ₹ 153 Crore)]	229.84	239.48
<b>Net Cash used in from Investing Activities</b>	<b>(11,635.37)</b>	<b>(2,271.00)</b>
<b>C. Cashflow from Financing Activities</b>		
Proceeds from Issue of Share Capital under ESOP scheme	9.02	8.58
Equity Infusion by Minority Shareholder in a Subsidiary Company	1,511.96	171.61
Transaction cost on cancellation of equity shares of a Subsidiary Company and share Issue Expenses	(4.95)	(1.92)
Proceeds from Non-Current Borrowings	18,849.74	31,166.09
Repayments of Non-Current Borrowings	(14,068.98)	(21,367.85)
Proceeds/(Repayments) of Current Borrowings (Net)	(6,315.95)	(3,266.96)
Payment of Lease Liability (including interest)	(278.73)	-
Interest and finance charges paid	(2,174.70)	(1,916.75)
Dividend paid to Non-Controlling Interest	(7.42)	(9.21)
Dividend Paid (including Corporate Dividend Tax)	(705.31)	(625.60)
<b>Net Cash from/(used in) Financing Activities</b>	<b>(3,185.32)</b>	<b>4,157.99</b>
<b>D. Net Increase in Cash and Cash Equivalents</b>	<b>1,845.36</b>	<b>228.41</b>
Cash and Cash Equivalents at the Beginning of the Year (Note 2.18)	1,223.69	936.65
Add:		
Effect of Exchange Rate on Consolidation of Foreign Subsidiaries	3.75	0.41
Cash and Cash Equivalents Received on acquisition of Ultratech Nathdwara Cement limited and transferred from Century Textiles Industries Limited on demerger of Cement business to UTCL{Note 4.12 (A) & (B)}	-	50.91
Cash and Cash Equivalents Received on acquisition of controlling Stake in Aditya Birla Renewables Limited and Aditya Birla Solar Limited {Note 4.12 (C)}	-	7.31
<b>Cash and Cash Equivalents at the end of the Year from Continued Operations (Note 2.18)</b>	<b>3,072.80</b>	<b>1,223.69</b>
<b>E. Cash Flow from Discontinued Operations</b>		
Opening Cash & Cash Equivalents	27.46	23.94
Cash flows from Operating activities of discontinuing operations	34.79	57.55
Cash flows from/(used in) Investing activities of discontinuing operations	(8.80)	(54.94)
Cash flows from/(used in) Financing activities of discontinuing operations	(30.33)	0.91
Net cash inflows	23.12	3.52
Closing Cash & Cash Equivalents	23.12	27.46
Reclassified to asset held for sale	(23.12)	(27.46)
Cashflow from Discontinuing Operations (E)	-	-

# Consolidated Cash Flow Statement (Cont.)

for the year ended 31<sup>st</sup> March 2020

## Notes:

- (i) Cash Flow Statement has been prepared as per the indirect method set out in Ind AS 7 prescribed under the Companies Act (Indian Accounting Standard) Rules, 2015 under the Companies Act, 2013.
- (ii) Change in Liabilities arising from Financing Activities:

Particulars	As at 31 <sup>st</sup> March 2019	Cash Flows	Non-Cash Changes		As at 31 <sup>st</sup> March 2020
			Fair value adjustments (including foreign exchange rate movements)	Others on account of deconsolidation of Subsidiary and debt issuance cost	
Non-Current Borrowings (including current maturities of Non-Current Borrowings)	66,108.95	4,780.76	237.53	(15.15)	71,112.09
Current Borrowings	18,378.52	(6,315.95)	(5.68)	(68.76)	11,988.13
	84,487.47	(1,535.19)	231.85	(83.91)	83,100.22

Particulars	As at 31 <sup>st</sup> March 2018	Cash Flows	Non-Cash Changes		As at 31 <sup>st</sup> March 2019
			Fair value adjustments (including foreign exchange rate movements)	Others on account of Acquisition and Divestment of Subsidiaries	
Non-Current Borrowings (including current maturities of Non-Current Borrowings)	46,549.86	9,798.24	153.40	9,607.45	66,108.95
Current Borrowings	20,519.95	(3,266.96)	(6.30)	1,131.83	18,378.52
	67,069.81	6,531.28	147.10	10,739.28	84,487.47

- (iii) For previous year, the Scheme of demerger amongst Century Textiles and Industries Limited and the Company and their respective shareholders does not involve any cash outflow and the consideration has been discharged through issue of equity shares. (Note 4.12 A)
- (iv) For previous year, Repayment of Borrowings includes amount paid to financial creditors as per the resolution plan. (Note 4.12 B)
- (v) Purchase of Property, Plant and Equipment includes movements of Capital work-in-progress (including Capital Advances) and Capital Expenditure Creditors during the year.

In terms of our report on even date attached

For **B S R & Co. LLP**  
Chartered Accountants  
Firm Registration No.: 101248W/W-100022

For **S R B C & CO LLP**  
Chartered Accountants  
Firm Registration No.: 324982E/E300003

**Dilip Gaur**  
Managing Director  
DIN: 02071393

For **GRASIM INDUSTRIES LIMITED**  
CIN-L17124MP1947PLC000410

**Shailendra K Jain**  
Non-Executive Director  
DIN: 00022454

**Vikas R Kasat**  
Partner  
Membership No.: 105317

**Vijay Maniar**  
Partner  
Membership No.: 36738

**Ashish Adukia**  
Chief Financial Officer

**Hutokshi Wadia**  
Company Secretary  
Membership No.: 5761

Mumbai  
Dated: 13<sup>th</sup> June 2020

Mumbai  
Dated: 13<sup>th</sup> June 2020

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

## CORPORATE INFORMATION

Grasim Industries Limited (“the Group” or “the Company”) is a limited company incorporated and domiciled in India. The registered office is at Birlagram, Nagda - 456 331, Dist. Ujjain (M.P.), India. The Company is a public limited company and its shares are listed on the Bombay Stock Exchange (BSE), India, and the National Stock Exchange (NSE), India, and the Company’s Global Depository Receipts are listed on the Luxembourg Stock Exchange.

The Group along with Subsidiaries, Joint Ventures and Associates is engaged primarily in Viscose (Pulp, Fibre and Yarn), Chemicals (Caustic Soda, Epoxy and allied Chemicals), Cement, Financial Services and Others (Insulators, Textiles, Fertilisers and Solar Power).

## 1. SIGNIFICANT ACCOUNTING POLICIES

### 1.1 Statement of Compliance:

These consolidated financial statements are prepared and presented in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time as notified under section 133 of Companies Act, 2013, the relevant provisions of the Companies Act, 2013 (“the Act”) and the guidelines issued by the Securities and Exchange Board of India (SEBI), as applicable.

### 1.2 Basis of Preparation:

The financial statements have been prepared and presented on the going concern basis and at historical cost, except for the following assets and liabilities, which have been measured as indicated below:

- i. Derivative Financial Instruments measured at fair value (covered under para 1.24);
- ii. Certain financial assets and liabilities at fair value (refer accounting policy regarding financial instruments (covered under para 1.25);
- iii. Assets held for disposal - measured at the lower of its carrying amount and fair value less costs to sell;
- iv. Employee’s Defined Benefit Plan as per actuarial valuation;
- v. Assets and liabilities acquired under Business Combination measured at fair value; and
- vi. Employee share based payments measured at fair value.

On account of the regulatory restrictions on transfer of surplus/funds from the life insurance fund to shareholders, no proportion of the surplus relating to life insurance fund (including in respect of contracts without discretionary participating features) arising out of the adjustments due to application of Ind AS principles can be attributed to shareholders. Therefore, the differences arising from the application of the Ind AS principles to the assets and liabilities of the life insurance fund be retained within the “Life Insurance Policyholders’ Fund”.

Further, all income and expenses pertaining to the life insurance fund have been clubbed with respective income and expenses. Assets and Liabilities of Life Insurance fund have been clubbed with respective assets and liabilities.

### 1.3 Functional and Presentation Currency:

The financial statements are presented in Indian Rupees, which is the functional currency of the Group and the currency of the primary economic environment in which the Group operates and all values are rounded to the nearest Crore, except otherwise indicated.

## Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

### 1.4 Business Combination and Goodwill:

The Company uses the acquisition method of accounting to account for business combinations. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another. Control exists when the Company is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed, and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in Other Comprehensive Income (OCI) and accumulated in other equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in other equity as capital reserve, without routing the same through OCI.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Company to the previous owners of the acquiree, and equity interests issued by the Company. Consideration transferred also includes the fair value of any contingent consideration. Consideration transferred does not include amounts related to the settlement of pre-existing relationships. Any goodwill that arises on account of such business combination is tested annually for impairment.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured and the settlement is accounted for within other equity. Otherwise, other contingent consideration is re-measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recorded in the Statement of Profit and Loss.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably. On an acquisition-by-acquisition basis, the Company recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Transaction costs that the Company incurs in connection with a business combination, such as Stamp Duty for title transfer in the name of the Company, finder's fees, legal fees, due diligence fees, and other professional and consulting fees, are expensed as incurred.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when, there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is

# Notes

## forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

### 1.5 Classification of Assets and Liabilities as Current and Non-Current:

All assets and liabilities are classified as current or non-current as per the Group's normal operating cycle, and other criteria set out in Schedule III of the Companies Act, 2013. Based on the nature of products and the time lag between the acquisition of assets for processing and their realisation in cash and cash equivalents, 12 months period has been considered by the Group as its normal operating cycle.

### 1.6 Property, Plant and Equipment (PPE):

On transition to Ind AS, the Group has elected to continue with the carrying value of all its property, plant and equipment recognized as at 1<sup>st</sup> April 2015 measured as per the previous GAAP, and use that carrying value as the deemed cost of the property, plant and equipment.

Property, plant and equipment are stated at acquisition or construction cost less accumulated depreciation and impairment loss. Cost comprises the purchase price and any attributable cost of bringing the asset to its location and working condition for its intended use, including relevant borrowing costs and any expected costs of decommissioning.

If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (major components) of PPE.

The cost of an item of PPE is recognised as an asset if, and only if, it is probable that the economic benefits associated with the item will flow to the Group in future periods, and the cost of the item can be measured reliably. Expenditure incurred after the PPE have been put into operations, such as repairs and maintenance expenses, are charged to the Statement of Profit and Loss during the period in which they are incurred.

Items such as spare parts, standby equipment and servicing equipment are recognised as PPE when it is held for use in the production or supply of goods or services, or for administrative purpose, and are expected to be used for more than one year. Otherwise, such items are classified as inventory.

An item of PPE is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss, arising on the disposal or retirement of an item of PPE, is determined as the difference between the sales proceeds and the carrying amount of the asset, and is recognised in the Statement of Profit and Loss.

Capital work-in-progress includes cost of property, plant and equipment under installation/under development as at the reporting date.

## Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

### 1.7 Treatment of Expenditure during Construction Period:

Expenditure, net of income earned, during the construction (including financing cost related to borrowed funds for construction or acquisition of qualifying PPE) period is included under capital work-in-progress, and the same is allocated to the respective PPE on the completion of construction. Advances given towards acquisition or construction of PPE outstanding at each reporting date are disclosed as Capital Advances under "Other Non-Current Assets".

### 1.8 Depreciation:

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life, and is provided on a straight-line basis, except for Viscose Staple Fibre Division (excluding Power Plants), Nagda, and Corporate Finance Division, Mumbai, for which it is provided on written down value method, over the useful lives as prescribed in Schedule II of the Companies Act, 2013, or as per technical assessment.

Depreciable amount for PPE is the cost of PPE less its estimated residual value. The useful life of PPE is the period over which PPE is expected to be available for use by the Group, or the number of production or similar units expected to be obtained from the asset by the Group.

The Group has used the following useful lives of the property, plant and equipment to provide depreciation.

#### A. Major assets class where useful life considered as provided in Schedule II:

S.No.	Nature of the Assets	Estimated Useful Life of the Assets
1.	Plant and Machinery - Continuous Process Plant	25 years
2.	Reactors	20 years
3.	Vessel/Storage Tanks	20 years
4.	Factory Buildings	30 years
5.	Buildings (other than Factory Buildings) RCC Frame Structures	60 years
6.	Electric Installations and Equipment (at Factory)	10 years
7.	Computer and other Hardwares	3 years
8.	General Laboratory Equipment	10 years
9.	Railway Sidings	15 years
10.	Carpeted Roads- Reinforced Cement Concrete (RCC)	10 years
	Carpeted Roads- other than RCC	5 years
	Non-Carpeted Roads	3 years
11.	Fences, Wells, Tube Wells	5 years

In the case of certain class of assets, the Group uses different useful life than those prescribed in Schedule II of the Companies Act, 2013. The useful life has been assessed based on technical advice, taking into account the nature of the asset, the estimated usage of the asset on the basis of the management's best estimation of getting economic benefits from those classes of assets. The Group uses its technical expertise along with historical and industry trends for arriving the economic life of an asset.

Also, useful life of the part of PPE, which is significant to the total cost of PPE, has been separately assessed and depreciation has been provided accordingly.



# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

## B. Assets where useful life differs from Schedule II:

S. No.	Nature of the Assets	Useful Life as Prescribed by Schedule II of the Companies Act, 2013	Estimated Useful Life of the Assets
1.	Plant and Machinery:		
1.1	Other than Continuous Process Plant (Single Shift)	15 years	15 - 20 years
1.2	Other than Continuous Process Plant (Double Shift)	Additional 50% depreciation over single shift (10 years)	20 years
1.3	Other than Continuous Process Plant (Triple Shift)	Additional 100% depreciation over single shift (7.5 years)	10 - 15 years
2.	Motor Vehicles	6 - 10 years	4 - 5 years
3.	Electrically Operated Vehicles	8 years	5 years
4.	Electronic Office Equipment	5 years	3 - 7 years
5.	Furniture, Fixtures and Electrical Fittings	10 years	2 - 12 years
6.	Buildings (other than Factory Buildings) other than RCC Frame Structures	30 years	3 - 60 years
7.	Power Plants	40 years	25 years
8.	Servers and Networks	6 years	3 - 5 years
9.	Spares in the nature of PPE		10 - 30 years
10.	Assets individually costing less than or equal to ₹ 10,000/-		Fully depreciated in the year of purchase
11.	Separately identified Component of Plant and Machinery		2 - 30 years

The estimated useful lives, residual values and the depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Continuous process plants, as defined in Schedule II of the Companies Act, 2013, have been classified on the basis of technical assessment and depreciation is provided accordingly.

Depreciation on additions is provided on a pro-rata basis from the month of installation or acquisition and, in the case of a new Project, from the date of commencement of commercial production. Depreciation on deductions/disposals is provided on a pro-rata basis upto the month preceding the month of deduction/disposal.

### 1.9 Intangible Assets acquired separately and Amortisation:

On transition to Ind AS, the Group has elected to continue with the carrying value of all its Intangible Assets recognised as at 1<sup>st</sup> April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the Intangible Assets.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

## Notes

### forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment, whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss, unless such expenditure forms part of carrying value of another asset. Intangible assets are amortised on a straight-line basis over their estimated useful lives.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in the Statement of Profit and Loss when the asset is derecognised.

#### Intangible Assets and their Useful Lives are as under:

S. No.	Nature of the Assets	Estimated Useful Life of the Assets
1.	Computer Software	2 - 6 years
2.	Trademarks, Technical Know-how	5 - 10 years
3.	Value of License/Right to use infrastructure	10 years
4.	Mining Rights	Over the period of the respective mining agreement
5.	Mining Reserve	On the basis of material extraction (proportion of material extracted per annum to total mining reserve)
6.	Jetty Rights	Over the period of the relevant agreement such that the cumulative amortisation is not less than the cumulative rebate availed by the Group.
7.	Customer Relationship	15 - 25 years
8.	Brands	10 years
9.	Production Formula	10 years
10.	Distribution Network (inclusive of Branch/Franchise/ Agency network and Relationship)	6 - 25 years
11.	Right to Manage and operate Manufacturing Facility	15 years
12.	Value-in-Force	15 years
13.	Group Management Rights	Indefinite
14.	Investment Management Rights	Over the period of 10 years
15.	Order Backlog	3 months - 1 year
16.	Non-Compete Fees	3 years

# Notes

## forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

### 1.10 Internally Generated Intangible Assets - Research and Development Expenditure:

Revenue expenditure on research is expensed under the respective heads of the account in the period in which it is incurred. Development expenditure is capitalised as an asset, if the following conditions can be demonstrated:

- a) The technical feasibility of completing the asset so that it can be made available for use or sell.
- b) The Group has intention to complete the asset and use or sell it.
- c) In case of intention to sale, the Group has the ability to sell the asset.
- d) The future economic benefits are probable.
- e) The Group has ability to measure the expenditure attributable to the asset during its development reliably.

Other development costs, which do not meet the above criteria, are expensed out during the period in which they are incurred.

PPE procured for research and development activities are capitalised.

### 1.11 Non-Current Assets (or Disposal Groups) Classified as Held for Sale:

To classify any Asset or disposal groups (comprising assets and liabilities) as "Asset/Disposal groups held for sale" they must be available for immediate sale and its sale must be highly probable. Such assets or group of assets/liabilities are presented separately in the Balance Sheet, in the line "Assets/Disposal groups held for sale" and "Liabilities included in disposal group held for sale", respectively. Once classified as held for sale, intangible assets and PPE are no longer amortised or depreciated.

Such assets or disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell.

### 1.12 Impairment of Non-Financial Assets:

At the end of each reporting period, the Group reviews the carrying amounts of non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units, for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication then the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

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An impairment loss is recognised immediately in the Statement of Profit and Loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but, so that, the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in the prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.13 Inventories:

Inventories are valued at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Raw materials, stores and spare parts, and packing materials are considered to be realisable at cost, if the finished products, in which they will be used, are expected to be sold at or above cost. The cost is computed on weighted-average basis, which includes expenditure incurred for acquiring inventories like purchase price, import duties, taxes (net of tax credit) and other costs incurred in bringing the inventory to the present location and condition.

Cost of finished goods and work-in-progress includes cost of raw material, cost of conversion based on normal capacity and other costs incurred in bringing the inventories to their present location and condition. The cost of finished goods and work-in-progress is computed on weighted-average basis.

In the absence of cost, waste/scrap is valued at estimated net realisable value.

Obsolete, defective, slow moving and unserviceable inventories, if any, are duly provided for.

Proceeds, in respect of sale of raw materials/stores, are credited to the respective heads.

#### 1.14 Product Classification of Insurance Business:

Insurance contracts are those contracts when the Group (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders, if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Group determines whether it has significant insurance risk, if the benefit payable on death is higher by at least 5% of the fund value at any time during the term of the contract for unit-linked products, or the benefit payable on death is higher by at least 5% of the premium at any time during the term of the contract for other than unit-linked products. Investment contracts are those contracts which are not Insurance Contracts.

#### 1.15 Cash and Cash Equivalents:

Cash and Cash Equivalents comprise cash on hand and cash at bank including fixed deposits with original maturity period of three months or less and short-term highly liquid investments with an original maturity of three months or less.

#### 1.16 Cash Flow Statement:

Cash flows are reported using the indirect method, whereby the net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

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### 1.17 Employee Benefits:

#### Short-term Employee Benefits:

Short-term employee benefits are recognised as an expense on accrual basis.

#### Defined Contribution Plan:

Contribution payable to the recognised Provident Fund and approved Superannuation Scheme, which are substantially defined contribution plans, is recognised as expense in the Statement of Profit and Loss, when employees have rendered the service entitling them to the contribution.

The Provident Fund contribution, as specified under the law, is paid to the Regional Provident Fund Commissioner.

#### Defined Benefit Plan:

The obligation in respect of defined benefit plans, which covers Gratuity, Pension and other post-employment medical benefits, are provided for on the basis of an actuarial valuation at the end of each financial year, using project unit credit method. Gratuity is funded with an approved trust.

In respect of certain employees, Provident Fund contributions are made to a Trust, administered by the Group. The interest rate payable to the members of the Trust shall not be lower than the statutory rate of interest declared by the Central Government, under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, and shortfall, if any, shall be made good by the Group. The Group's liability is actuarially determined (using the Projected Unit Credit Method) at the end of the year, and any shortfall in the Fund size, maintained by the Trust set-up by the Group, is additionally provided for.

Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the Balance Sheet with a charge or credit recognised in OCI in the period in which they occur.

Re-measurement recognised in OCI is reflected immediately in retained earnings and will not be re-classified to profit or loss in the Statement of Profit and Loss except with respect to life insurance business, which relates to restricted life insurance fund relating to Revenue Account of Life Insurance Policyholders, the same has been transferred under "Life insurance contract liabilities and other financial liabilities of the life insurance fund" in the Balance Sheet, and the same will not be reclassified to revenue account of insurance business. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- Re-measurement.

The Group presents the first two components of defined benefit costs in the Statement of Profit and Loss in the line item 'Employee Benefits Expense'.

The present value of the defined benefit plan liability is calculated using a discount rate, which is determined by reference to market yields at the end of the reporting period on government bonds.

The retirement benefit obligation recognised in the Balance Sheet represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present

# Notes

## forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

value of any economic benefits available in the form of refunds from the plans or reductions in the future contribution to the plans.

### Other Employee Benefits:

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured using the projected unit credit method by a qualified independent actuary at the end of each annual reporting period, at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Remeasurement gains/losses are recognised in the Statement of Profit and Loss in the period in which they arise.

### 1.18 Employee Share-based Payments:

#### Equity-settled Transactions:

Equity-settled share-based payments to employees are measured by reference to the fair value of the equity instruments at the grant date using Black-Scholes Model and Binomial Model.

The fair value, determined at the grant date of the equity-settled share-based payments, is charged to Statement of Profit and Loss on a systematic basis over the vesting period of the option, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in other equity.

At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the Statement of Profit and Loss, such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

In case of forfeiture/lapse stock option, which is not vested, amortised portion is reversed by credit to employee compensation expense. In a situation where the stock option expires unexercised, the related balance standing to the credit of the Employee Stock Options Outstanding Account is transferred within other equity.

#### Cash-settled Transactions:

The cost of cash-settled transactions is measured initially at fair value at the grant date using a Black-Scholes Merton Formula. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is remeasured to fair value at each reporting date upto and, including the settlement date, with changes in fair value recognised in employee benefits expense.

### 1.19 Treasury Shares:

The Company has created an Employee Benefit Trust (EBT) for providing share-based payment to its employees. The Company uses EBT as a vehicle for distributing shares to employees under the Employee Stock Option Scheme. The EBT purchase shares of the Company from the market, for giving shares to employees. The Company treats EBT as its extension and shares held by EBT are treated as treasury shares.

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Own equity instruments, that are re-acquired (treasury shares), are recognised at cost and deducted from other equity. No gain or loss is recognised in the Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Share options, whenever exercised, would be settled from such treasury shares.

### 1.20 Foreign Currency Transactions:

In preparing the financial statements of the Group, transactions in foreign currencies, other than the Group's functional currency, are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the rate prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences on monetary items are recognised in the Statement of Profit and Loss in the period in which these arise, except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences relating to qualifying effective cash flow hedges; and
- Exchange difference arising on re-statement of long-term monetary items that in substance forms part of the Group's net investment in foreign operations, is accumulated in Foreign Currency Translation Reserve (component of OCI) until the disposal of the investment, at which time such exchange difference is recognised in the Statement of Profit and Loss.

### 1.21 Foreign Operations:

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Indian Rupees, the functional currency of the Group, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Indian Rupee at the exchange rates at the dates of the transactions or an average rate, if the average rate approximates the actual rate at the date of the transaction. Exchange differences are recognised in OCI and accumulated in other equity (as exchange differences on translating the financial statements of a foreign operation), except to the extent that the exchange differences are allocated to non-controlling interest.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount of exchange differences related to that foreign operation recognised in OCI, is re-classified to the Statement of Profit and Loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary, but retains control, then the relevant proportion of the cumulative amount of foreign exchange differences is re-allocated to NCI. When the Group disposes of only a part of its interest in an Associate or a Joint Venture, while retaining significant influence or joint control, the relevant proportion of the cumulative amount of foreign exchange differences is re-classified to the Statement of Profit and Loss.

### 1.22 Derivative Financial Instruments and Hedge Accounting:

The Group enters into forward contracts to hedge the foreign currency risk of firm commitments and highly probable forecast transactions. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the Statement of Profit and Loss immediately, unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition

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in the Statement of Profit and Loss depends on the nature of the hedging relationship and the nature of the hedged item.

The Group enters into derivative financial instruments, viz., foreign exchange forward contracts, interest rate swaps and cross currency swaps to manage its exposure to interest rate, foreign exchange rate risks and commodity prices. The Group does not hold derivative financial instruments for speculative purposes.

#### Hedge Accounting:

The Group designates certain hedging instruments in respect of foreign currency risk, interest rate risk and commodity price risk as cash flow hedges. At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Group's risk management objective and strategy for undertaking hedge, the hedging/economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows, and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods, for which they were designated.

The effective portion of changes in the fair value of the designated portion of derivatives that qualify as cash flow hedges is recognised in OCI and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Profit and Loss.

Amounts previously recognised in other comprehensive income and accumulated in other equity relating to (effective portion as described above) are re-classified to the Statement of Profit and Loss in the periods when the hedged item affects profit or loss. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in OCI and accumulated in other equity at that time remains in other equity, and is recognised when the forecast transaction is ultimately recognised in the Statement of Profit and Loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in other equity is recognised immediately in the Statement of Profit and Loss.

#### 1.23 Fair Value Measurement:

The Group measures financial instruments, such as investments (other than equity investments in Subsidiaries, Joint Ventures and Associates), and derivatives at fair values at each Balance Sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability, or

In the absence of a principal market, in the most advantageous market for the asset or liability.



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The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities (for which fair value is measured or disclosed in the financial statements) are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable other than quoted prices included in Level 1.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement, as a whole) at the end of each reporting period.

The Management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for disposal in discontinued operations.

At each reporting date, Management analyses the movements in the values of assets and liabilities, which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

### 1.24 Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### Financial Assets

##### Initial Recognition and Measurement:

All financial assets are recognised initially at fair value. However, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset are added to the fair value. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

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### Subsequent Measurement:

For the purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at Fair Value through Other Comprehensive Income (FVTOCI)
- Debt instruments, derivatives and equity instruments, mutual funds at Fair Value through Profit or Loss (FVTPL)
- Equity instruments measured at FVTOCI

### Debt Instruments at Amortised Cost:

A 'debt instrument' is measured at amortised cost, if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

### Debt Instruments at FVTOCI:

A 'debt instrument' is classified at FVTOCI, if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and
- b) The asset's contractual cash flows represent SPPI on the principal amount outstanding.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the OCI. However, the Group recognises interest income, impairment losses and reversals, and foreign exchange gain or loss in the Statement of Profit and Loss. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to the Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

### Debt Instruments at FVTPL:

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss, except for changes with respect to Policyholders' investments under

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the life insurance business (except for assets held to cover linked-liabilities) relating to Revenue Account of Life Insurance Policyholders, wherein the fair value movements are included under "Life insurance contract liabilities and other financial liabilities of the life insurance fund" in the Balance Sheet.

### Equity Investments:

Investment in Associates and Joint Ventures are out of scope of Ind AS 109 and it is accounted as per Ind AS 28.

All other equity investments are measured at fair value. Equity instruments, which are held for trading, are classified as at FVTPL. For equity instruments, other than held for trading, the Group has irrevocable option to present in OCI subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

Where the Group classifies equity instruments as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts of profit or loss from OCI to the Statement of Profit and Loss, even on sale of investment.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss, except for changes with respect to Policyholders' investments under the life insurance business (except for assets held to cover linked-liabilities) relating to Revenue Account of Life Insurance Policyholders, wherein the fair value movements are included under "Life insurance contract liabilities and other financial liabilities of the life insurance fund" in the Balance Sheet.

### Impairment of Financial Assets:

The Group recognises loss allowances for ECLs on the following financial instruments that are not measured at FVTPL:

- Loans and advances to customers;
- Debt investment securities;
- Trade and other receivables;
- Lease receivables;
- Irrevocable loan commitments issued; and
- Financial guarantee contracts issued.

With the exception of POCI financial assets (which are considered separately below), ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e., that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- full lifetime ECL, i.e., that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime, ECL is required for a financial instrument, if the credit risk on that financial instrument has increased significantly since initial recognition (and consequently for credit impaired financial assets). For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

The Group's policy is always to measure loss allowances for lease receivables as lifetime ECL.

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ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Group under the contract and the cash flows that the Group expects to receive, arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

- for undrawn loan commitments, the ECL is the difference between the present value of the difference between the contractual cash flows that are due to the Group, if the holder of the commitment draws down the loan, and the cash flows that the Group expects to receive, if the loan is drawn down; and
- for financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Group expects to receive from the holder, the debtor or any other party.

The Group measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

#### **Credit-impaired Financial Assets:**

A financial asset is 'credit-impaired' when one or more events, that have a detrimental impact on the estimated future cash flows of the financial asset, have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event, instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Group assesses whether debt instruments that are financial assets measured at amortised cost or FVTOCI are credit-impaired at each reporting date. To assess if corporate debt instruments are credit impaired, the Group considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit-impaired when there is observable evidence of credit-impairment, including meeting the definition of default. The definition of default (see below) includes unlikeliness to pay indicators and a back-stop, if amounts are overdue for 90 days or more.

#### **Purchased or Originated Credit-Impaired (POCI) Financial Assets:**

POCI financial assets are treated differently because the asset is credit-impaired at initial recognition. For these assets, the Group recognises all changes in lifetime ECL since initial recognition as a loss allowance with any changes recognised in the Statement of Profit and Loss. A favorable change for such assets creates an impairment gain.

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### Definition of Default:

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD), which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The Group considers the following as constituting an event of default:

- the borrower is past due more than 90 days on any material credit obligation to the Group; or
- the borrower is unlikely to pay its credit obligations to the Group in full.

The definition of default is appropriately tailored to reflect different characteristics of different types of assets.

When assessing if the borrower is unlikely to pay its credit obligation, the Group takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset, for example, in corporate lending a qualitative indicator used is the admittance of bankruptcy petition by National Company Law Tribunal (NCLT), which is not relevant for retail lending. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty, are key inputs in this analysis. The Group uses a variety of sources of information to assess default, which are either developed internally or obtained from external sources. The definition of default is applied consistently to all financial instruments unless information becomes available that demonstrates that another default definition is more appropriate for a particular financial instrument.

### Significant Increase in Credit Risk:

The Group monitors all financial assets, issued irrevocable loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL. The Group's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result, the Group monitors all financial assets, issued irrevocable loan commitments and financial guarantee contracts that are subject to impairment for significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly, since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment.

Given that a significant increase in credit risk, since initial recognition, is a relative measure, a given change, in absolute terms, in the probability of default (PD) will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD.

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### Modification and Derecognition of Financial Assets:

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan may constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g., a change to the increase in the interest rate that arises when covenants are breached).

The Group renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms, in most of the cases, include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants.

When a financial asset is modified, the Group assesses whether this modification results in derecognition. In accordance with the Group's policy a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Group considers the following:

- Qualitative factors, such as contractual cash flows after modification, are no longer SPPI
- change in currency or change of counterparty
- the extent of change in interest rates, maturity, covenants
- If these do not clearly indicate a substantial modification, then;

In the case where the financial asset is derecognised the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL, except in the rare occasions where the new loan is considered to be originated-credit impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Group monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Group determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with
- the remaining lifetime PD at the reporting date based on the modified terms.

For financial assets modified, where modification did not result in derecognition, the estimate of PD reflects the Group's ability to collect the modified cash flows taking into account the Group's previous experience

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of similar forbearance action, as well as various behavioural indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance will continue to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans will generally only be measured based on 12-month ECL, when there is evidence of the borrower's improved repayment behaviour following the modification leading to a reversal of the previous significant increase in credit risk.

Where a modification does not lead to derecognition, the Group calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the Group measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

The Group derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in the Statement of Profit and Loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to the Statement of Profit and Loss.

On derecognition of a financial asset other than in its entirety (e.g., when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in the Statement of Profit and Loss. A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to the Statement of Profit and Loss.

### Write Off:

Loans and debt securities are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Group may apply enforcement activities to financial assets written off. Recoveries resulting from the Group's enforcement activities will result in impairment gains.

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### Presentation of Allowance for ECL in the Balance Sheet:

Loss allowances for ECL are presented in the Balance Sheet as follows:

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- for debt instruments measured at FVTOCI: no loss allowance is recognised in the Balance Sheet as the carrying amount is at fair value.

Where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component.

### Financial Liabilities and Equity Instruments

#### Classification as Debt or Equity:

Debt and equity instruments, issued by the Group, are classified as either financial liabilities or as equity, in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

#### Equity Instruments:

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

#### Financial Liabilities:

Financial liabilities are classified, at initial recognition, as fair value through profit or loss:

- Loans and borrowings,
- Payables, or
- as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value, and in the case of loans and borrowings payables are recognised net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings, including bank overdrafts, financial guarantee contracts and derivative financial instruments.

#### Subsequent Measurements:

The measurement of financial liabilities depends on their classification, as described below:

#### Financial Liabilities at FVTPL:

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL. Financial liabilities are classified as held for trading, if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group, that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading, unless they are designated as effective hedging instruments.



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Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

Financial liabilities, designated upon initial recognition at FVTPL, are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied.

### Loans and Borrowings:

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in the Statement of Profit and Loss, when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

### Financial Guarantee Contracts:

Financial guarantee contracts, issued by the Group, are those contracts that require a payment to be made to reimburse the holder for a loss it incurs, because the specified debtor fails to make a payment when due, in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per the impairment requirements of Ind AS 109, and the amount recognised less cumulative amortisation.

### De-recognition of Financial Liabilities:

The Group de-recognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability de-recognised and the consideration paid and payable is recognised in the Statement of Profit and Loss.

### Embedded Derivatives:

An embedded derivative is a component of a hybrid (combined) instrument, that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that would otherwise be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable, that the variable is not specific to a party to the contract. Re-assessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows, that would otherwise be required or a re-classification of a financial asset out of the fair value through profit or loss. If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate the embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value, if their economic characteristics and risks are not closely related to those of the host contracts, and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments.

### Offsetting of Financial Instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

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## 1.25 Revenue Recognition:

### (a) Revenue from Contracts with Customers:

- Revenue is recognized on the basis of approved contracts regarding the transfer of goods or services to a customer for an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.
  - Revenue is measured at the fair value of consideration received or receivable taking into account the amount of discounts, incentives, volume rebates, outgoing taxes on sales. Any amounts receivable from the customer are recognised as revenue after the control over the goods sold are transferred to the customer, which is generally on dispatch of goods.
  - Variable consideration - This includes incentives, volume rebates, discounts, etc. It is estimated at contract inception considering the terms of various schemes with customers and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. It is reassessed at the end of each reporting period.
  - Significant financing component - Generally, the Company receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component, if it expects, at contract inception, that the period between the transfer of the promised goods or services to the customer and when the customer pays for that goods or services will be one year or less.
- (b) Revenue from services are recognised as they are rendered based on agreements/arrangements with the concerned parties and recognised net of Service Tax or Goods and Services Tax (GST).
- (c) If only one service is identified, the Group recognises revenue when the service is performed. If an ongoing service is identified, as a part of the agreement, the period over which revenue is recognised for that service generally determined by the terms of agreement with the customer. For practical purposes, where services are performed by an indeterminate number of acts over a specified period of time, revenue is recognised on a straight-line basis over the specified period, unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.
- (d) Dividend income is accounted for when the right to receive the income is established.
- (e) For all financial instruments, measured at amortised cost or at fair value through Other Comprehensive Income, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset.
- (f) Insurance, railway and other claims, where quantum of accruals cannot be ascertained with reasonable certainty, are accounted on acceptance basis.

### For Life Insurance Business, Revenue is recognised as follows:

#### Premium Income of Insurance Business:

Premium income on Insurance Contracts and Investment Contracts with Discretionary Participative Feature (DPF) is recognised as income when due from policyholders. For unit-linked business, premium income is recognised when the associated units are created. Premium on lapsed policies is recognised as income

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when such policies are reinstated. In case of linked-business, top-up premium paid by policyholders are considered as single premium and are unitized as prescribed by the regulations. This premium is recognised when the associated units are created.

### **Fees and Commission Income of Insurance Business:**

Insurance and investment contract policyholders are charged for policy administration services, investment management services, surrenders and other contract fees. These fees are recognised as revenue over the period in which the related services are performed. If the fees are for services provided in future periods then they are deferred and recognised over those future periods.

### **Re-insurance Premium:**

Re-insurance premium ceded is accounted for at the time of recognition of the premium income in accordance with the terms and conditions of the relevant treaties with the re-insurers. Impact on account of subsequent revisions to or cancellations of premium is recognised in the year in which they occur.

### **Income from items other than to which Ind AS 109 Financial Instruments and Ind AS 104 Insurance Contracts are applicable**

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind ASs.

The Group recognises revenue from contracts with customers based on a five-step model as set out in Ind AS 115:

**Step 1: Identify contract(s) with a customer:** A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

**Step 2: Identify performance obligations in the contract:** A performance obligation is a promise in a contract with a customer to transfer a goods or services to the customer.

**Step 3: Determine the transaction price:** The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

**Step 4: Allocate the transaction price to the performance obligations in the contract:** For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

**Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.**

## **1.26 Benefits Paid (Including Claims):**

### **Claims and Benefits Paid:**

Gross benefits and claims for life insurance contracts and for investment contracts with DPF include the cost of all claims arising during the year, including internal and external claims handling costs that are directly related to the processing and settlement of claims and policyholder bonuses declared on DPF contracts, as well as changes in the gross valuation of insurance and investment contract liabilities with DPF.

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Death and other claims are accounted for, when notified. Survival and maturity benefits are accounted when due. Surrenders/Withdrawals under linked-policies are accounted in the respective schemes when the associated units are cancelled. Repudiated claims, disputed before judicial authorities, are provided for based on the Management prudence, considering the facts and evidences available, in respect of such claims.

#### Re-insurance Claims:

Re-insurance claims are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

#### 1.27 Acquisition Costs:

Acquisition costs are costs that vary with and are primarily related to acquisition of insurance contracts. Acquisition costs mainly consist of commission, medical costs, policy printing expenses, stamp duty and other related expenses. These costs are expensed in the year in which they are incurred. Clawback of the first year commission paid, if any, in future is accounted in the year in which it is recovered.

#### 1.28 Policy Liabilities:

##### Insurance Contracts:

The policy liabilities are calculated in accordance with the accepted actuarial practice, requirements of Insurance Act, 1938, Regulations notified by the Insurance Regulatory and Development Authority of India, and Practice Standards prescribed by the Institute of Actuaries of India.

##### Investment Contracts:

Liability in respect on Investment Contracts is recognised in accordance with Ind AS 104 Insurance Contracts, taking into account accepted actuarial practices.

#### 1.29 Deferred Acquisition Cost (DAC)/Deferment Origination Fees (DOF):

The Group has identified commission, rewards and recognition paid to its agents pertaining to 1<sup>st</sup> year as acquisition costs. Such acquisition costs are amortised over the period of the policy contract.

The origination fees for Investment Contracts, being premium allocation charges pertaining to the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> year, have been deferred over the period of the policy contract.

Acquisition cost and Origination fees is deferred only for Investment Contracts.

#### 1.30 Re-insurance Assets:

Re-insurance Asset, being net contractual rights receivable under re-insurance contract, has been recognised on the basis of Actuarial valuation.

#### 1.31 Distribution Costs (Private Equity Fund):

Distribution costs, incurred by the Group in respect of Private Equity - Fund I and the Aditya Birla Private - Sunrise Fund, have been accrued over the Commitment Period and the extended Commitment Period of the Fund I and the Sunrise Fund, respectively, as defined in the Fund's Private Placement Memorandum.

#### 1.32 Borrowing Costs:

Borrowing cost includes interest expense, amortisation of discounts, hedge-related cost incurred in connection with foreign currency borrowings, ancillary costs incurred in connection with borrowing of

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funds and exchange difference, arising from foreign currency borrowings, to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs, that are attributable to the acquisition or construction or production of a qualifying asset, are capitalised as part of the cost of such asset, till such time the asset is ready for its intended use. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred.

Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognized in the Statement of Profit and Loss in the period in which they are incurred.

### 1.33 Government Grants and Subsidies:

Government grants are recognised when there is a reasonable assurance that the same will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised in the Statement of Profit and Loss, by way of a deduction to the related expense on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income on a systematic basis over the expected useful life of the related asset.

Government grants, that are receivable towards capital investments under State Investment Promotion Scheme, are recognised in the Statement of Profit and Loss, when they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates, and is being recognised in the Statement of Profit and Loss.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset.

### 1.34 Exceptional Items:

Exceptional items include income or expense that are considered to be part of ordinary activities, however, are of such significance and nature that separate disclosure enables the user of Financial Statements to understand the impact in a more meaningful manner. Exceptional items are identified by virtue of either their size or nature, so as to facilitate comparison with prior periods and to assess underlying trends in the financial performance of the Company.

### 1.35 Provision for Current and Deferred Tax:

#### Current Income Tax:

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Group operates and generates taxable income.

Current income tax, relating to items recognised outside of the Statement of Profit and Loss, is recognised outside profit or loss (either in Other Comprehensive Income or in other equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in other equity. The Management periodically evaluates positions taken in the tax returns with respect to situations, in which applicable tax regulations are subject to interpretation and established provisions, where appropriate.

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### Deferred Tax:

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities, and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available, against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available, against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date, and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws), that have been enacted or substantively enacted at the reporting date.

Deferred tax, relating to items recognised outside profit or loss, is recognised outside profit or loss (either in Other Comprehensive Income or in other equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in other equity. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities, and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently, if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognised in OCI/capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognised in profit or loss.

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### 1.36 Minimum Alternate Tax (MAT):

MAT is recognised as an asset only when and to the extent there is convincing evidence that the Group will pay normal Income Tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised, it is credited to the Statement of Profit and Loss, and is considered as MAT Credit Entitlement. The Group reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent that there is no longer convincing evidence to the effect that the Group will pay normal Income Tax during the specified period. Minimum Alternate Tax (MAT) Credit are in the form of unused tax credits that are carried forward by the Group for a specified period of time, hence, it is presented with Deferred Tax Asset.

### 1.37 Provisions and Contingent Liabilities:

Provisions are recognised when the Group has a present obligation (legal or constructive), as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to the net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A present obligation that arises from past events, where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Group.

Claims against the Group, where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset, and is recognised.

#### Warranty Provisions:

Provisions for warranty-related costs are recognised as an expense in the Statement of Profit and Loss when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

### 1.38 Mines Restoration Provisions:

An obligation for restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing extraction from mines. Costs, arising from restoration at closure of the mines and other site preparation work, are provided for based on their discounted net present value, with a corresponding amount being capitalised at the start of each project. The amount provided for is recognised, as soon as the obligation to incur such costs arises. These costs are charged to the Statement of Profit and Loss over the life of the operation through the depreciation of the asset and the unwinding of the discount on the provision. The costs are reviewed periodically and are adjusted to reflect known developments, which may have an impact on the cost or life of operations. The cost of the related asset is adjusted for changes in the provision due to factors such as updated cost estimates, new disturbance and revisions to discount rates. The adjusted cost of the asset is depreciated prospectively over the lives of the

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assets to which they relate. The unwinding of the discount is shown as a finance cost in the Statement of Profit and Loss.

### 1.39 Segment Reporting:

#### Identification of Segments:

Operating Segments are identified based on monitoring of operating results by the chief operating decision maker (CODM) separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss, and is measured consistently with profit or loss of the Group.

Operating Segment is identified based on the nature of products and services, the different risks and returns, and the internal business reporting system.

#### Segment Policies:

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group, as a whole.

Further, inter-segment revenue have been accounted for based on the transaction price agreed to between segments, which is primarily market based.

Unallocated Corporate Items include general corporate income and expenses, which are not attributable to segments.

### 1.40 Discontinued Operations:

A discontinued operation is a component of the group's business, the operations and cashflows of which can be clearly distinguished from those of the rest of the group and which represent a separate major line of business or geographical area of operations, and

- is a part of single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier.

When an operation is classified as a discontinued operation, the comparative Statement of Profit and Loss is represented as if the operation had been discontinued from the start of the comparative period.

### 1.41 Goodwill on Consolidation:

Goodwill represents the difference between the Group's share in the net worth of Subsidiaries and Joint Ventures and the cost of acquisition at each point of time of making the investment in the Subsidiaries and Joint Ventures. For this purpose, the Group's share of net worth is determined on the basis of the latest financial statements, prior to the acquisition after making necessary adjustments for material events between the date of such financial statements and the date of respective acquisition.

Goodwill that arises out of consolidation is tested for impairment at each reporting date. For the purpose of impairment testing, goodwill is allocated to the respective cash-generating unit ('CGU'). The impairment loss is recognised if the recoverable amount of the CGU is higher of its value in use and fair value less cost to sell. Impairment losses are immediately recognized in the Statement of Profit and Loss.



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### 1.42 Earnings Per Share (EPS):

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted-average number of equity shares outstanding during the period. The weighted-average number of equity shares outstanding during the period and for all periods presented is adjusted for events such as bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted-average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### 1.43 Significant Accounting Judgements, Estimates and Assumptions:

The preparation of financial statements, in conformity with the Ind AS, requires the judgements, estimates and assumptions to be made, that affect the reported amounts of assets and liabilities on the date of the financial statements, the reported amounts of revenues and expenses during the reporting period and the disclosures relating to contingent liabilities as of the date of the financial statements. Although, these estimates are based on the Management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in outcomes different from the estimates. Difference between actual results and estimates are recognized in the period in which the results are known or materialise. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to the accounting estimates is recognised prospectively in the current and future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of asset and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

#### (a) Judgements:

In the process of applying the Group's accounting policies, the Management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements.

#### **Classification of Aditya Birla Sun Life AMC Limited, Aditya Birla Sun Life Trustee Company Private Limited, Aditya Birla Wellness Limited and Aditya Birla Power Composite Limited as Joint Ventures.**

1. Aditya Birla Capital Limited, a subsidiary of the Company, holds either directly or through its subsidiaries, more than half of the equity shareholding in the following entities. However, as per the shareholders' agreement/statute, the Group needs to jointly decide with other shareholders of the respective entity on certain relevant activities.
2. The Company holds more than half of the equity shareholding in the Aditya Birla Power Composite Limited. However, as per the shareholders' agreement/statute, the Company needs to jointly decide with other shareholders of the respective entity on certain relevant activities.

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### forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

Hence, these entities have been consolidated as per equity method of accounting:

- a) Aditya Birla Sun Life AMC Limited
- b) Aditya Birla Sun Life Trustee Company Private Limited
- c) Aditya Birla Wellness Limited
- d) Aditya Birla Power Composite Limited

#### **Classification of Madanpur (North) Coal Company Limited as Investment in an Associate:**

A Joint Venture Company (JV), "Madanpur (North) Coal Company Limited", was formed by allocatees of Madanpur North Coal Block. As per Ind AS 111, when all the parties or a group of parties considered collectively are able to direct the activities that significantly affect the returns of the arrangement (i.e., the relevant activities), the parties control the arrangement collectively. Also, joint control exists only when decisions about the relevant activities require the unanimous consent of all the parties. In terms of the JV agreement between the parties, each JV partner has the right to nominate one director on the Board of the Joint Venture Company and major decisions shall be taken by a majority of 75% of the directors present. Since there is no unanimous consent required from the parties, in the judgement of the Management, the Company does not have joint control over the JV. However, considering the Company's representation in the Board and the extent of its ability to exercise the influence over the decision over the relevant activities, the JV has been considered as an associate and accounted under the equity method.

#### **Non-Classification of Awam Minerals LLC, Oman (AWAM) as an Associate:**

During the year, UltraTech Cement Middle East Investments Limited ("UCMEIL"), the Company's wholly-owned subsidiary in UAE, which held 51% equity in AWAM, transferred 14% of its holding in AWAM. Consequent to dilution of its stake and as per terms of the restructuring agreement, UCMEIL ceased to have the Management control as well as does not have any power to participate in financial and operating policy decision of AWAM. AWAM thus ceased to be a subsidiary as well as an associate of UCMEIL.

#### **(b) Estimates and Assumptions:**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of asset and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

##### **i. Classification of Lease Ind AS 116:**

Ind AS 116 Leases requires a lessee to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of lease and the importance of the underlying lease to the Company's operations taking into account the location of the underlying asset and the availability of the suitable alternatives. The lease term in future periods is re-assessed to ensure that the lease term reflects the current economic circumstances. The discount

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rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

**ii. Useful Lives of Property, Plant and Equipment, and Intangible Assets:**

The Group uses its technical expertise along with historical and industry trends for determining the economic life of an asset/component of an asset. The useful lives are reviewed by the Management periodically and revised, if appropriate. In case of a revision, the unamortised depreciable amount is charged over the remaining useful life of the assets.

**iii. Mines Restoration Obligation:** In determining the fair value of the Mines Restoration Obligation, assumptions and estimates are made in relation to discount rates, the expected cost of mines restoration and the expected timing of those costs.

**iv. Measurement of Defined Benefit Obligation:**

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

**v. Deferred Tax Assets/Deferred Tax Liability:**

Pursuant to the announcement of the changes in the corporate tax regime, the companies have an option to either opt for the new tax regime or continue to pay taxes as per the old applicable tax structure together with the other benefits available to the companies including utilisation of the MAT credit available. This requires significant estimation in determining in which year the company would migrate to the new tax regime basis future year's taxable profits including the impact of ongoing expansion plans of the company and consequential utilisation of available MAT credit. Accordingly, in accordance with Ind AS 12 - Income Taxes, deferred tax assets and liabilities are required to be measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

**vi. Recognition and Measurement of Provisions and Contingencies:**

Key assumptions about the likelihood and magnitude of an outflow of resources.

**vii. Fair Value Measurement of Financial Instruments:**

When the fair value of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair values are measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable market where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include consideration of input such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**viii. Share-based Payments:**

The Group measures the cost of equity-settled transactions with employees using Black-Scholes Model to determine the fair value of the liability incurred on the grant date. Estimating fair value for

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share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 4.5.

**ix. Disposal Groups:**

The Company has used comparable market multiple approach to assess the fair value of the disposal group of assets/liabilities.

Under the market multiple approach value of the equity shares of a company is arrived at by using multiples derived from valuations of comparable companies, as manifested through stock market valuations of listed companies for which the Company has considered Enterprise Value/Revenue and Enterprise value/EBITDA multiples based on their market price and latest published financials.

**x. Litigation and Contingencies:**

The Company has ongoing litigations with various regulatory authorities. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on the Management's assessment of specific circumstances of each dispute and relevant external advice, Management provides for its best estimate of the liability. Such accruals are by nature complex and can take number of years to resolve and can involve estimation uncertainty. Information about such litigations is provided in notes to the financial statements.

**xi. Assessment of Impairment of Investments in Equity Accounted Investees:**

The Company reviews its carrying value of investments in Equity Accounted Investees annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for. Determining whether the investments in equity accounted investees is impaired requires an estimate in the value in use of investments. The Management carries out impairment assessment for each investment by comparing the carrying value of each investment with the net worth of each company based on audited financials, comparable market price and comparing the performance of the investee companies with projections used for valuations, in particular those relating to the cash flows, sales growth rate, pre-tax discount rate and growth rates used and approved business plans.

**xii. Impairment of Non-Current Assets (Non-Financial):**

At the end of each reporting period, the Group reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount, which is the higher of the value in use or fair value less cost to sell, of the asset or cash-generating unit, as the case may be, is estimated and impairment loss (if any) is recognised and the carrying amount is reduced to its recoverable amount. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the assets for which the estimates of future cash flows have not been adjusted. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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When an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) earlier.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

### xiii. Impairment of Financial Assets:

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models, that are considered accounting judgements and estimates, include:

- a. The Company's internal credit grading model, which assigns PDs to the individual grades.
- b. The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment.
- c. The segmentation of financial assets when their ECL is assessed on a collective basis.
- d. Development of ECL models, including the various formulas and the choice of inputs.
- e. Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs.
- f. Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust, when necessary.

### xiv. Business Combination:

For the purpose of accounting of business combination, the following key judgements are made:

#### (a) Fair Valuation of Intangible Assets:

The Company has used income approach (example relief from royalty, multi-period excess earnings method and incremental cash flows, etc.) for value analysis of intangible assets. The method estimates the value of future cash flows over the life of the intangible assets accruing to the Company, by virtue of the transaction. The resulting post-tax cashflows for each of the years are recognised at their present value using a Weighted-Average Cost of Capital ('WACC') adjusted for risk of achieving the intangible assets projected savings.

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**(b) Fair Valuation of Tangible Assets:**

Freehold Land: Freehold land is fair valued using the sales comparison method using prevailing rates of similar plots of land, circle rates provided by relevant regulatory authorities and other acceptable valuation techniques.

Leasehold Land: Leasehold land is valued basis the leasehold interest for the remaining duration of the lease.

Other Assets: The cost approach has been adopted for fair valuing all the assets. The cost approach includes calculation of replacement cost using price trends applied to historical cost and capitalisation of all the indirect cost, these trends are on the basis of price indices obtained from recognised sources.

**(c) Fair Valuation of Loans:**

The fair value of loans given/borrowed has been estimated by considering the cash flows, future credit losses and the rate of prepayments for each loan. Projected annual cash flows were then discounted to the present value based on a market rate for similar loans.

The allowance for loan losses, associated with the acquired loans, were evaluated by the Management and recorded.

**(d) Fair Valuation of Current Assets and Liabilities:**

The Current Assets and Liabilities are taken at fair value on the date of acquisition.

**1.44 Cash Dividend to Equity Holders of the Group:**

The Group recognises a liability to make cash distributions to equity holders of the Group when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in other equity.

**1.45 Change of Accounting Policies on Adoption of Ind AS 116:**

The Group has applied Ind AS 116 using the modified retrospective approach and, therefore, the comparative information has not been restated and continues to be reported under Ind AS 17.

**As a Lessee:**

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

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The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, company's incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the company is reasonably certain to exercise, lease payments in an optional renewal period, if the company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, or if company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss, if the carrying amount of the right-of-use asset has been reduced to zero.

### Short-term Leases and Leases of Low-value Assets:

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or lower and leases of low value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### The Company as a Lessor:

The Company is not required to make any adjustments on transition to Ind AS 116 for leases in which it acts as a lessor, except for a sub-lease. The Company accounted for its sub-leases in accordance with Ind AS 116 from the date of initial application.

### Leasehold Assets Depreciation:

Leasehold Land and Buildings	Over the period of Lease
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Notes:

		(₹ in Crore)	
		As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
2.1.1	The title of immovable assets are in the process of being transferred in the name of the Company/Subsidiaries:		
	Gross Block	4,483.00	5,389.96
	Net Block	4,287.12	5,200.07
2.1.2	Property, Plant and Equipment includes assets not owned by Subsidiary Companies (Gross Block)	563.66	442.26
2.1.3	Property, Plant and Equipment includes assets held on Co-ownership with other Companies (Gross Block)		
	Leasehold Land	-	138.66
	Building	78.47	78.48
	Plant and Equipment	0.40	0.40
	Furniture and Fixtures	2.17	4.21
	Vehicles	0.07	0.07
	Office Equipment	2.21	7.89
		<b>83.32</b>	<b>229.71</b>
2.1.4	Buildings include:		
	- Cost of Debentures and Shares in a Company entitling the right of exclusive occupancy and use of certain premises	34.43	34.43
	- Workers' quarters mortgaged with state governments against subsidies received	0.18	0.18
2.1.5	Pre-Operative Expenses Pending Allocation included in Capital Work-in-Progress:		
	<b>Expenditure incurred during the year:</b>		
	Raw Materials Consumed	15.91	13.82
	Power and Fuel Consumed	1.70	8.56
	Salaries, Wages and Bonus	42.61	35.43
	Contribution to Provident and Other Funds	1.23	1.17
	Contribution to Gratuity Fund	0.42	1.44
	Expenses on Employee Stock Option scheme	0.60	0.27
	Rent and Hire Charges	0.96	0.39
	Power and Fuel	5.05	10.13
	Insurance	4.98	1.19
	Depreciation	0.04	0.26
	Finance Cost	40.04	11.44
	Consumption of Stores, Spare Parts and Components, Packing Materials, etc.	0.65	2.65
	Repairs and Maintenance	5.14	4.77
	Other Expenses	45.44	60.09
		<b>164.77</b>	<b>151.61</b>
	Add: Pre-Operative Expenditure incurred upto Previous Year	160.60	131.47
	Less: Interest and other Miscellaneous Receipts	0.30	1.39
	Less: Trial-Run Production Transferred to Inventory	7.20	11.82
	Less: Sale of Trial Run Production	25.88	11.06
	Less: Capitalised during the Year	61.33	98.21
	Less: Pre-Operative Expenditure Charged to Statement of Profit and Loss during the Year	3.72	-
	<b>Total Pre-Operative Expenses Pending Allocation</b>	<b>226.94</b>	<b>160.60</b>

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### 2.1 (B) INVESTMENT PROPERTY

The Group has reclassified its property under Investment Property as per Ind AS 40 during previous year. There is no change in the method of calculation of depreciation, rate and useful life as specified earlier.

	Gross Block		Depreciation/Amortisation		Net Block	
	As at 1 <sup>st</sup> April 2019	As at 31 <sup>st</sup> March 2020	Reclassify from PPE	For the Year	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2020
Current Year ended 31 <sup>st</sup> March 2020						
Investment Property	16.87	16.87	-	0.44	1.20	15.67

	Gross Block		Depreciation/Amortisation		Net Block	
	As at 1 <sup>st</sup> April 2018	As at 31 <sup>st</sup> March 2019	Reclassify from PPE	For the Year	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2019
Previous Year ended 31 <sup>st</sup> March 2019						
Investment Property	-	16.87	-	0.43	0.76	16.11

### Information regarding Income & Expenditure of Investment Property

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Rental Income derived from Investment Property	0.50	0.13
Direct Operating Expenses (including repairs and maintenance) associated with Rental Income	(0.06)	(0.07)
Profit arising from Investment Property before Depreciation and Indirect Expenses	0.44	0.06
Depreciation for the Year	0.43	0.43
Profit/(Loss) arising from Investment Property before Indirect Expenses	0.01	(0.37)

Due to COVID-19 and lockdown situation, valuation from Independent Valuer could not be carried out by the Company as on 31<sup>st</sup> March 2020 to assess the fair value of its Investment Property. The fair value was ₹ 16.03 Crore as on 31<sup>st</sup> March 2019 as per report obtained from independent valuer. The fair value of Investment Property has been derived using the Direct Comparison Method based on recent market prices without any significant adjustments being made observable data. Accordingly, fair value estimates for Investment Property is classified as Level 3.

The Company has no restrictions on the realisability of its Investment Property and has no contractual obligations to purchase, construct or develop Investment Property.

## Notes

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### 2.2 GOODWILL ON CONSOLIDATION

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Balance at the beginning of the year	21,346.39	16,191.81
Goodwill arising on account of Business Combination {Note 4.12 (A,B & D)}	-	5,195.49
Impairment of Goodwill related to ABCL Subsidiaries (Note 3.11)	(1,270.27)	(94.01)
Goodwill derecognised on Loss of Control in UltraTech's Subsidiary	(57.99)	-
Effects of Foreign Currency Exchange Differences	87.14	53.10
Adjustment on account of fair valuation of wholly owned subsidiary (GPFPL) {Note 4.12 (D)}	(58.77)	-
Balance at the end of the year	20,046.50	21,346.39

#### 2.2.1 Impairment Testing of Goodwill

Goodwill acquired in business combinations has been allocated to the following Segments/  
Cash-Generating Units (CGUs):

	(₹ in Crore)	
Segment	As at	
	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
Cement Business	8,161.77	8,132.62
Financial Services Business	11,871.63	13,141.90
Other Businesses (Textiles and Investment Subsidiaries)	13.10	71.87
	20,046.50	21,346.39

Goodwill is not amortised, instead it is tested for impairment annually or more frequently, if indicators of impairment exist. Potential impairment is identified by comparing the recoverable value of a cash-generating units to its carrying value. The Company estimates the recoverable value based on fair value less cost to sell approach following income approach and market approach. The determination of recoverable value using the income and market approaches requires the use of estimates and assumptions related to selection of multiples and control premium for the market approach and sales volumes and prices, costs to produce, capital spending and discount rate for the income approach. Under income approach, the recoverable amount is determined based on value-in-use calculation, which require the use of certain assumptions. The calculation use cash flow projections based on financial budgets approved by the Management covering three to five years period depending upon segments/CGUs's financial budgeting process. Cash flow beyond these financial budget period is extrapolated using the estimated growth rates. Under market approach, recoverable amount is determined based on average of comparable companies multiple suitable for the industry to which business relates.

During the current year, the Company has carried out the Impairment testing of Goodwill allocated to its business segments.

#### A. Cement Business and other business (Textiles and Investment Subsidiaries)

The goodwill allocated to Cement Business and other segments (Textiles and investment Subsidiaries) are evaluated based on their actual performance against the budget approved by the Management covering three to five years period. Based on evaluation their recoverable amount exceeds their carrying amounts, hence, no goodwill impairment was identified.

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## B. Financial Services Business

The key assumption used in the estimation of the recoverable amount of various CGUs are set out below. The values assigned to the key assumptions represents the Management's assessment of future trends in the relevant sector and have been based on historical and external data from both external and internal sources.

Financial Services Business	Key Assumptions	As at	As at
		31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
Aditya Birla Money Limited (ABML), Aditya Birla Insurance Brokers Limited (ABIB) and Aditya Birla My Universe Limited (ABMU) (i)	Discount Rate	13% - 16.5%	13.50% - 25%
	Terminal Growth Rate	5%	5% - 6%
Aditya Birla Housing Finance Limited (ABHFL) and Aditya Birla Finance Limited (ABFL) (ii)	Market Price to Adjusted Book Value	1.6 - 2.4 times (Based on average of comparable Companies multiple)	2.07 - 2.94 times (Based on average of comparable Companies multiple)
Aditya Birla Asset Management Company Limited (ABAMC) (iii)	Market Capitalisation/ Asset Under Management	7.81% (Based on average of comparable Companies multiple)	6.21% (Based on average of comparable Companies multiple)
Aditya Birla Sunlife Insurance Limited (ABSLI) (iv)	Market Capitalisation/ Embedded Value	2.0 times (Based on average of comparable Companies multiple)	2.271 times (Based on average of comparable Companies multiple)

- (i) For ABML, ABIB and ABMU, the recoverable amount is determined based on fair value less cost to sell and the projected cash flows are discounted to the present value using a post-tax weighted-average cost of capital (Discount rate). The discount rate commensurate to with the risk inherent in the projected cash flows and reflect the rate of return required by an investor in the current economic conditions. The Group uses specific growth assumptions for each CGU based on historical and economic condition (Terminal Growth rate).

As a result of impairment test for the year ended 31<sup>st</sup> March 2020, no goodwill impairment was identified as the recoverable amount of the CGUs, to which goodwill was allocated, was higher than their carrying amount. In previous year, Goodwill of ₹ 94.01 Crore was impaired and disclosed as an exceptional item.

- (ii) For ABHFL and ABFL, based on our result of value analysis on the basis of price to adjusted book value multiple of comparable companies, the fair value of the CGUs, to whom goodwill was allocated, is lower than the respective carrying amount.

As a result of impairment test for the year ended 31<sup>st</sup> March 2020, goodwill of ₹ 1,270.27 Crore was impaired and disclosed as an exceptional item (Previous Year ₹ nil)

- (iii) & (iv) ABAMC and ABSLI, based on our result of value analysis on the basis of key assumptions as stated above, the fair value of CGU exceeds the carrying amount of assets of the CGU and therefore value-in-use is not computed in line with exemption available as per paragraph 19 of Ind AS 36.

As a result of impairment test for the year ended 31<sup>st</sup> March 2020, no goodwill impairment was identified as the fair value of the CGUs to whom goodwill was allocated exceeded their respective carrying amount.

An analysis of the sensitivity of the changes in key parameters (Operating Margins, Discount Rate and Long Term Average Growth Rate), based on reasonable probable assumptions, does not result in any probable scenario in which the recoverable amount of the CGUs would decrease below the carrying amount.

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## 2.3 OTHER INTANGIBLE ASSETS

	Gross Block						Amortisation				Net Block	
	As at 1 <sup>st</sup> April 2019	Fair Valuation Adjustment on Acquisition of Suktas (Note 4.12D)	Additions	Translation Difference Add/(Less)	Deductions/ Adjustments/ Held for Disposal	As at 31 <sup>st</sup> March 2020	As at 1 <sup>st</sup> April 2019	For the Year	Translation Difference Add/(Less)	Deductions/ Adjustments/ Held for Disposal	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2020
<b>Current Year ended 31<sup>st</sup> March 2020</b>												
<b>Intangible Assets (other than internally generated)</b>												
Computer Softwares	334.46	-	99.44	0.31	1.27	432.94	153.77	83.58	0.05	1.00	236.40	196.54
Value of Licence/Right to use Infrastructure	62.99	-	-	-	-	62.99	25.47	6.02	-	-	31.49	31.50
Power Purchase Agreements	42.10	-	-	-	-	42.10	1.48	1.69	-	-	3.17	38.93
Power Line Rights	64.89	-	-	5.11	10.73	59.27	17.54	3.55	1.57	3.68	18.98	40.29
Rights to Manage and Operate Manufacturing Facilities	661.50	-	5.00	-	-	666.50	51.45	44.12	-	-	95.57	570.93
Group Management Rights	197.70	-	-	-	-	197.70	-	-	-	-	-	197.70
Customer Relationship	369.90	-	-	-	-	369.90	26.49	16.84	-	-	43.33	326.57
Production Formula	19.00	-	-	-	-	19.00	3.33	1.90	-	-	5.23	13.77
Distribution Network	1,562.90	20.03	-	-	-	1,582.93	222.81	132.09	-	-	354.90	1,228.03
Value in Force	1,649.00	-	-	-	-	1,649.00	192.37	109.93	-	-	302.30	1,346.70
Order Backlog	16.70	-	-	-	-	16.70	16.70	-	-	-	16.70	-
Technical Know-how	10.84	16.40	-	-	-	27.24	2.07	2.68	-	-	4.75	22.49
Trade Mark and Brands	286.13	20.31	-	-	-	306.44	114.21	81.90	-	-	196.11	110.33
Mining Rights	176.67	-	7.66	-	1.32	183.01	22.83	5.21	-	1.32	26.72	156.29
Non-Compete Fees	21.50	-	-	-	-	21.50	8.37	7.17	-	-	15.54	5.96
Mining Reserves	5,482.66	-	0.69	-	-	5,483.35	139.11	121.08	-	-	260.19	5,223.16
Jetty Rights	182.85	-	29.82	-	-	212.67	29.32	8.25	-	-	37.57	175.10
<b>Total Intangible Assets</b>	<b>11,141.79</b>	<b>56.74</b>	<b>142.61</b>	<b>5.42</b>	<b>13.32</b>	<b>11,333.24</b>	<b>1,027.32</b>	<b>626.01</b>	<b>1.62</b>	<b>6.00</b>	<b>1,648.95</b>	<b>9,684.29</b>
											Intangible Assets Under Development	81.68
											<b>Total Intangible Assets</b>	<b>9,765.97</b>

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

	Gross Block						Depreciation/Amortisation				Net Block		
	As at 1 <sup>st</sup> April 2018	Additions on Acquisition of UNCL and Cement Business of CTIL (Note 4.12 A & B)	Addition on Acquisition of Solar Business (Note 4.12 C)	Addition on Acquisition of Soktas (refer Note 4.12 D)	Additions	Translation Difference Add/(Less)	Deductions/ Adjustments/ Held for Disposal	As at 31 <sup>st</sup> March 2019	For the Year	Translation Difference Add/(Less)	Deductions/ Adjustments/ Held for Disposal	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2019
Previous Year ended 31 <sup>st</sup> March 2019													
Intangible Assets (other than internally generated)													
Computer Softwares	226.32	1.80	-	0.15	109.07	-	2.88	334.46	64.11	-	2.33	153.77	180.69
Value of Licence/Right to use Infrastructure	62.99	-	-	-	-	-	-	62.99	6.02	-	-	25.47	37.52
Power Purchase Agreements	-	-	42.10	-	-	-	-	42.10	1.48	-	-	1.48	40.62
Power Line Rights	61.06	-	-	-	-	3.83	-	64.89	4.43	0.74	-	17.54	47.35
Rights to Manage and Operate Manufacturing Facilities	661.50	-	-	-	-	-	-	661.50	44.10	-	-	51.45	610.05
Group Management Rights	1977.0	-	-	-	-	-	-	197.70	-	-	-	-	197.70
Customer Relationship	369.90	-	-	-	-	-	-	369.90	16.85	-	-	26.49	343.41
Production Formula	19.00	-	-	-	-	-	-	19.00	1.90	-	-	3.33	15.67
Distribution Network	1,562.90	-	-	-	-	-	-	1,562.90	137.41	-	-	222.81	1,340.09
Value in Force	1,649.00	-	-	-	-	-	-	1,649.00	109.92	-	-	192.37	1,456.63
Order Backlog	16.70	-	-	-	-	-	-	16.70	7.67	-	-	16.70	-
Technical Know-how	2.88	-	-	7.96	-	-	-	10.84	0.30	-	-	2.07	8.77
Trade Mark and Brands	130.23	155.21	-	0.69	-	-	-	286.13	103.67	-	-	114.21	171.92
Mining Rights	161.82	-	-	-	14.96	-	0.11	176.67	10.28	-	0.04	22.83	153.84
Non-Compete Fees	21.50	-	-	-	-	-	-	21.50	7.18	-	-	8.37	13.13
Mining Reserves	2,715.87	2,766.79	-	-	-	-	-	5,482.66	100.04	-	-	139.11	5,343.55
Jetty Rights	182.85	-	-	-	-	-	-	182.85	7.86	-	5.31	29.32	153.53
Total Intangible Assets	8,042.22	2,923.80	42.10	8.80	124.03	3.83	2.99	11,141.79	623.22	0.74	7.68	1,027.32	10,114.47
											Intangible Assets Under Development		37.77
											Total Intangible Assets		10,152.24

## 2.3.1 Based on written down value, the balance amortisation period of Material Intangible Assets:

Intangible Assets	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Distribution Network	3.25 - 22.25 Years	4.25 - 23.25 Years
Mining Reserve	Over the period of the respective mining agreement	Over the period of the respective mining agreement
Value in Force	12.25 Years	13.25 Years

## Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

### 2.4 LEASES

#### I. As a Lessee (Ind AS 116)

- (a) The Group has implemented Indian Accounting Standard for Leases (“Ind AS 116”) with effect from 1<sup>st</sup> April 2019, using the modified retrospective approach, under which the cumulative effect of Initial application is recognized in retained earnings as on 1<sup>st</sup> April 2019. The effect of initial recognition as per Ind AS 116 is as follows:

(₹ in Crore)	
Particulars	As at 1 <sup>st</sup> April 2019
Increase in Lease Liability	(1,436.13)
Increase in Right of Use Asset	1,320.18
Increase in Deferred tax assets	20.68
<b>Gross Impact before Adjustment of Non-controlling interest and BSLI adjustment transfer to policyholders fund</b>	<b>(95.27)</b>
Less: BSLI Ind AS 116 adjustment considered in policyholders fund	15.50
Less: Non-controlling Interest	34.46
<b>Net Impact on Retained Earnings</b>	<b>(45.31)</b>

- (b) The difference between the future minimum lease rental commitments towards non-cancellable operating leases and finance leases reported as at 31<sup>st</sup> March 2019, compared to the lease liability as accounted as at 1<sup>st</sup> April 2019, is primarily due to contracts re-assessed as lease contracts under Ind AS 116, reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the Company has chosen to apply the practical expedient as per the standard.

(₹ in Crore)	
Particulars	Amount
Lease commitments as at 31 <sup>st</sup> March 2019	394.81
Add/(Less): Contracts re-assessed as lease contracts	1,130.96
Add/(Less): Impact of discounting on assessment of opening lease commitments under Ind AS 116	(89.64)
<b>Lease Liabilities as on 1<sup>st</sup> April 2019</b>	<b>1,436.13</b>

Right of use assets of ₹ 1,320.18 Crore and lease liabilities of ₹ 1,436.13 Crore have been recognised as on 1<sup>st</sup> April 2019.

The weighted-average incremental borrowing rate is between the range of 7.31% to 9.16% per annum for local currency borrowings, and 3.84% p.a. for foreign currency borrowings has been applied for measuring the lease liability at the date of initial application as at 1<sup>st</sup> April 2019.



# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

(c) Impact of adoption of Ind AS 116 for the year ended 31<sup>st</sup> March 2020 is as follows:

(₹ in Crore)	
Particulars	Amount
Decrease in Power and Fuel, Freight & Forwarding expenses, Rent Expense and Other expenses by	229.80
Increase in Depreciation by	(223.38)
Increase in Finance Cost by	(135.51)
<b>Net Impact on Statement of Profit and Loss</b>	<b>(129.09)</b>

(d) Analysis of Lease Liability

(d1) The following is the movement in lease liabilities during the year ended 31<sup>st</sup> March 2020:

(₹ in Crore)	
Particulars	Amount
Opening Lease Liability as on 1 <sup>st</sup> April 2019	1,436.13
Finance Cost accrued during the period (including revaluation of lease liability)	135.51
Addition during the year (net)	268.93
Payment of Lease Liabilities	(278.73)
<b>Closing Lease Liability as on 31<sup>st</sup> March 2020</b>	<b>1,561.84</b>

(d2) Maturity Analysis of Lease Liabilities

(₹ in Crore)	
Maturity analysis – contractual undiscounted cash flows	As at 31 <sup>st</sup> March 2020
Less than one year	271.23
One to five years	886.82
More than five years	1,054.56
<b>Total undiscounted lease liabilities at 31<sup>st</sup> March 2020</b>	<b>2,212.61</b>
<b>Lease liabilities included in the statement of financial position at 31<sup>st</sup> March 2020</b>	<b>1,561.84</b>
Current	195.70
Non-Current	1,366.14

## Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020(e) Following are the carrying value of Right of Use Assets for the year ended 31<sup>st</sup> March 2020:

	Gross Block					Depreciation					Net Block		
	As at 1 <sup>st</sup> April 2019	Reclassified on Account of Ind AS 116	Other Adjustments <sup>@</sup>	Additions	Deductions	As at 31 <sup>st</sup> March 2020	As at 1 <sup>st</sup> April 2019	Reclassified on Account of Ind AS 116	Additions	Other Adjustments <sup>@</sup>	Deductions	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2020
Leasehold Land <sup>#</sup>	110.66	676.56	129.74	5.42	-	922.38	-	24.67	23.96	1.02	-	49.65	872.73
Leasehold Building	423.65	17.55	138.00	-	7.62	571.58	-	0.60	122.96	-	0.93	122.63	448.95
Plant and Machinery	77.36	46.48	8.58	15.33	-	147.75	-	20.00	17.55	8.61	-	46.16	101.59
Ships	708.51	-	-	8.23	-	716.74	-	-	75.75	1.28	(0.35)	77.38	639.36
Total	1,320.18	740.59	276.32	28.98	7.62	2,358.45	-	45.27	240.22	10.91	0.58	295.82	2,062.63
Less: Depreciation Transferred to CWIP									(5.00)				
Net Depreciation Charged to Statement of Profit & Loss									235.22				

<sup>@</sup> On account of Foreign Currency Translation.

\* The titles of the leasehold land of ₹ 199.28 Crore (Net Block), transferred from Aditya Birla Nuvo Limited (ABNL) and Aditya Birla Chemicals (India) Limited (ABCIL), pursuant to the respective Scheme of Merger, are in the process of being transferred in the name of the Company.

# Includes Leasehold land of ₹ 142.90 Crore of co-ownership with other companies.

# Notes

## forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

- (f) Amount recognized in Statement of Profit and Loss, not included in the measurement of lease liabilities:

Particulars	(₹ in Crore) Amount
Variable lease payments not included in the measurement of lease liabilities	42.75
Expenses relating to short-term leases	454.96
Expenses relating to leases of low-value assets, excluding short-term leases of low value assets	37.98
(Gains) or losses arising from Modification of Lease Agreements and others	1.27

- (g) Income from sub leasing of Right to use assets is ₹ 7.29 Crore.
- (h) The total cash outflow for leases for the year ended 31<sup>st</sup> March 2020 is ₹ 278.73 Crore.
- (i) Future expected cash outflows to which the lessee is potentially exposed and are not reflected in the measurement of lease liabilities:

Leases not yet commenced to which the lessee is committed as on 31<sup>st</sup> March 2020: ₹ 14.33 Crore.

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

## II. Assets taken on Operating and Finance Lease in previous year (Ind AS 17):

### a. Group as a Lessee:

	Current Year	Previous Year
1 Operating Lease Payments recognised in the Statement of Profit and Loss	-	351.37
2 The total of future minimum lease payments under non-cancellable operating leases are as follows:		
For a period not later than one year	-	97.23
For a period later than one year and not later than five years	-	190.16
For a period later than five years	-	107.42

### 3 General Description of Leasing Agreements:

- (i) Lease Assets: Land, Godowns, Offices, Residential Flats, Showrooms, Ships and others.
- (ii) Future Lease rentals are determined on the basis of agreed terms.
- (iii) At the expiry of lease terms, the Group has an option to return the assets or extend the term by giving notice in writing.

### 4. The details of finance lease payable and their present value as at the Balance Sheet date:

As at 31 <sup>st</sup> March 2019	Total Lease Charges Payable	Present Value	Interest
Not Later than one year	1.19	1.13	0.06
Later than one year and not later than five years	0.03	0.03	-
<b>Total</b>	<b>1.22</b>	<b>1.16</b>	<b>0.06</b>

The Group has entered into finance lease arrangement for Computer Servers/Plant and Machinery from vendors. The finance obligations are secured by charges against the said assets.

## Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

### b. Group as a Lessor:

#### (A) Operating Lease

The Company has entered into operating leases on its office buildings. These leases have terms of 10 years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

The total rents recognised as income during the year is ₹ 0.22 Crore (31<sup>st</sup> March 2019: Nil). Future minimum rentals receivable under non-cancellable operating leases as at 31<sup>st</sup> March are as follows:

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Within one year	1.26	-
After one year but not more than five years	5.45	-
More than five years	7.50	-

### 2.5 NON-CURRENT ASSETS - EQUITY ACCOUNTED INVESTEEES

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>Investments in Equity Accounted Investees</b>		
<b>Joint Ventures (Note 4.13)</b>		
Share in Net Assets	3,692.35	3,694.37
Goodwill	1,934.33	1,932.27
Equity Investments in Joint Ventures - At Cost	5,626.68	5,626.64
Impairment in Value of Investments	(1.65)	(1.65)
Share in Profit/Reserves of Joint Ventures	857.34	489.89
	6,482.37	6,114.88
<b>Associates {Note 4.13}</b>		
Share in Net Assets {Note 3.11 (i)}	43.13	333.21
Goodwill	-	-
Equity Investments in Associates - At Cost	43.13	333.21
Impairment in Value of Investments	(0.22)	(0.22)
Share in Profit/Reserves of Associates	7.81	(163.58)
	50.72	169.41
	6,533.09	6,284.29

**2.5.1** During the previous year, the Company has acquired the controlling stake in Aditya Birla Solar Limited (ABSL) and Aditya Birla Renewables Limited (ABREL) from its other Co-Venturer. As a result, ABSL & ABREL have become Subsidiaries of the Company w.e.f. 15<sup>th</sup> May 2018 and were consolidated as Joint Venture upto 14<sup>th</sup> May 2018.

**2.5.2** The Investments in Company's Joint Ventures namely AV Group NB Inc., AVTerrace Bay Inc., Birla Jingwei Fibres Company Limited and Aditya Group AB are subject to maintenance of specified holding by the Company until the credit facility provided by certain lenders to respective companies are outstanding. Without guaranteeing the repayments to the lenders, the Company has also agreed that the affairs of the Joint Ventures will be managed through its nominee directors on the boards of respective borrowing Companies, in a manner that they are able to meet their respective financial obligations.

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

## 2.6 NON-CURRENT FINANCIAL ASSETS - INVESTMENTS OF INSURANCE BUSINESS

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>Investments in various Mutual Funds</b>		
Carried at Fair Value through Profit or Loss (FVTPL)#	0.88	-
	0.88	-
<b>Investments in Equity Instruments</b>		
Carried at FVTPL#	1,119.90	895.30
Carried at FVTPL	-	104.95
Carried at Fair Value through Other Comprehensive Income (FVTOCI) #	43.32	51.05
Carried at Fair Value through Other Comprehensive Income (FVTOCI)	0.77	0.60
	1,163.99	1,051.90
<b>Investments in Government or Trust Securities</b>		
Carried at Amortised Cost #	7,029.09	5,218.70
Carried at FVTOCI #	3,162.52	2,768.99
	10,191.61	7,987.69
<b>Investments in Debentures</b>		
Carried at Amortised Cost#	3,952.78	2,902.20
Carried at FVTOCI#	3,937.71	3,612.12
Carried at FVTPL#	26.18	25.75
Less: Impairment Provision made during the year	(5.00)	(1.00)
	7,911.67	6,539.07
<b>Other Non-Current Investments</b>		
Carried at Amortised Cost	-	-
Carried at FVTOCI	1.19	22.71
	1.19	22.71
	19,269.34	15,601.37

# Quoted Investments

### 2.6.1 Aggregate Book Value of:

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Quoted Investments	19,267.38	15,473.11
Unquoted Investments	1.96	128.26
	19,269.34	15,601.37
Aggregate Market Value of Quoted Investments	19,267.38	15,473.11
Aggregate Impairment in Value of Investments	5.00	1.00

## Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

### 2.7 NON-CURRENT FINANCIAL ASSETS - OTHER INVESTMENTS

(Long-Term, Fully Paid-up)

(₹ in Crore)

	Face Value	Total Nos.	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>Investments in Equity Instruments</b>				
<b>Carried at FVTOCI {Note 4.9 (A)}</b>				
Thai Rayon Public Company Limited, Thailand#	Thai Baht 1	13,988,570	69.97	120.46
P.T. Indo Bharat Rayon Co. Limited, Indonesia	US\$ 100	5,000	445.92	427.02
Vodafone Idea Limited# (Previous year 1,008,540,115 Shares)	₹ 10	3,317,566,167	1,028.45	1,840.59
Hindalco Industries Limited#	₹ 1	88,048,812	842.63	1,809.40
Indophil Textile Mills Inc., Philippines	Peso 10	422,496	2.95	2.39
Birla International Limited - Isle of Man	CHF 100	2,500	4.61	4.19
Aditya Birla Fashion and Retail Limited#	₹ 10	87,449,940	1,337.11	1,926.96
Birla Management Centre Services Limited	₹ 10	9,000	7.91	8.54
Bhadreshwar Vidyut Private Limited (Previous year 1,996,000 Shares)	₹ 10	5,069,000	0.10	0.04
			<b>3,739.65</b>	<b>6,139.59</b>
<b>Carried at FVTPL {Note 4.9 (A)}</b>				
AWAM Minerals LLC	Omani Riyal 1	168,035	-	7.51
MOIL Limited#	₹ 10	24,490	0.25	0.39
Amplus Sunshine Private Limited	₹ 10	3,867,848	4.80	-
Raj Mahal Coal Mining Limited	₹ 10	1,000,000	1.00	1.00
Green Infra Wind Power (Previous year 120,000 Shares)	₹ 10	144,000	0.14	0.12
NU Power Wind Farm	₹ 10	39,548	0.04	0.04
Watsun Infrabuild Private Limited (Previous year 203,115 Shares)	₹ 10	182,053	0.18	0.24
SBG Cleantech Energy Eight Pvt Ltd (@ Previous year: Equity Shares of ₹ 10 each aggregating to ₹ 200)	₹ 10	20	@	@
			<b>6.41</b>	<b>9.30</b>

## Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

	Face Value	Total Nos.	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
(₹ in Crore)				
<b>Investments in Preference Shares</b>				
<b>Carried at FVTPL {Note 4.9 (A)}</b>				
<b>Joint Ventures</b>				
6% Cumulative Redeemable Retractable, Non-Voting Preferred Shares of AV Group NB Inc., Canada, of aggregate value of Canadian Dollar 6.75 Million	WPV	6,750,000	26.77	24.53
1% Redeemable Preference Shares of Aditya Group AB, Sweden, of aggregate value of USD 8 Million	WPV	160,000	44.89	44.41
<b>Others</b>				
7% Non-Cumulative Non-Convertible Redeemable Preference Shares of Aditya Birla Health Services Limited	₹ 100	5,600,000	57.60	56.00
11% Redeemable, Cumulative Non-Convertible Preference Shares of TANFAC Industries Limited (Previous year 500,000 Shares)	₹ 100	-	-	5.00
8% Redeemable and Cumulative Preference Shares of Aditya Birla Fashion and Retail Limited	₹ 10	500,000	0.90	0.86
Tata Motors Finance Limited (8.20% Compulsory Convertible Cumulative Preference Shares) (Previous year 10,000,000 Shares)	₹ 100	10,000,000	-	214.07
8% Preference Shares of Birla Management Centre Services Limited !Represents amount of ₹ 2,000	₹ 10	200	!	!
			<b>130.16</b>	<b>344.87</b>
<b>Investments in Debentures or Bonds and other Investments {Note 4.9 (A)}<sup>#</sup></b>				
<b>Carried at FVTOCI</b>				
Tax-Free Bonds			-	63.91
Taxable Corporate Bonds			-	11.69
			-	75.60
<b>Carried at FVTPL</b>				
Tax-Free Bonds			283.83	356.40
Taxable Corporate Bonds			425.44	114.50
			<b>709.27</b>	<b>470.90</b>

## Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

(₹ in Crore)

	Face Value	Total Nos.	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>Other Investments</b>				
<b>Carried at FVTPL</b>				
Aditya Birla Private Equity - Fund I			-	0.33
Investment in Security Receipts			340.63	-
Investment in Alternate Funds			92.15	153.39
PMS Investments			-	16.81
Others			2.87	-
			<b>435.65</b>	<b>170.53</b>
<b>Carried at FVTPL</b>				
Investments in various Mutual Funds {Note 4.9 (A)} <sup>#</sup>			261.76	650.08
Investments in various Mutual Funds (Unquoted) {Note 4.9 (A)}			928.77	890.35
			<b>6,211.67</b>	<b>8,751.22</b>

WPV - Without Par Value

# Quoted Investments

### 2.7.1 Aggregate Book Value of:

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Quoted Investments	4,249.44	6,894.38
Unquoted Investments	1,962.23	1,856.84
	<b>6,211.67</b>	<b>8,751.22</b>
Aggregate Market Value of Quoted Investments	4,249.44	6,894.38

### 2.7.2 Category-wise Non-Current Investments:

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>Quoted</b>		
Financial Investments measured at FVTOCI		
Equity Shares	3,278.16	5,697.41
Debentures or Bonds	-	75.60
<b>Sub-Total (a)</b>	<b>3,278.16</b>	<b>5,773.01</b>
Financial Investments measured at FVTPL		
Mutual Fund	261.76	650.08
Debentures or Bonds	709.27	470.90
Equity Shares	0.25	0.39
<b>Sub-Total (b)</b>	<b>971.28</b>	<b>1,121.37</b>
<b>Total (a + b)</b>	<b>4,249.44</b>	<b>6,894.38</b>



## Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>Unquoted</b>		
Financial Investments measured at FVTOCI		
Equity Shares	461.49	442.18
<b>Sub-Total (a)</b>	<b>461.49</b>	<b>442.18</b>
Financial Investments measured at FVTPL		
Equity Shares	6.16	8.91
Mutual Funds	928.77	890.35
Preference Shares	130.16	344.87
Private Equity Investment Funds	435.65	170.53
<b>Sub-Total (b)</b>	<b>1,500.74</b>	<b>1,414.66</b>
<b>Total (a + b)</b>	<b>1,962.23</b>	<b>1,856.84</b>

### 2.8 NON-CURRENT FINANCIAL ASSETS - ASSETS HELD TO COVER LINKED-LIABILITIES

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>Carried at Fair Value through Profit or Loss</b>		
<b>Quoted Investments</b>		
Mutual Funds	317.90	-
Equity Instruments	7,034.44	9,531.77
Government or Trust Securities	4,617.03	4,784.38
Debentures	5,669.44	5,892.44
Other Non-Current Investments	-	26.26
	<b>17,638.81</b>	<b>20,234.85</b>
2.8.1 Aggregate Book Value of Quoted Investments	17,638.81	20,234.85
2.8.2 Aggregate Market Value of Quoted Investments	17,638.81	20,234.85

### 2.9 NON-CURRENT FINANCIAL ASSETS - LOANS

(Unsecured, Considered Good, except otherwise stated)

(Carried at Amortised Cost)

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Loans against House Property (Secured by way of Title Deeds)	0.01	0.01
Loans to Others (secured by way of shares lien with the Company)	1,039.33	956.79
Security Deposits	378.57	342.78
Loans and Advances of Financing Activities		
Secured, Considered Good	39,378.76	40,504.88
Unsecured, Considered Good	3,930.25	4,220.18
Others - Secured	1,348.43	448.25
Others - Unsecured	634.96	238.82
Less: Expected Credit Loss Allowance	(929.98)	(505.86)
Loans to Related Parties (Note 4.7.2)	94.58	44.21
Loans against Insurance Policies	164.38	113.93
Loans to Employees	12.65	17.52
Others	2.95	3.16
	<b>46,054.89</b>	<b>46,384.67</b>

## Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

### 2.10 NON-CURRENT FINANCIAL ASSETS - OTHERS

(Carried at Amortised Cost, except otherwise stated)

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Derivative Assets - Carried at Fair Value	174.22	19.99
Government Grant Receivable	230.43	231.65
Fixed Deposits with Banks with maturity more than 12 months*#@	68.13	25.63
Receivable towards Divested Business (Note 2.10.1)	34.79	35.11
Other Receivables	10.46	6.52
	<b>518.03</b>	<b>318.90</b>

\* Includes interest accrued

# Lodged as security with Government Departments

@ Lien Marked in favour of Insurance Regulatory Development Authority of India (IRDA)

21.15

21.55

1.32

1.32

2.10.1 The Company has to receive from purchaser ₹ 34.79 Crore (Previous Year ₹ 35.11 Crore) towards tax refund.

### 2.11 DEFERRED TAX ASSETS (NET)

Current Year (Refer Note 4.4.3)	As at 31 <sup>st</sup> March 2020	Charge for the Year			Demerger Adjustment of Aditya Birla Technology Services Limited	As at 31 <sup>st</sup> March 2019
		Profit and Loss	OCI	Retained Earnings		
<b>Deferred Tax Assets:</b>						
Provision for Contingencies Allowable on Payment Basis	123.06	28.63	4.15	-	-	90.28
Unabsorbed Losses	39.39	(51.09)	-	-	-	90.48
Unrealised profits arising on Intragroup Stock Transfers	1.47	(7.76)	-	-	-	9.23
MAT Credit Entitlement	-	(4.72)	-	-	-	4.72
Expected Credit Loss Allowance	110.47	4.74	-	-	-	105.73
Others (including Ind AS 116 transition impact)	32.63	(45.22)	0.34	2.75	-	74.76
	<b>307.02</b>	<b>(75.42)</b>	<b>4.49</b>	<b>2.75</b>	<b>-</b>	<b>375.20</b>
<b>Deferred Tax Liabilities:</b>						
Accumulated Depreciation and Amortisation	154.95	(105.34)	-	-	2.56	257.73
Others (Fair Value of Borrowings and Contingent Liability)	14.50	(56.02)	-	-	-	70.52
	<b>169.45</b>	<b>(161.36)</b>	<b>-</b>	<b>-</b>	<b>2.56</b>	<b>328.25</b>
<b>Deferred Tax Assets (Net)</b>	<b>137.57</b>	<b>85.94</b>	<b>4.49</b>	<b>2.75</b>	<b>(2.56)</b>	<b>46.95</b>

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

(₹ in Crore)

Previous Year	As at 31 <sup>st</sup> March 2019	Charge for the Previous Year		Acquisition of ABREL and ABSL	As at 31 <sup>st</sup> March 2018
		Profit and Loss	OCI		
<b>Deferred Tax Assets:</b>					
Provision for Contingencies Allowable on Payment Basis	90.28	90.03	0.16	-	0.09
Unabsorbed Losses	90.48	11.65	-	50.17	28.66
Unrealised profits arising on Intragroup Stock Transfers	9.23	(1.95)	-	-	11.18
MAT Credit Entitlement	4.72	2.72	-	1.81	0.19
Expected Credit Loss Allowance	105.73	105.73	-	-	-
Others	74.76	73.66	0.24	0.12	0.74
	<b>375.20</b>	<b>281.84</b>	<b>0.40</b>	<b>52.10</b>	<b>40.86</b>
<b>Deferred Tax Liabilities:</b>					
Accumulated Depreciation	257.73	189.37	-	49.04	19.32
Others (Fair Value of Borrowings and Contingent Liability)	70.52	70.24	-	0.16	0.12
	<b>328.25</b>	<b>259.61</b>	<b>-</b>	<b>49.20</b>	<b>19.44</b>
<b>Deferred Tax Assets (Net)</b>	<b>46.95</b>	<b>22.23</b>	<b>0.40</b>	<b>2.90</b>	<b>21.42</b>

## 2.12 OTHER NON-CURRENT ASSETS

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Capital Advances		
Unsecured, Considered Good	2,066.90	2,105.82
Unsecured, Considered Doubtful	29.54	30.58
Less: Allowance for Doubtful	(29.54)	(30.58)
Balances with Government Authorities		
Unsecured, Considered Good	958.63	961.84
Prepaid Expenses	8.48	23.60
Reinsurance Assets	516.59	408.38
Deferred Acquisition Costs	4.39	6.43
Other Advances	7.52	24.10
	<b>3,562.51</b>	<b>3,530.17</b>

## Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

### 2.13 INVENTORIES

(Valued at lower of cost and net realisable value, unless otherwise stated)

	As at 31 <sup>st</sup> March 2020			As at 31 <sup>st</sup> March 2019		
	In Hand	In Transit	Total	In Hand	In Transit	Total
Raw Materials	1,130.54	508.62	1,639.16	1,485.72	688.05	2,173.77
Work-in-Progress	1,003.64	-	1,003.64	929.99	-	929.99
Finished Goods	1,367.95	123.81	1,491.76	885.56	125.89	1,011.45
Stock-in-Trade	50.57	3.72	54.29	63.26	0.02	63.28
Stores and Spare Parts	2,447.71	150.22	2,597.93	2,403.71	461.84	2,865.55
Waste/Scrap (valued at Net Realisable Value)	18.79	-	18.79	15.09	-	15.09
	<b>6,019.20</b>	<b>786.37</b>	<b>6,805.57</b>	<b>5,783.33</b>	<b>1,275.80</b>	<b>7,059.13</b>

The Company follows adequate accounting policy for writing down the value of Inventories towards slow moving, non-moving and surplus inventory.

Write down of inventories (net of reversals) for the year is ₹ 64.03 Crore (Previous Year ₹ 42.09 Crore). Inventory values shown above are net of write down.

2.13.1 Working Capital Borrowings are secured by hypothecation of inventories of the Group.

### 2.14 CURRENT FINANCIAL ASSETS - INVESTMENT OF INSURANCE BUSINESS

	As at	
	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
<b>Investments in various Mutual Funds</b>		
Carried at Fair Value through Profit or Loss (FVTPL)#	293.12	490.84
<b>Investments in Government or Trust Securities</b>		
Carried at Amortised Cost#	2.38	8.33
Carried at FVTOCI #	2.27	0.84
<b>Investments in Debentures/Bonds</b>		
Carried at Amortised Cost#	36.52	24.44
Carried at FVTOCI#	223.60	167.25
<b>Other Current Investments</b>		
Carried at Amortised Cost	228.83	127.14
Carried at FVTOCI	206.81	112.28
	<b>993.53</b>	<b>931.12</b>

# Quoted Investments

#### 2.14.1 Aggregate Book Value of:

	As at	
	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
Quoted Investments	557.89	691.70
Unquoted Investments	435.64	239.42
	<b>993.53</b>	<b>931.12</b>
Aggregate Market Value of Quoted Investments	557.89	679.97

## Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

### 2.15 CURRENT FINANCIAL ASSETS - OTHER INVESTMENTS

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>Investments in Equity Shares: Carried at FVTOCI</b>		
Larsen & Toubro Limited <sup>#</sup> (1,495,993 Shares of face value ₹ 2 each fully paid-up) (Previous Year 3,947,803 Shares)	120.95	546.89
<b>Investments in various Mutual Funds:</b>		
Carried at FVTPL <sup>#</sup>	479.90	353.83
Carried at FVTPL	6,254.24	3,493.15
<b>Investments in Government Securities</b>		
Carried at FVTPL <sup>#</sup>	-	1.64
<b>Investments in Bonds</b>		
Carried at FVTPL <sup>#</sup>	391.95	338.12
Carried at FVTOCI <sup>#</sup>	131.05	89.45
<b>Investments in Debentures</b>		
Carried at FVTPL	3,022.66	1,189.90
<b>Other Investments</b>		
Carried at Amortised Cost (Fixed deposit with financial institution with maturity less than twelve months)	100.00	-
	<b>10,500.75</b>	<b>6,012.98</b>

<sup>#</sup> Quoted Investments

#### 2.15.1 Aggregate Book Value of:

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Quoted Investments	1,123.85	1,329.93
Unquoted Investments	9,376.90	4,683.05
	<b>10,500.75</b>	<b>6,012.98</b>
<b>2.15.2 Aggregate Market Value of Quoted Investments</b>	<b>1,123.85</b>	<b>1,329.93</b>
Aggregate Impairment in Value of Investments	-	-

### 2.16 CURRENT FINANCIAL ASSETS - ASSETS HELD TO COVER LINKED-LIABILITIES

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>Carried at Fair Value through Profit or Loss</b>		
<b>Quoted Investments</b>		
Mutual Funds	455.68	973.06
Government or Trust Securities	874.92	996.68
Debentures	1,615.61	1,803.47
Other Current Investments	2,120.51	985.56
Other Current Assets	123.26	172.72
	<b>5,189.98</b>	<b>4,931.49</b>
<b>2.16.1 Aggregate Book Value of Quoted Investments</b>	<b>5,189.98</b>	<b>4,931.49</b>
<b>2.16.2 Aggregate Market Value of Quoted Investments</b>	<b>5,189.98</b>	<b>4,931.49</b>

## Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

### 2.17 TRADE RECEIVABLES

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Secured, Considered Good	598.91	1,008.87
Unsecured, Considered Good <sup>*#@</sup>	5,053.15	5,681.99
Trade Receivables which have significant increase in credit risk <sup>#</sup>	182.56	273.51
	5,834.62	6,964.37
Less: Allowance for Trade Receivables which have significant increase in credit risk	183.12	274.30
	5,651.50	6,690.07

Trade receivables are interest and non-interest bearing and are generally upto 180 days terms.

* Includes amount in respect of the Company holds Letters of Credit/Guarantees from Banks	378.15	559.25
@ Includes amount due from Related Parties (Note 4.7.2)	40.65	81.50
# includes subsidy receivable from Government of India	1,389.31	1,551.08

- 2.17.1 Working Capital Borrowings are secured by hypothecation of book debts of the Company.
- 2.17.2 Trade Receivable includes pass through amounts representing dues from client and exchange forward transactions not fully settled as at the reporting date of stock and security broking business.
- 2.17.3 Trade Receivable includes amount receivable from customers pertaining to amount funded to them for settlement of trade as part of normal business activity.
- 2.17.4 No trade or other receivable is due from directors or other officers of the Company, either severally or jointly with any other person. Nor any trade or other receivable is due from firms or private companies, respectively, in which any director is a partner, a director or a member.

### 2.18 CASH AND CASH EQUIVALENTS

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Balances with Banks		
In Current Account	2,304.26	1,009.22
In Deposit Account - Original Maturity of 3 Months or Less	732.23	24.90
In EEFC Account	20.43	7.33
Cheques on Hand	7.31	157.13
Cash on Hand	8.57	25.11
	3,072.80	1,223.69

- 2.18.1 There is no restriction with regard to cash and cash equivalents as at the end of the reporting period and prior periods.

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

## 2.19 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>Other Balances</b>		
Earmarked Balance with Banks		
In Government Treasury Savings Account	0.03	0.03
Unclaimed Dividend	27.84	27.87
Other Bank Balances <sup>^</sup>	1.70	1.95
Bank Deposits (with maturity more than 3 months but less than 12 months) <sup>!@!&amp;^^</sup>	710.73	654.69
	<b>740.30</b>	<b>684.54</b>
Bank deposits include:		
\$ Earmarked for specific purpose	161.68	236.68
* Lodged as Security with Government Departments	0.62	2.75
@ Unclaimed Fractional Warrants	0.88	0.88
! Margin money with exchange	193.09	182.75
& Towards issue of bank guarantee	34.60	33.70
^^ Of this, the Company is in the process of transferring Fixed Deposits amounting to ₹ 3.30 Crore in its own name.		
^ Bank accounts frozen by Govt. Authorities, the balance of which is not currently available to the Company	1.70	1.69

2.19.1 There are no amounts due and outstanding to be credited to the Investors Education and Protection Fund as at 31<sup>st</sup> March 2020 and 31<sup>st</sup> March 2019.

## 2.20 CURRENT FINANCIAL ASSETS - LOANS

(Unsecured, Considered Good, except otherwise stated)  
(Carried at Amortised Cost)

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Loans against House Property (Secured by way of Title Deeds)	0.07	-
Security Deposits	180.07	189.17
Loans and Advances of Financing Activities		
Secured	10,154.65	12,191.73
Unsecured	3,644.89	4,662.07
Less: Expected Credit Loss Allowance	(60.22)	(68.97)
Loans against Insurance Policies	1.92	0.13
Deposits with Body Corporates	49.88	51.88
Loans to Related Parties (Note 4.7.2)	20.54	22.74
Others (include Loans to Employees, others, etc.)	183.20	141.00
	<b>14,175.00</b>	<b>17,192.24</b>

## Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

### 2.21 CURRENT FINANCIAL ASSETS - OTHERS

(Carried at Amortised Cost, except otherwise stated)

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Derivative Assets - Carried at Fair Value	32.00	87.70
Reimbursement of Expenses Receivable (receivable from Government of India)	195.15	136.24
Interest Accrued on Investments	37.78	14.71
Unclaimed Amount of Policyholders*	293.65	282.79
Government Grant Receivable	1,026.91	876.63
Other Receivables from Related Parties (Note 4.7.2)	1.45	5.36
Others (Insurance Claims, Railways Claims and other Receivables)	111.04	203.76
	<b>1,697.98</b>	<b>1,607.19</b>

\* As per the IRDAI circular, a separate fund is to be formed for unclaimed amount of Policyholders.

### 2.22 OTHER CURRENT ASSETS

(Unsecured, Considered Good, except otherwise stated)

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Balances with Government Authorities	1,036.43	1,070.29
Less: Loss Allowance	(48.26)	(35.90)
Advances to Suppliers	878.55	962.59
Less: Loss Allowance	(11.37)	(14.71)
Deferred Acquisition Costs	1.18	1.38
Reinsurance Assets	171.98	137.89
Other Receivables from Related Parties (Note 4.7.2)	65.05	9.52
Others (include Prepayments, etc.)	346.78	283.62
	<b>2,440.34</b>	<b>2,414.68</b>

### 2.23 EQUITY SHARE CAPITAL

#### 2.23.1 Authorised

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
1,472,500,000 Equity Shares of ₹ 2/- each (Previous Year 1,472,500,000 Shares of ₹ 2/- each)	294.50	294.50
1,100,000 Redeemable Cumulative Preference Shares of ₹ 100 each	11.00	11.00
	<b>305.50</b>	<b>305.50</b>



## Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

### 2.23.2 Issued, Subscribed and Fully Paid-up

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
657,798,938 Equity Shares of ₹ 2/- each (Previous Year 657,598,363 Shares of ₹ 2/- each) fully paid-up	131.56	131.52
<b>Share Capital Suspense</b>		
28,295 Equity Shares of ₹ 2/- each (Previous Year 28,295 of ₹ 2/- each) to be issued as fully paid-up pursuant to acquisition of Cement Business of Aditya Birla Nuvo Limited under the Scheme of Arrangement without payment being received in cash	0.01	0.01
	<b>131.57</b>	<b>131.53</b>

### 2.23.3 Shares kept in Abeyance

Pursuant to provision of Section 126 of the Companies Act, 2013, the issue of 61,985 Equity Shares (Previous Year 61,985 Equity Shares) are kept in abeyance.

### 2.23.4 Reconciliation of the Number of Equity Shares Outstanding (including Share Capital Suspense)

	Number of Shares		₹ in Crore	
	Current Year	Previous Year	Current Year	Previous Year
Outstanding as at the beginning of the year	657,626,658	657,399,730	131.53	131.48
Issued during the year under Employee Stock Options Scheme	200,575	226,928	0.04	0.05
Outstanding as at the end of the year	<b>657,827,233</b>	657,626,658	<b>131.57</b>	131.53

### 2.23.5 Rights, Preferences and Restrictions attached to Equity Shares

The Company has only one class of Equity Shares having a par value of ₹ 2/- per share. Each holder of the Equity Shares is entitled to one vote per share. The Company declares dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the Shareholders.

### 2.23.6 The Company does not have any Holding Company.

## Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

### 2.23.7 List of Shareholders holding more than 5% Shares in the Equity Share Capital of the Company

	Current Year		Previous Year	
	No. of Shares	% Holding	No. of Shares	% Holding
Birla Group Holdings Private Limited*	125,004,398	19.00%	5,477,270	0.83%
Life Insurance Corporation of India	74,299,743	11.29%	60,824,295	9.25%
IGH Holdings Private Limited	33,628,393	5.11%	33,491,293	5.09%
Turquoise Investments and Finance Private Limited*	-	-	42,119,836	6.40%
Trapti Trading and Investments Private Limited*	-	-	41,525,217	6.31%
TGS Investment and Trade Private Limited*	-	-	35,882,075	5.46%

\* Merged with Birla Group Holdings Private Limited with effect from 8<sup>th</sup> July 2019 vide NCLT Order dated 9<sup>th</sup> May 2019.

### 2.23.8

	Current Year		Previous Year	
	No. of Shares	% Holding	No. of Shares	% Holding
Equity Shares of ₹ 2/- each (Previous Year: ₹ 2/- each) represented by Global Depository Receipts (GDRs) (GDR holders have voting rights as per the Deposit Agreement)	38,001,894	5.78%	42,368,187	6.44%

### 2.23.9

	Current Year	Previous Year
	No. of Shares	No. of Shares
Shares reserved for issue under options and contracts, including the terms and amounts: For details of Shares reserved for issue under the Employee Stock Options Plan (ESOP) of the Company (Note 4.5)	2,053,712	2,272,768

### 2.23.10

	Current Year	Previous Year
	No. of Shares	No. of Shares
Aggregate Number of Equity Shares allotted as fully paid-up during the period of five years immediately preceding the reporting date without payment being received in cash	197,770,950	197,770,950
1,461,657 Equity Shares of ₹ 10 each issued in the financial year 2015-2016 as fully paid-up to the shareholders of Aditya Birla Chemicals (India) Limited (ABCIL), pursuant to the Scheme of Amalgamation (*number of equity shares adjusted post-sub-division)	*7,308,285	*7,308,285
Equity Shares of ₹ 2 each issued in the financial year 2017-2018 as fully paid-up to the shareholders of Aditya Birla Nuvo Limited (ABNL), pursuant to the Composite Scheme of Arrangement	190,462,665	190,462,665

## Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

### 2.24 OTHER EQUITY - ATTRIBUTABLE TO OWNERS OF THE COMPANY

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>a) Equity Component of Other Financial Instruments</b>		
Opening Balance as per the last audited Financial Statements	3.00	3.00
	<b>3.00</b>	<b>3.00</b>
<b>b) Capital Reserve</b>		
Opening balance as per last audited Financial Statements	146.55	127.33
<b>Add:</b> Capital Reserve arising on acquisition of controlling stake in Aditya Birla Solar Limited and Aditya Birla Renewables Limited (Note 4.12 C)	-	24.03
Acquisition of Minority stake in Aditya Birla Solar Limited	-	0.17
Gain/(Loss) on merger of Cement business of Century Textiles Limited with UltraTech Cement Limited (Note 4.12 A)	-	(4.97)
<b>Less:</b> Stake dilution in Subsidiary Companies	-	(0.01)
	<b>146.55</b>	<b>146.55</b>
<b>c) Legal Reserve</b>		
Opening Balance as per last audited Financial Statements	0.76	1.10
<b>Less:</b> Exchange rate fluctuation in Joint Venture Companies	(0.07)	(0.34)
	<b>0.69</b>	<b>0.76</b>
<b>d) Securities Premium</b>		
Opening Balance as per last audited Financial Statements	23,731.55	24,347.27
<b>Add:</b> Employee Stock Options Exercised	29.59	18.74
Issue of Equity Shares in QIP by a subsidiary Company (Note 4.4.7)	332.14	-
Gain arising on issue of Shares pursuant to Scheme of Demerger (Note 4.12 A)	3,078.62	-
<b>Less:</b> Idea Cellular Limited not consolidated as an Associate w.e.f. 31 <sup>st</sup> August 2018 post-merger with Vodafone India Limited and Vodafone Mobile Services	-	(632.17)
Share issue Expenses	(1.61)	-
Gain/(loss) on merger of Cement business of Century Textiles Limited with UltraTech Cement Limited (Note 4.12 A)	-	(2.28)
Stake Dilution in Subsidiary Companies (Note 4.4.7)	(0.04)	(0.01)
	<b>27,170.25</b>	<b>23,731.55</b>
<b>e) General Reserve</b>		
Opening Balance as per last audited Financial Statements	27,086.16	26,649.19
<b>Add:</b> Transfer from Retained Earnings to General Reserve	2,865.57	1,032.60
Idea Cellular Limited not consolidated as an Associate w.e.f. 31 <sup>st</sup> August 2018 post-merger with Vodafone India Limited and Vodafone Mobile Services	-	1.75
Transfer from Debenture Redemption Reserve to General Reserve	119.97	-

## Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Transfer to General Reserve on account of lapse of vested options	2.80	-
<b>Less:</b> Stake Dilution in Subsidiary Companies (Note 4.4.7)	(0.05)	(5.35)
Gain/(Loss) on merger of Cement business of Century Textiles Limited with UltraTech Cement Limited (Note 4.12 A)	-	(590.70)
Exchange rate fluctuation in Joint Venture Companies	1.28	(1.33)
	<b>30,075.73</b>	<b>27,086.16</b>
<b>f) Debenture Redemption Reserve</b>		
Opening Balance as per last audited Financial Statement	333.94	273.51
<b>Add:</b> Transfer from Retained Earnings to Debenture Redemption Reserve	24.51	133.44
<b>Less:</b> Transfer from Debenture Redemption Reserve to Retained Earnings	(96.69)	(57.29)
Transfer from Debenture Redemption Reserve to General Reserve	(119.97)	-
Idea Cellular Limited not consolidated as an Associate w.e.f. 31 <sup>st</sup> August 2018 post-merger with Vodafone India Limited and Vodafone Mobile Services	-	(6.25)
Gain/(Loss) on merger of Cement business of Century Textiles Limited with UltraTech Cement Limited (Note 4.12 A)	-	(9.44)
Stake dilution in Subsidiary Companies	-	(0.03)
	<b>141.79</b>	<b>333.94</b>
<b>g) Special Reserve Fund</b>		
Opening Balance as per last audited Financial Statement	188.31	80.85
<b>Add:</b> Transfer from Retained Earnings to Special Reserve Fund	103.73	107.47
<b>Less:</b> Stake Dilution in Subsidiary Companies (Note 4.4.7)	(5.58)	(0.01)
	<b>286.46</b>	<b>188.31</b>
<b>h) Surplus as per Statement of Profit and Loss</b>		
Opening Balance as per last audited Financial Statement	3,940.83	3,453.58
<b>Add:</b> Profit for the Year	4,425.19	1,692.99
Other Comprehensive Income for the Year (Note 3.13)	(83.56)	(4.13)
Gain on Sale of Non-Current Investment transferred to Retained Earnings from Equity instrument through OCI	345.51	21.39
Transfer from Debenture Redemption Reserve to Retained Earnings	96.69	57.29
Gain arising on issue of Shares pursuant to Scheme of Demerger (Note 4.12 A)	8.00	-
Acquisition of Minority Stake in Aditya Birla Solar Limited	-	0.04
Others, including subvention money and Aditya Birla Capital Technology Services Limited Demerger impact	(0.14)	4.44
Idea Cellular Limited not consolidated as an Associate w.e.f. 31 <sup>st</sup> August 2018 post-merger with Vodafone India Limited and Vodafone Mobile Services	-	636.67

## Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
(₹ in Crore)		
<b>Less:</b> Dividend paid	(542.89)	(481.39)
Transfer from Retained Earnings to General Reserve	(2,865.57)	(1,032.60)
Transfer from Retained Earnings to Special Reserve Fund	(103.73)	(107.47)
Transfer from Retained Earnings to Debenture Redemption Reserve	(24.51)	(133.44)
Ind AS 116 (Leases) transition impact (Note 2.4)	(45.31)	-
Transaction cost on Cancellation of Shares in UltraTech Nathdwara Company Limited (UNCL)	-	(0.86)
Employee Stock Options Exercised	-	0.05
Gain/(Loss) on merger of Cement business of Century Textiles Limited with UltraTech Cement Limited (Note 4.12 A)	-	(165.16)
Stake Dilution in Subsidiary Companies (Note 4.4.7)	(524.91)	(0.57)
	<b>4,625.60</b>	<b>3,940.83</b>
<b>i) Debt Instruments through OCI</b>		
Opening Balance as per last audited Financial Statement	(28.46)	(36.00)
<b>Add:</b> Other Comprehensive Income for the Year (Refer Note 3.13)	34.97	7.53
Stake Dilution in Subsidiary Companies (Note 4.4.7)	0.40	0.01
	<b>6.91</b>	<b>(28.46)</b>
<b>j) Equity Instruments through OCI</b>		
Opening Balance as per last audited Financial Statement	(802.93)	1,980.19
<b>Add:</b> Other Comprehensive Income for the Year (Note 3.13)	(5,033.19)	(2,761.73)
Stake Dilution in Subsidiary Companies (Note 4.4.7)	0.66	-
<b>Less:</b> Gain on Sale of Non-Current Investment transferred to Retained Earnings from Equity Instrument through OCI (Net)	(345.51)	(21.39)
	<b>(6,180.97)</b>	<b>(802.93)</b>
<b>k) Hedging Reserve</b>		
Opening Balance as per last audited Financial Statement	(21.95)	52.73
<b>Add:</b> Other Comprehensive Income for the Year (Note 3.13)	(61.26)	(72.14)
<b>Less:</b> Gain/(Loss) on merger of Cement business of Century Textiles Limited with UltraTech Cement Limited (Note 4.12 A)	-	(2.53)
Stake Dilution in Subsidiary Companies	-	(0.01)
	<b>(83.21)</b>	<b>(21.95)</b>
<b>l) Foreign Currency Translation Reserve</b>		
Opening Balance as per last audited Financial Statement	153.91	173.03
<b>Add:</b> Other Comprehensive Income for the Year (Refer Note 3.13)	75.30	(16.06)
<b>Less:</b> Gain/(Loss) on merger of Cement business of Century Textiles Limited with UltraTech Cement Limited (Note 4.12 A)	-	(3.05)
On account of deconsolidation of fellow subsidiary (Note 4.4.5)	(4.57)	-
Stake Dilution in Subsidiary Companies (Note 4.4.7)	(0.04)	(0.01)
	<b>224.60</b>	<b>153.91</b>

## Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>m) Employee Share Options Outstanding</b>		
Opening Balance as per last audited Financial Statement	227.97	124.59
<b>Add:</b> Employee Stock Options Granted (net of lapses)	73.65	112.55
<b>Less:</b> Employee Stock Options Exercised	(33.07)	(9.17)
Transfer to General Reserve on account of lapse of vested options	(5.16)	-
	<b>263.39</b>	<b>227.97</b>
<b>n) Treasury Shares held by ESOP Trust</b>		
Opening Balance as per last audited Financial Statement	(158.27)	-
<b>Add:</b> Own shares purchase from open market	(2.05)	(158.27)
<b>Less:</b> Issue of Treasury Shares	0.29	-
	<b>(160.03)</b>	<b>(158.27)</b>
<b>o) Capital Suspense</b>		
Opening Balance as per last audited Financial Statement	3,086.62	-
<b>Add:</b> Gain/(Loss) on merger of Cement business of Century Textiles Limited with UltraTech Cement Limited (Note 4.12 A)	-	3,086.62
<b>Less:</b> Gain arising on issue of Shares pursuant to Scheme of Demerger transfer to securities premium and retained earnings (Note 4.12 A)	(3,086.62)	-
	-	3,086.62
	<b>56,520.76</b>	<b>57,887.99</b>

The Description of the nature and purpose of each reserve within other equity is as follows:

- a. **Capital Reserve:** Capital Reserves are mainly the reserves created during various business combination carried out by the Group for the gain arising on bargain purchase.
- b. **Legal Reserve:** Legal Reserve represents profit transferred as per the legal requirements in a Joint Venture of the Company.
- c. **Securities Premium:** Securities premium reserve is credited when shares are issued at premium. It is utilised in accordance with the provisions of the Companies Act, 2013, to issue bonus shares, to provide for premium on redemption of shares, write-off equity-related expenses like underwriting costs, etc.
- d. **General Reserve:** The Company has transferred a portion of net profit of the Company before declaring dividend to General Reserve pursuant to the earlier provision of the Companies Act, 1956. Mandatory transfer to General Reserve is not required under the Companies Act, 2013.
- e. **Debenture Redemption Reserve (DRR):** The Group has issued redeemable non-convertible debentures. Accordingly, the Companies (Share Capital and Debentures) Rules, 2014 (as amended), requires to create DRR out of the profits available for payment of dividend. DRR is required to be created for an amount which is equal to 25% of the value of debentures issued. However, as per the amendment in the Companies (Share capital and Debentures) Rules, 2014, vide dated 16<sup>th</sup> August 2019, this requirement is no more applicable.
- f. **Special Reserve Fund:** An amount equivalent to 20% of the profits is transferred to special reserve fund in one of the subsidiaries as per Prudential Norms of RBI.

## Notes

### forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

- g. **Debt Instrument through OCI:** It represents the cumulative gains/(losses) arising on the fair valuation of debt instruments measured at fair value through OCI, net of amount reclassified to profit or loss when those assets have been disposed of such instruments.
- h. **Equity Instrument through OCI:** It represents the cumulative gains/(Losses) arising on the fair valuation of Equity Shares (other than Investments in Subsidiaries, Joint Ventures and Associates, which are carried at cost) measured at fair value through OCI.
- i. **Hedging Reserve:** It represents the effective portion of the fair value of forward contracts, designated as cash flow hedge.
- j. **Foreign Currency Translation Reserve:** Foreign Currency Translation Reserve represents the exchange rate variation in opening equity share capital and reserves and surplus in respect of Joint Ventures of the Company and Subsidiaries of UltraTech, being foreign operations.
- k. **Employee Share Option Outstanding:** The Company has share option schemes, under which options to subscribe for the Company's shares have been granted to certain employees, including key managerial personnel. The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.
- l. **Treasury Shares held by ESOP Trust:** The Group has formed an Employee Welfare Trust for purchasing Group's shares to be allotted to eligible employees under Employees Stock Option Scheme, 2018 (ESOS 2018). As per Ind AS 32 - Financial Instruments: Presentation, re-acquired equity shares of the Group are called Treasury Shares and deducted from equity.
- m. **Capital Suspense:** Capital suspense is pertaining to gain arising to the Company on merger of Cement business of Century Textiles Limited with Ultra Tech Cement Limited.

### 2.25 NON-CURRENT FINANCIAL LIABILITIES - BORROWINGS

(Carried at Amortised Cost, except otherwise stated)

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>Secured</b>		
Non-Convertible Debentures {Note (a)}	11,462.16	12,655.20
Term Loan from Banks		
Rupee Term Loans from Banks {Note (b1)}	38,500.72	36,747.51
Foreign Currency Loans {Note (b2)}	378.33	346.62
Subsidised Government Loans {Note (b3)}	270.08	296.32
Term Loan from Others {Note (b4)}	10.88	18.08
Long-Term Finance Lease Obligation {Note (c)}	-	0.03
<b>Unsecured</b>		
Non-Convertible Debentures {Note (d)}	6,471.27	3,544.34
Term Loan from Banks		
Foreign Currency Loans {Note (e)}	1,372.11	2,723.63
Term Loan from others {Note (f)}	19.11	19.81
Subsidised Government Loans {Note (g)}	250.01	265.40
Preference Shares classified as Liability {Note (h)}	11.24	69.16
	<b>58,745.91</b>	<b>56,686.10</b>

## Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

### 2.25.1 Nature of Security, Repayment Terms and Break-up of Current and Non-Current:

(₹ in Crore)

	Repayment Terms	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>Secured Long-Term Borrowings:</b>			
<b>(a) Non-Convertible Debentures (NCDs)</b>			
(a1i) NCDs of NBFCs and HFCs			
Debentures Secured by way of mortgage on the immovable property and first <i>pari-passu</i> charge on current assets of the fellow Subsidiary Companies:	Repayment Terms: Maturing after 3 years, Rate of Interest 7.60% to 11.5% p.a.	4,578.26	2,928.51
	Repayment Terms: Maturing between 1 and 3 years, Rate of Interest 7.85% to 9.5% p.a.	5,833.90	8,676.69
	Repayment Terms: Maturing within 1 year, Rate of Interest 7.65% to 10.00% p.a.	5,368.39	4,978.25
(a1ii) Other NCDs			
7.53% NCDs (Redeemable at par on 21 <sup>st</sup> August 2026)		500.00	500.00
7.15% NCDs (Redeemable at par on 18 <sup>th</sup> October 2021)		300.00	300.00
7.57% NCDs (Redeemable at par on 6 <sup>th</sup> August 2021)		250.00	250.00
7.57% NCDs (Redeemable at par on 13 <sup>th</sup> August 2019)		-	300.00
7.57% NCDs (Redeemable at par on 8 <sup>th</sup> August 2019)		-	175.00
8.88% NCDs (Redeemable at par on 12 <sup>th</sup> April 2019)*		-	200.07
		<b>16,830.55</b>	<b>18,308.52</b>
Less: Amount disclosed as current maturities of long-term debts under the head 'Other Current Financial Liabilities' (Note 2.34)		<b>5,368.39</b>	<b>5,653.32</b>
		<b>11,462.16</b>	<b>12,655.20</b>
The NCDs are secured by way of first charge, having <i>pari-passu</i> rights, on the Subsidiary's PPE (save and except stocks and book debts), both present and future, situated at certain locations, in favour of Debenture Trustees.			
* In the previous year, the NCDs are secured by way of first charge, having <i>pari-passu</i> rights, on the Plant & Machinery (both present and future) of Demerged Undertaking, Birla Century, Pulp & Paper Divisions of CTIL and freehold land admeasuring 25,323.78 Sq. metres and Birla Centurion Building thereon situated at Worli, Lower Parel Divisions, District Mumbai, bearing C.S. No 794 (Part) of Lower Parel Divisions, G/S Ward (excluding Furniture & Fixtures and Vehicles of all above Divisions).			



## Notes

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(₹ in Crore)

	Repayment Terms	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>(b)</b>	<b>Term Loans from Banks</b>		
(b1)	Rupee Term Loans		
(b1i)	Borrowings of NBFCs and HFCs		
	The term loans from banks are secured by way of first <i>pari-passu</i> charge on the receivables of the respective subsidiaries Company.	10,064.25	9,731.45
		14,969.89	11,183.95
		5,242.34	2,665.15
(b1ii)	Other Borrowings		
	Rupee Term Loan secured by exclusive charge on certain specific PPE of Nagda (Staple Fibre Division)	16.05	23.79
	Rupee Term Loans are secured by first charge on movable and immovable PPE, both present and future at Subsidiary's location		
	State Bank of India	4,000.00	5,000.00
	State Bank of India	300.00	300.00
	HDFC Bank Ltd.	4,187.28	4,199.63
	Axis Bank Ltd.	507.08	757.08
	ICICI Bank Ltd.	-	614.00
	HDFC Bank Ltd.	3,331.91	3,317.92
	Bank of Baroda	190.25	-

## Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

		(₹ in Crore)	
		As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Yes Bank Ltd.	Refinanced the loan with Bank of Baroda for the residual tenor by signing an assignment-cum-amendment deed executed between the Company, Bank of Baroda and Yes Bank. The letter of credit on its maturity will be converted into a term loan with Bank of Baroda having the repayment terms as mentioned above. The maturity of various letter of credit discounted is between June 2020 and April 2021	49.34	271.63
ICICI Bank Ltd.	76 quarterly instalments beginning March 2019. Opted for moratorium for repayment of principal and interest falling due to the bank from March 2020 to May 2020 granted by Reserve Bank of India as a relief measure for COVID-19	94.17	186.23
Federal Bank	36 quarterly instalments after the end of moratorium period	198.74	-
Standard Chartered Bank	The facility is repayable between 14 <sup>th</sup> November 2022 - 5 <sup>th</sup> December 2022 as the maturity date of the credit instrument	96.09	-
Standard Chartered Bank	The facility is repayable between 28 <sup>th</sup> December 2022 - 8 <sup>th</sup> January 2023 as the maturity date of the credit instrument	19.12	-
ICICI Bank	Equal Fixed Monthly Instalments	4.60	13.17
RBL Bank Ltd.	Quarterly instalments beginning June 2021	25.54	-
Citibank N.A.	74 quarterly instalments beginning February 2019	24.73	26.60

## Notes

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(₹ in Crore)

	Repayment Terms	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
ICICI Bank Ltd.	77 quarterly instalments beginning December 2019	103.21	15.16
RBL Bank Ltd.	76 quarterly instalments beginning March 2019	124.81	44.23
State Bank of India**	3 annual instalments, last instalment in December 2020	-	333.28
Axis Bank Ltd \$§	10 Years Tenure Repayable in September 2027	150.00	497.01
HDFC Bank Ltd.#	12 quarterly instalments, last instalment in September 2020	-	90.05
HDFC Bank Ltd. **	12 quarterly instalments, last instalment in December 2020	75.60	154.80
HDFC Bank Ltd. ^^	32 quarterly instalments, put/call option in March 2023	150.00	149.66
Axis Bank Ltd. ^^^	8 quarterly instalments, last instalment in March 2023	-	149.70
Term Loan secured by exclusive charge on the specific assets of the Company's Rayon Division Plant at Veraval and Textile Division Plant at Rishra.	10 half-yearly instalments from 29 <sup>th</sup> July 2015. First three instalments of ₹ 0.74 Crore each, next 3 instalments of ₹ 1.48 Crore each and next 4 instalments of ₹ 4.83 Crore each	-	9.66
Term loan secured by way of first <i>pari-passu</i> charge created by hypothecation of the entire movable properties of the Company's Rayon Division Plant at Veraval and Textile Division Plant at Rishra.	10 half-yearly instalments from 30 <sup>th</sup> June 2015. First four instalments of ₹ 0.50 Crore each, next next 2 instalments of ₹ 1.00 Crore each, next 2 instalments of ₹ 9.00 Crore each, next 1 instalment of ₹ 10.00 Crore and last instalment of ₹ 1.00 Crore	-	11.00
Term loan secured by way of first <i>pari-passu</i> charge on existing and future movable fixed assets of the Indian Rayon Division Plant at Gujarat and Textile Division Plant at West Bengal. The charge to be shared with HDFC Bank and SBI.	20 quarterly instalments from 3 <sup>rd</sup> September 2016. First four instalments of ₹ 0.56 Crore each, next 8 instalments of ₹ 1.12 Crore each, next 4 instalments of ₹ 1.35 Crore each, and last 4 instalments of ₹ 1.46 Crore each	7.18	12.34

## Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

		(₹ in Crore)	
	Repayment Terms	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Term loan secured by way of first <i>pari-passu</i> charge created by hypothecation of the entire movable properties of the Company's Rayon Division Plant at Veraval and Textile Division Plant at Rishra.	21 quarterly instalments from 19 <sup>th</sup> December 2016. First four instalments of ₹ 0.32 Crore each, next four instalments of ₹ 0.39 Crore each, next four instalments of ₹ 0.47 Crore each, next four instalments of ₹ 0.63 Crore each and last five instalments of ₹ 1.70 Crore each	9.78	11.99
		<b>43,941.96</b>	39,769.48
Less: Amount disclosed as current maturities of long-term debts under the head 'Other Current Financial Liabilities' (Note 2.34)		5,441.24	3,021.97
		<b>38,500.72</b>	36,747.51

\*\* For previous year, the above mentioned loans are secured by way of first charge, having *pari-passu* rights, on property, plant and equipment (both present and future) of the Demerged Undertaking (including the property, plant and equipment of expansion plant at Manikgarh and Sonar Bangla Cement Plant at West Bengal), Birla Century, Pulp and Paper Divisions, Phase I of Real Estate Development at Worli, excluding leasehold land at Pulp and Paper, Sonar Bangla Cement and Century, furniture and fixtures, vehicles and other miscellaneous assets of all divisions, and land and building thereon of Maihar Cement Unit - I & II Divisions.

§§ For previous year, the loan is secured by way of first charge, having *pari-passu* rights on the fixed assets, present and future, of the Demerged Undertaking, CTIL's Birla Century and Pulp and Paper Divisions and Centurion Building at Pandurang Budhkar Marg, Mumbai, with a minimum cover of 1.25 (excluding Leasehold land of all divisions, and land and buildings thereon of Sonar Bangla Cement, Pulp & Paper and Birla Century Divisions, and land and buildings thereon of Maihar Cement Unit I & II Divisions, Furniture and Fixtures, Vehicles and other miscellaneous assets of all the divisions).

# For previous year, the loan is secured by way of first charge, having *pari-passu* rights on the Plant and Machineries of the Demerged Undertaking, Birla Century, Pulp & Paper and Land & Buildings thereon (which are already mortgaged to existing Lenders) of Birla Estates (Freehold land admeasuring 25,323.78 Sq. metres and Birla Centurion Building (earlier known as Greenspan Building) thereon situated at Worli, Mumbai, and Manikgarh Cement Divisions of the Company (excluding Furniture & Fixtures and vehicles of all divisions).

^^ For previous year, the above mentioned loan is secured by way of first charge, having *pari-passu* rights on Plant and Machineries of Birla Century, Century Pulp & Paper, Baikunth Cement, Manikgarh Cement Unit I & II, Maihar Cement Unit I & II, Sonar Bangla Cement and Land and Buildings thereon of Centurion Building at Pandurang Budhkar Marg, Worli, Mumbai, and Manikgarh Cement Division of the Company with Security cover of 1.25 on book value basis.

^^^ For previous year, the loan is secured by way of first charge, having *pari-passu* rights on fixed assets, present and future, of the Demerged Undertaking, the Birla Century, Pulp & Paper Divisions and Centurion Building at Pandurang Budhkar Marg, Mumbai, with a minimum cover of 1.25 (excluding Leasehold land of all divisions, and land and building thereon of Maihar Cement Unit I & II, Baikunth Cement and Century Pulp and Paper Divisions, Furniture & Fixtures, Vehicles and other miscellaneous assets of the above divisions).

The Group has subsequently released the charge over the assets of CTIL (Birla Century, Pulp & Paper Divisions, Centurion Building, Freehold Land and Birla Estate).

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		(₹ in Crore)		
	Repayment Terms	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019	
(b2)	Term Loan from Banks in Foreign Currency			
	State Bank of India, New York* (US Dollar: 1.00 Crore; Previous Year: 1.00 Crore)	March 2023	75.67	69.16
	State Bank of India, New York * (US Dollar: 2.00 Crore; Previous Year: 1.00 Crore)	February 2023	151.33	138.31
	State Bank of India, New York * (US Dollar: 2.00 Crore; Previous Year: 1.00 Crore)	February 2023	151.33	138.31
	Others		-	0.84
			<b>378.33</b>	<b>346.62</b>
	The above mentioned loans are secured by way of first charge, having <i>pari-passu</i> rights, on the Company's fixed assets, both present and future, situated at certain locations, in favour of the Company's lenders/trustees. *Initially availed from J.P Morgan Chase Bank N.A, Singapore; transferred to State Bank of India, New York, in August 2018 by the Lender.			
(b3)	Subsidised Government Loans			
	Term Loan secured by way of first <i>pari-passu</i> charge by hypothecation of the entire movable fixed assets of the Company's Excel Fibre Division plant at Kharach.	8 half-yearly instalments from 1 <sup>st</sup> April 2020 of ₹ 27.80 Crore each	224.72	153.92
	Rate of interest @5%			
	Uttar Pradesh Financial Corporation	Varied Annual Payments from August 2019 to December 2024	153.90	174.27
	Sales Tax Deferment Loan is secured by bank guarantee backed by hypothecation of Inventories and book debts of the Company.			
	Less: Amount disclosed as current maturities of long-term debts under the head			
	Other Current Financial Liabilities (Note 2.34)		108.54	31.87
			<b>270.08</b>	<b>296.32</b>

## Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

		(₹ in Crore)	
	Repayment Terms	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
(b4)	Term Loan from Others		
	Loan taken against IT hardware by the Subsidiary Company	20.53	27.35
	between 1-16 quarterly instalments from 1 <sup>st</sup> April 2018 till January 2022 with interest ranging from 8.41% to 13.33% p.a.		
	Less: Amount disclosed as current maturities of long-term debts under the head Other Current Financial Liabilities (Note 2.34)	9.65	9.27
		<b>10.88</b>	<b>18.08</b>
(C)	Long-Term Finance Lease Obligation		
	Repayment Terms: Between 1 - 16 Quarterly Instalments from 1 <sup>st</sup> April 2018 till 1 <sup>st</sup> January 2022 with interest ranging from 8.41% to 13.33% per annum	-	1.16
	Less: Amount disclosed as Current maturities of long-term debts under the head Other Current Financial Liabilities (Note 2.34)	-	1.13
		-	0.03
	<b>Total Secured Borrowings (I)</b>	<b>50,622.17</b>	<b>50,063.76</b>
<b>Unsecured Long-Term Borrowings:</b>			
(d)	Debentures		
(d1)	Non-Convertible Debentures (NCDs)		
	6.68% NCDs (Redeemable at par on 20 <sup>th</sup> February 2025)	250.00	-
	7.60% Series 19-20/I NCDs (Redeemable at par on 4 <sup>th</sup> June 2024)	745.34	-
	7.85% Series 19-20/I NCDs (Redeemable at par on 15 <sup>th</sup> April 2024)	498.08	-
	7.64% NCDs (Redeemable at par on 4 <sup>th</sup> June 2024)	250.00	-
	9.00% 30 <sup>th</sup> Series NCDs (Redeemable at par on 10 <sup>th</sup> May 2023)	195.21	155.91
	6.65% Series 19-20/I NCDs Redeemable at par on 17 <sup>th</sup> February 2023)	498.56	-
	6.72% NCDs (Redeemable at par on 9 <sup>th</sup> December 2022)	250.00	-
	7.65% Series 18-19/I NCDs (Redeemable at par on 15 <sup>th</sup> April 2022)	498.61	498.12

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		(₹ in Crore)		
	Repayment Terms	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019	
	6.93% NCDs (Redeemable at par on 25 <sup>th</sup> November 2021)	250.00	250.00	
	6.99% NCDs (Redeemable at par on 24 <sup>th</sup> November 2021)	400.00	400.00	
	8.36% NCDs (Redeemable at par on 7 <sup>th</sup> June 2021)	360.00	360.00	
	8.68% 31 <sup>st</sup> Series NCDs (Redeemable at par on 2 <sup>nd</sup> February 2020)	-	302.53	
(d2)	Subordinate Debentures			
	Subordinate Debts - Debentures 8.25% to 10.60% p.a. (Redeemable from May 2019 to May 2027)	2,077.59	1,981.98	
	Perpetual Debts 8.70% p.a. (Maturing in July 2027)	199.47	199.22	
	Less: Amount disclosed as Current maturities of long-term debts under the head Other Current Financial Liabilities (Note 2.34)	1.59	603.42	
		6,471.27	3,544.34	
(e)	<b>Term Loans from Banks in Foreign Currency</b>			
	Mizuho Bank Ltd., Japan* (US Dollar: 3.00 Crore) Effective cost for the loan is 8.23% per annum	2 equal instalment of USD 10 Million each from 20 <sup>th</sup> August 2019	150.36	206.67
	Export Development, Canada (US Dollar: 4.64 Crore; Previous Year 4.64 Crore)	June 2021	351.30	321.08
	Export Development, Canada (US Dollar: 5.00 Crore; Previous Year 5.00 Crore)	May 2021	378.33	345.77
	Standard Chartered Bank (US Dollar: 19.50 Crore; Previous Year 21.50 Crore)	July 2020	1,324.12	1,296.62
	Export Development, Canada (US Dollars: 11.00 Crore; Previous Year 12.00 Crore)	Starting June 2020	567.47	622.38
		2,771.58	2,792.52	
	Less: Amount disclosed as Current maturities of long-term debts under the head Other Current Financial Liabilities (Note 2.34)	1,399.47	68.89	
		1,372.11	2,723.63	
	*Mizuho Bank Limited was formerly known as Mizuho Corporate Bank Limited			

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forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

		(₹ in Crore)	
	Repayment Terms	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
(f)	<b>Term Loan from Others</b>		
	Loan taken from Hewlett Packard Financial Sales India Private Limited against IT Hardware of the Subsidiary	31.86	29.15
	Between 1-16 Quarterly Instalments from 1 <sup>st</sup> April 2018 till 1 <sup>st</sup> January 2022 with interest ranging from 10.50% to 11.93% p.a.		
	Less: Amount disclosed as Current maturities of long-term debts under the head Other Current Financial Liabilities (Note 2.34)	12.75	9.34
		19.11	19.81
(g)	<b>Subsidised Government Loans</b>		
	Commercial Tax Department	182.03	196.68
	Varied annual payments from October 2012 to October 2026		
	Payable in FY 2020	4.14	4.13
	Industrial Investment Promotion Scheme - 2012 (At Amortised cost)		
	From Uttar Pradesh State Government	0.79	0.72
	Repayable on 27 <sup>th</sup> March 2022		
	Repayable on 4 <sup>th</sup> June 2027	0.43	-
	Repayable on 7 <sup>th</sup> August 2023	4.35	3.98
	Repayable on 25 <sup>th</sup> December 2023	4.62	4.24
	Repayable on 29 <sup>th</sup> October 2024	5.45	5.04
	Repayable on 30 <sup>th</sup> November 2024	3.69	0.29
	Repayable on 18 <sup>th</sup> May 2025	1.82	3.43
	Repayable on 4 <sup>th</sup> November 2025	0.43	1.67
	Repayable on 4 <sup>th</sup> November 2025	0.32	0.39
	From Karnataka State Government	5.16	4.78
	Department of Industries and Commerce, Haryana	61.33	63.69
	Varied annual payments from January 2017 to March 2022		
		274.56	289.04
	Less: Amount disclosed as Current maturities of long-term debts under the head Other Current Financial Liabilities (Note 2.34)	24.55	23.64
		250.01	265.40



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forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

		(₹ in Crore)	
	Repayment Terms	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
(h)	<b>Preference Shares issued by Subsidiaries</b>		
	Compulsory Convertible Preference Shares (CCPS) carry cumulative dividend @0.001% p.a.	11.24	69.16
	The CCPS so issued are convertible on the occurrence of the earlier of the two events, namely:		
	(i) at the option of the holder		
	(ii) on the occurrence of the mandatory conversion event		
	Optional Conversion: Each CCPS shall be convertible at the option of the holder thereof, at any time by a written notice into such number of Equity Shares, calculated in such manner as mentioned in the Shareholders agreement		
	Mandatory Conversion: All of the CCPS shall mandatorily be converted in such manner and into such number of fully paid-up		
	Equity Shares as mentioned in the agreement, upon the occurrence of listing of the entity		
	In the event of liquidation before conversion of CCPS, the holders of the CCPS should be eligible for such claim, calculated in such manner as mentioned in the CCPS agreement		
		11.24	69.16
	<b>Total Unsecured Borrowings (II)</b>	<b>8,123.74</b>	<b>6,622.34</b>
	<b>Total Borrowings (I + II)</b>	<b>58,745.91</b>	<b>56,686.10</b>

The rate of interest on borrowings ranges from 5% to 11% per annum.

Foreign Currency Loans have been fully hedged for foreign exchange and interest rate fluctuation by way of Currency and Interest Rate Swaps and Long-term Forward Contracts.

Effective cost has been calculated with hedged cost in terms of foreign currency loan, and net of interest subsidy in case of TUF Loans.

The above figures are as per Ind AS (including Mark-to-Market and Amortisation)

## Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

### 2.26 NON-CURRENT POLICYHOLDERS LIABILITY

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Insurance Contract Liabilities	27,455.16	27,045.74
Investment Contract Liabilities	11,460.64	10,623.74
	<b>38,915.80</b>	<b>37,669.48</b>

### 2.27 NON-CURRENT OTHER FINANCIAL LIABILITIES

(Carried at Amortised Cost, except otherwise stated)

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Security and Other Deposits	6.53	2.81
Other Liabilities (Interest accrued but not Due)	328.62	345.93
	<b>335.15</b>	<b>348.74</b>

### 2.28 NON-CURRENT PROVISIONS

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
For Employee Benefits (unfunded Gratuity, Pension and Long-term Incentive Plan)	145.42	110.30
For Mine Restoration Expenditure {Note 2.36.1 (a)}	169.57	141.60
For Warranty Provision# {Note 2.36.1 (b)}	-	0.35
	<b>314.99</b>	<b>252.25</b>

# includes Service Liability of ₹ Nil (Previous Year ₹ 0.14 Crore)

### 2.29 DEFERRED TAX LIABILITIES (NET)

(₹ in Crore)

Current Year (Refer Note 4.4.3)	As at 31 <sup>st</sup> March 2019	Recognised in Retained Earnings	Acquisition of GPFPL and Demerger Adjustment of Aditya Birla Capital and Technology Services Limited	Charge for the Year		As at 31 <sup>st</sup> March 2020
				Profit or Loss	Other Comprehensive Income	
<b>Deferred Tax Liabilities:</b>						
Accumulated Depreciation and Amortisation	10,087.58	-	23.47	(2,039.89)	-	<b>8,071.16</b>
Fair Valuation of Investments	234.14	-	-	58.58	(310.96)	<b>(18.24)</b>
Fair valuation of Land, Inventory and Investments acquired on Merger	527.44	-	(2.56)	(45.21)	18.20	<b>497.87</b>
Others (including Ind AS 116 transition impact)	184.98	(1.35)	-	89.22	(0.74)	<b>272.11</b>
	<b>11,034.14</b>	<b>(1.35)</b>	<b>20.91</b>	<b>(1,937.30)</b>	<b>(293.50)</b>	<b>8,822.90</b>

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forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

(₹ in Crore)

Current Year (Refer Note 4.4.3)	As at 31 <sup>st</sup> March 2019	Recognised in Retained Earnings	Acquisition of GPFPL and Demerger Adjustment of Aditya Birla Capital and Technology Services Limited	Charge for the Year		As at 31 <sup>st</sup> March 2020
				Profit or Loss	Other Comprehensive Income	
<b>Deferred Tax Assets:</b>						
Accrued Expenses Allowable on Payment Basis	35.00	-	-	3.68	2.51	41.19
Expected Credit Loss Allowance	-	-	-	-	-	-
Expenses Allowable in Instalments in Income Tax	54.97	-	-	(22.28)	-	32.69
Provision for Contingencies Allowable on Payment Basis	332.36	-	-	(57.89)	-	274.47
Unabsorbed Depreciation	2.13	-	-	89.68	-	91.81
Income Tax Interest offered for tax, to be claimed in future	22.91	-	-	6.40	-	29.31
MAT Credit Entitlement	1,440.87	-	-	(376.41)	15.09	1,079.55
Fair Valuation of Preference Shares measured at FVTPL	1.62	-	-	(0.41)	-	1.21
Fair Valuation of Borrowings acquired on Merger	5.44	-	-	-	-	5.44
Others (including Ind AS 116 transition impact)	296.06	16.58	-	(43.47)	1.00	270.17
	<b>2,191.36</b>	<b>16.58</b>	<b>-</b>	<b>(400.70)</b>	<b>18.60</b>	<b>1,825.84</b>
<b>Deferred Tax Liabilities (Net)</b>	<b>8,842.78</b>	<b>(17.93)</b>	<b>20.91</b>	<b>(1,536.60)</b>	<b>(312.10)</b>	<b>6,997.06</b>

(₹ in Crore)

Previous Year	As at 31 <sup>st</sup> March 2018	Acquisition of ABREL, ABSL and UNCL and Transferred from CTIL pursuant to the Scheme of Demerger	MAT Credit Created/ Utilised	Charge for the Previous Year		As at 31 <sup>st</sup> March 2019
				Profit or Loss/ Other Equity	Other Comprehensive Income	
<b>Deferred Tax Liabilities:</b>						
Accumulated Depreciation and Amortisation	6,083.12	2,980.11	-	1,024.35	-	10,087.58
Fair Valuation of Investments	286.23	-	-	(73.77)	21.68	234.14
Fair Valuation of Land, Inventory and Investments acquired on Merger	1,271.09	-	-	(742.17)	(1.48)	527.44
Others	96.02	21.25	-	68.63	(0.92)	184.98
	<b>7,736.46</b>	<b>3,001.36</b>	<b>-</b>	<b>277.04</b>	<b>19.28</b>	<b>11,034.14</b>
<b>Deferred Tax Assets:</b>						

## Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

(₹ in Crore)

Previous Year	As at 31 <sup>st</sup> March 2018	Acquisition of ABREL, ABSL and UNCL and Transferred from CTIL pursuant to the Scheme of Demerger	MAT Credit Created/ Utilised	Charge for the Previous Year		As at 31 <sup>st</sup> March 2019
				Profit or Loss/ Other Equity	Other Comprehensive Income	
Accrued Expenses Allowable on Payment Basis	123.07	-	-	(88.18)	0.11	35.00
Expected Credit Loss Allowance	72.36	-	-	(72.36)	-	-
Expenses Allowable in Instalments in Income Tax	77.06	-	-	(22.09)	-	54.97
Provision for Contingencies Allowable on Payment Basis	228.30	84.15	-	19.91	-	332.36
Unabsorbed Depreciation	2.13	-	-	-	-	2.13
Income Tax Interest offered for tax, to be claimed in future	21.54	-	-	1.37	-	22.91
MAT Credit Entitlement	1,371.90	-	(202.49)	271.46	-	1,440.87
Fair Valuation of Preference Shares measured at FVTPL	54.64	-	-	(53.02)	-	1.62
Fair Valuation of Borrowings acquired on Merger	5.44	-	-	-	-	5.44
Others	162.28	37.03	-	103.26	(6.51)	296.06
	2,118.72	121.18	(202.49)	160.35	(6.40)	2,191.36
<b>Deferred Tax Liabilities (Net)</b>	<b>5,617.74</b>	<b>2,880.18</b>	<b>202.49</b>	<b>116.69</b>	<b>25.68</b>	<b>8,842.78</b>

In respect of deferred taxes, all items are attributable to origination and reversal of temporary differences.

**2.29.1** Deferred Tax Liability (DTL), in respect of temporary differences related to undistributed earnings in subsidiaries has not been recognized, because the Company controls the dividend policy of its subsidiaries, and the Management is satisfied that they are not expecting to distribute profit in the foreseeable future.

**2.29.2** The Group has not recognized Deferred Tax Assets on the unabsorbed depreciation, business losses, long-term capital loss and other temporary differences amounting to ₹ 1,316.48 Crore (Previous Year ₹ 746.91 Crore), since it is not probable that future taxable income will be available wherein such deferred tax assets can be realized in normal course of business.

### 2.30 OTHER NON-CURRENT LIABILITIES

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Deferred Income from Government Grants	24.14	26.99
Deferred Government Subsidy	54.96	10.65
Deferred Fees and Commission Income	8.63	16.54
Other Liabilities (including Employee Share-based payments)	39.36	32.85
	127.09	87.03

## Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

### 2.31 CURRENT FINANCIAL LIABILITIES - BORROWINGS

(Carried at Amortised Cost, except otherwise stated)

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>Secured</b>		
Loans repayable on demand - Cash Credits/Working Capital Borrowings (Note 2.31.1)		
From Banks (secured by hypothecation of stocks and book debts of the Company)*	3,030.98	4,425.24
Documentary Demand Bills/Usance Bills under Letter of Credit Discounted	-	7.01
<b>Unsecured</b>		
Loans repayable on demand - Cash Credits/Working Capital Borrowings		
From Banks (includes Commercial Papers)	266.07	1,456.18
From Others (Commercial Papers)	7,685.98	11,489.99
Inter-Corporate Loan from Related Party (Note 4.7.2)	5.00	-
Redeemable Preference Shares issued	1,000.10	1,000.10
	<b>11,988.13</b>	<b>18,378.52</b>

\* Working capital loans from banks are secured against a first and *pari-passu* charge over the current assets (including documents, title to goods/related receivables) and 2<sup>nd</sup> charge on a *pari-passu* basis over the present and future property, plant and equipment (plant and machinery) of Birla Century (Gujarat), Maihar Cement Unit I & II, Manikgarh Cement Unit I & II, Sonar Bangla Cement, Century Pulp and Paper and Phase 1 of Real Estate Development, Worli (excluding furniture, fixtures, vehicles and other miscellaneous assets) and mortgage of freehold immovable properties of Baikunth Cement, Century Pulp and Paper on *pari-passu* 2<sup>nd</sup> charge basis with other working capital lenders.

2.31.1 Loan of ₹ 322.14 Crore (Previous Year ₹ 345.82 Crore) has been availed by the Company under the Special Banking Arrangement (SBA) of Department of Fertiliser, Government of India, and has been secured against subsidy recoverable from Government of India. As per the arrangement, the loan will be repaid directly by Government of India to the bank and corresponding adjustment will be made in subsidies recoverable. Rate of interest is 6.15% per annum (Previous Year 8.20% per annum), out of which @ 6.15% per annum (Previous Year 7.78% per annum) will be borne by Government of India.

### 2.32 CURRENT - POLICYHOLDER LIABILITIES

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Insurance Contract Liabilities	2,086.03	2,089.16
Investment Contract Liabilities	11.20	206.90
Fair Value Changes of Policyholders Investments	251.51	184.48
	<b>2,348.74</b>	<b>2,480.54</b>

## Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

### 2.33 CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Due to Related Parties (Note 4.7.2)	178.85	242.15
Due to Micro and Small Enterprises <sup>#</sup>	83.15	36.36
Acceptances	521.02	205.09
Others	5,905.57	5,600.10
	<b>6,688.59</b>	<b>6,083.70</b>

# This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

### 2.34 CURRENT - OTHER FINANCIAL LIABILITIES

(Carried at Amortised Cost, except otherwise stated)

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Current Maturities of Long-term Debts (Note 2.25.1)	12,366.18	9,421.72
Current Maturities of Finance Lease Obligation (Note 2.25.1)	-	1.13
Interest Accrued but not Due on Borrowings	1,475.05	1,037.43
Unclaimed Dividends (Amount Transferable to Investor Education and Protection Fund, when due)	27.60	27.88
Security and Other Deposits (Trade Deposits)	1,734.21	1,793.43
Liability for Capital Goods <sup>#</sup>	473.55	367.89
Accrued Expenses related to Employees	636.21	675.38
Derivative Liability - Carried at Fair Value	61.25	54.96
Book Over Draft	52.20	173.63
Due to Life Insurance Policyholders	668.59	580.77
Other Payables (including Retention Money, Liquidated Damages, etc.)	425.70	285.03
	<b>17,920.54</b>	<b>14,419.25</b>

# Includes amount of ₹ 6.92 Crore payable related to Micro and Small enterprises.

### 2.35 OTHER CURRENT LIABILITIES

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Statutory Liabilities	1,760.21	2,231.17
Contract Liability	792.92	658.98
Deferred Income from Government Grants	6.12	4.55
Other Payables (including Employee Share-based Payments, etc.)	2,001.81	1,884.61
	<b>4,561.06</b>	<b>4,779.31</b>

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

## 2.36 CURRENT PROVISIONS

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
For Employee Benefits (Gratuity, Compensated Absences and Pension)	790.69	627.36
For Assets Transfer Cost {Note 2.36.1 (c)}	439.45	515.98
For Warranty Provision# {Note 2.36.1 (b)}	1.82	1.42
For Provision against Contingent Liability {Note 2.36.1 (d)}	79.86	86.17
	<b>1,311.82</b>	<b>1,230.93</b>

# includes Service Liability of ₹ Nil Crore (Previous Year ₹ 0.01 Crore)

### 2.36.1 Movement of provisions during the year as required by Ind AS 37 - "Provisions, Contingent Liabilities and Contingent Asset"

#### a. Provision for Mine Restoration Expenditure\*

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Opening Balance	141.60	129.59
Add: Balance Transferred from UNCL/CTIL, pursuant to Scheme of Arrangement (Note 4.12 A & B)	-	10.86
Add: Provision during the year	17.15	(6.29)
Add: Unwinding of Discount on Mine Restoration Provision	10.90	7.44
Less: Utilisation during the year	(0.08)	-
<b>Closing Balance (considered as Non-Current)</b>	<b>169.57</b>	<b>141.60</b>

\* Provision is recognised for an obligation for restoration and rehabilitation on closure of the mines.

#### b. Warranty (including Service Liability#)\*

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Opening Balance (Acquired on merger of erstwhile ABNL)	1.77	1.92
Add: Provision during the year	0.05	-
Less: Utilisation during the year	-	0.15
<b>Closing Balance</b>	<b>1.82</b>	<b>1.77</b>
Current	1.82	1.42
Non-Current	-	0.35

\* Provision is recognised for expected warranty claims on product sold during the last three years based on the past experience of level of returns and replacements.

# Provision for Service Liability is recognised for the future services which are offered by one of the subsidiaries to be provided to the Subscribers. It is recognised on the basis of cost to be incurred over the customer life cycle as estimated by the Management.

## Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

### c. Provision for Assets Transfer Cost

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Opening Balance	515.98	505.68
Add: Provision during the year *	-	113.88
Less: Utilisation during the year	76.53	53.24
Less: Unused amount reversed	-	50.34
<b>Closing Balance (considered as Current)</b>	<b>439.45</b>	<b>515.98</b>

\* During earlier year, provision for asset transfer cost relates to acquisition of Cement business of CTIL, which has been made based on substantial degree of estimation. Outflow against the same is expected at the time of regulatory process of registration of assets owned by CTIL in the name of the Company.

### d. Provision against Contingent Liability\*

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Opening Balance	86.17	95.34
Add: Provision during the year	1.35	-
Less: Utilisation during the year	7.45	8.91
Less: Unused Amount Reversed	0.21	0.26
<b>Closing Balance (considered as Current)</b>	<b>79.86</b>	<b>86.17</b>

\* During earlier year, as per Ind AS 103 (Business Combination), the Group had to recognise, on the acquisition date, the contingent liability assumed in a business combination, if it was a present obligation that arises from past events and its fair value can be measured reliably, even if it is not probable that an outflow of resources will be required to settle the obligation.

## 2.37 MATERIAL PARTLY OWNED SUBSIDIARIES

(1) Financial information of subsidiaries that have material non-controlling interest is provided below

### (A) UltraTech Cement Limited (Consolidated)#

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Proportion of interest held by Non-Controlling Entities as at	42.71%	42.71%
Accumulated balances of material non-controlling interest	16,690.92	14,404.80
<b>Summarised Financial Information for the Balance Sheet</b>		
Current Assets	15,007.37	12,954.24
Non-Current Assets	64,329.76	63,583.19
Current Liabilities	16,630.75	15,533.90
Non-Current Liabilities	23,583.38	27,241.38
Dividend paid to Non-controlling Interest (including Corporate Dividend Tax)	162.54	148.47



## Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

	(₹ in Crore)	
	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
Profit/(Loss) allocated to Material Non-Controlling Interest:	2,483.52	1,016.74
<b>Summarised Financial information for the Statement of Profit and Loss</b>		
Revenue from Operations	42,124.83	41,608.81
Profit for the Year	5,814.84	2,403.51
Other Comprehensive Income	(17.76)	(6.09)
Total Comprehensive Income	5,797.08	2,397.42
<b>Summarised Financial information for Cash Flows</b>		
Net Cash inflows from Operating Activities	8,902.02	5,956.11
Net Cash outflow from Investing Activities	(4,209.35)	1,113.82
Net Cash outflow Financing Activities	(4,991.13)	(6,757.24)
Net Cash outflow	(298.46)	312.69

The financial numbers mentioned above are before inter-company eliminations.

# Principal place of Business: India

### (B) Aditya Birla Capital Limited (Consolidated)#

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Proportion of Interest held by Non-controlling Entities as at	45.76%	44.02%
Accumulated balances of Material Non-Controlling Interest	15,304.38	13,838.13
<b>Summarised Financial information for the Balance Sheet</b>		
Current Assets	28,941.37	26,428.99
Non-Current Assets	107,245.66	106,860.85
Current Liabilities	22,349.15	26,328.49
Non-Current Liabilities	77,893.27	73,109.24
Dividend paid to Non-controlling Interest (including Corporate Dividend Tax)	-	-

	(₹ in Crore)	
	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
Profit/(loss) allocated to Material Non-Controlling Interest:	(85.54)	248.98
<b>Summarised Financial information for the Statement of Profit and Loss</b>		
Revenue from Operations	16,705.72	15,031.95
Profit for the Year	(142.42)	354.54
Other Comprehensive Income	33.02	62.90
Total Comprehensive Income	(109.40)	417.44
<b>Summarised Financial information for Cash Flows</b>		
Net Cash inflows/(outflows) from Operating Activities	4,165.07	(10,204.24)
Net Cash outflow from Investing Activities	(3,101.63)	(691.02)
Net Cash inflows Financing Activities	1,022.84	10,800.87
Net Cash inflows/(outflows)	2,086.28	(94.39)

The financial numbers mentioned above are before inter-company eliminations.

# Principal place of Business: India

## Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

### 2.38 INTEREST IN JOINT VENTURES AND ASSOCIATES

Below are the Associate and Joint Venture of the Group which, in the opinion of the Management, are material to the Group which have been accounted as per equity method of accounting.

#### (A) Vodafone Idea Limited (earlier known as IDEA Cellular Limited)

(₹ in Crore)

Name of the Entity	Principal Place of Business	Proportion of Ownership Interest		Quoted Fair Value	
		As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Vodafone Idea Limited {Note 3.11 (ii)}	India	11.55%	11.55%	1,028.45	1,840.59

Vodafone Idea Limited (VIL) is the second largest wireless operator in India. VIL is listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE).

#### a) Summarised Statement of Profit and Loss as per book value

(₹ in Crore)

Particulars	Period ended 31 <sup>st</sup> March 2020	1 <sup>st</sup> April 2018 to 30 <sup>th</sup> August 2018
<b>Summarised Financial information for the Statement of Profit and Loss</b>		
Revenue from Operations	-	9,518.40
Depreciation and Amortisation	-	3,490.40
Interest Expense	-	2,609.90
Income Tax Expense	-	(186.70)
Profit/(Loss) for the Year	-	(729.90)
Group Share	-	(28.61)
Other Comprehensive Income	-	11.70
Group Share	-	0.46
Total Comprehensive Income	-	(718.20)
Group Share	-	(28.15)
Dividend Received	-	-

#### a1) Summarised Statement of Profit and Loss as per fair value

(₹ in Crore)

Particulars	Period ended 31 <sup>st</sup> March 2020	1 <sup>st</sup> April 2018 to 30 <sup>th</sup> August 2018
<b>Summarised Financial information for the Statement of Profit and Loss</b>		
Revenue from Operations	-	9,518.40
Depreciation and Amortisation	-	3,290.48
Interest Expense	-	2,564.47
Income Tax Expense	-	(377.91)
Profit/(Loss) for the Year	-	(1,088.70)
Group Share	-	(209.14)
Other Comprehensive Income	-	11.70
Group Share	-	2.24
Total Comprehensive Income	-	(1,077.00)
Group Share	-	(206.90)

## Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

**(B) Aditya Birla Sun Life AMC Limited**  
(Formerly known as Birla Sun Life Asset Management Company Limited)

Name of the Entity	Principal Place of Business	Proportion of Ownership Interest	Quoted Fair Value	Proportion of Ownership Interest	Quoted Fair Value
		As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2019
Aditya Birla Sun Life AMC Limited	India	51.00%	-*	51.00%	-*

\* Unlisted equity - No quoted price available

Aditya Birla Sun Life AMC Limited ("the Company" formerly known as Birla Sun Life Asset Management Company Limited) was incorporated on 5<sup>th</sup> September 1994. The Company is a joint venture between the Aditya Birla Group and Sun Life Financial, Inc. The share capital of the Company is owned by Aditya Birla Capital Limited (Subsidiary of Grasim Industries Limited) and Sun Life (India) AMC Investments Inc., (Wholly owned subsidiary of Sun Life Financial, Inc.).

The Company is registered with Securities and Exchange Board of India (SEBI) under the SEBI (Mutual Funds) Regulations, 1996, and the principal activity is to act as an Investment Manager to Aditya Birla Sun Life Mutual Fund. The Company manages the investment portfolios of Aditya Birla Sun Life Mutual Fund, India Advantage Fund Limited, Mauritius, India Excel (Mauritius) Fund and Aditya Birla Real Estate Fund. The Company is also registered under the SEBI (Portfolio Managers) Regulations, 1993, and provides portfolio management services and investment advisory services to offshore funds and high net worth investors. Aditya Birla Sun Life AMC Limited has set up two Alternate Investment Fund (AIF), one under Category III and other under Category II, with Securities Exchange Board of India (SEBI) under the SEBI AIF Regulations, 2012. Aditya Birla Sun Life AMC Limited has been appointed as an Investment Manager of the said AIF by the Trustee to the Fund.

**(2) (a) Summarised Balance Sheet**

(₹ in Crore)		
Aditya Birla Sun Life AMC Limited	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Current Assets		
Cash and Cash Equivalents	46.61	38.22
Other Assets	1,197.80	1,017.13
Total Current Assets	1,244.41	1,055.35
Total Non-Current Assets	7,356.84	7,441.68
Current Liabilities		
Financial Liabilities (Excluding Trade Payables)	46.94	53.60
Other Liabilities	111.29	124.01
Total Current Liabilities	158.23	177.61
Total Non-Current Liabilities	1,867.63	2,489.93
Net Assets	6,575.39	5,829.49
Group Share in %	51.00%	51.00%
Group Share in INR	3,353.45	2,973.05
Goodwill	1,929.18	1,929.18
Carrying Amount	5,282.63	4,902.23

## Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

### b) Summarised Statement of Profit and Loss

Aditya Birla Sun Life AMC Limited

(₹ in Crore)

Particulars	Current Year	Previous Year
Revenue from Operations	1,234.77	1,407.25
Depreciation and Amortisation	69.43	46.06
Income Tax Expenses	(518.97)	199.22
Profit for the Year	1,146.80	414.64
Group Share	584.87	211.46
Other Comprehensive Income for the Year	(0.17)	1.43
Group Share	(0.09)	0.73
Total Comprehensive Income for the Year	1,146.63	416.07
Group Share	584.78	212.19
Dividend Received	168.30	153.00

### (C) Commitments and Contingent Liabilities in respect of Joint Ventures and Associates

(₹ in Crore)

Particulars	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Group Share in Commitments in respect of Joint Ventures and Associates not being included in Note 4.3.6	1.49	2.69
Group Share in Contingent Liability in respect of Joint Ventures and Associates not being included in Note 4.3.1	2.19	3.25

### (D) Individually immaterial Joint Ventures and Associates

- (1) The Group also has interest in number of individually immaterial Joint Ventures and Associates that are accounted for using equity method of accounting. Below is the combined financial information with respect to those entities:

(₹ in Crore)

Particulars	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Aggregate Carrying Amount of individually immaterial Associates	50.72	169.41
Aggregate Carrying Amount of individually immaterial Joint Ventures	1,199.74	1,212.64

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

(₹ in Crore)

Particulars	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
Aggregate amount of Group Share of:		
<b>Joint Ventures:</b>		
Profit/(Loss) from Continuing Operations	(13.35)	133.23
Other Comprehensive Income	(0.84)	(29.39)
Total Comprehensive Income	(14.19)	103.84
<b>Associates:</b>		
Profit/(Loss) from Continuing Operations	(9.30)	(77.88)
Other Comprehensive Income	(0.06)	0.73
Total Comprehensive Income	(9.36)	(77.15)

(2) Unrecognised share of Profit/(Losses) of a Joint Venture as per Ind AS 112

(₹ in Crore)

Particulars	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
Unrecognised Share of Profit/(Loss) for the Year	17.26	1.36
Unrecognised Share Other Comprehensive Income for the Year	(14.62)	(1.51)
Cumulative Share of Loss	(7.88)	(25.14)
Cumulative Share of Other Comprehensive Income	(19.71)	(5.09)

(E) As per the Shareholders' agreements, Aditya Birla Sun Life AMC Limited (BSAMC), Birla Sun Life Trustee and Aditya Birla Wellness Limited cannot distribute their profits until they obtains consent from other venture partners.

(F) The Group holds, either directly or through its subsidiary, more than half of the Equity Share holding in the following entities. However, as per the shareholders' agreement/statute, the Group needs to jointly decide with other shareholders of the respective entity on certain relevant activities. Hence, the same are being accounted as per equity method of accounting.

- a) Aditya Birla Sun Life AMC Limited
- b) Birla Sun Life Trustee Company Private Limited
- c) Aditya Birla Wellness Limited
- d) Aditya Birla Power Composite Limited

## Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

### 3.1 REVENUE FROM CONTRACT WITH CUSTOMERS (NOTE 4.6.1)

The Group is primarily in the Business of manufacture and sale of Viscose Staple Fibre, Viscose Fibre Yarn, Chemical and allied products, Fertiliser, Textiles, Insulators, cement & cement related products and financial services related products. The product shelf life being short all sales are made at a point in time and revenue recognised upon satisfaction of the performance obligations, which is typically upon dispatch/delivery. The Group has a credit evaluation policy based on which the credit limits for the trade receivables are established. The Group does not give significant credit period resulting in no significant financing component. The Group, however, has a policy for replacement of the damaged goods.

	(₹ in Crore)	
	Current Year	Previous Year
<b>(A) Sale of Products and Services (other than Financial Services)</b>		
Manufactured	56,226.32	59,053.58
Traded	3,797.21	2,188.95
Services	19.38	21.79
	<b>60,042.91</b>	<b>61,264.32</b>
<b>Sale of Financial Services</b>		
Income from Life Insurance Premium (Gross)	6,849.18	6,920.36
Less: Reinsurance Ceded	(252.17)	(253.58)
Income from Life Insurance Premium (Net)	6,597.01	6,666.78
Income from Other Financial Services	1,803.86	939.80
<b>Interest and Dividend Income of Financial Services</b>		
<b>a. Interest Income of Financial Services</b>		
<b>Interest on Loans</b>		
On Financial Assets measured at Amortised Cost	6,779.41	6,111.51
On Financial Assets classified at Fair Value through Profit or Loss	-	2.74
<b>Interest Income from Investments</b>		
On Financial Assets measured at Fair Value through OCI	491.71	399.84
On Financial Assets measured at Amortised Cost	704.38	495.87
On Financial Assets classified at Fair Value through Profit or Loss	155.30	160.55
<b>Interest on deposits with Banks</b>		
On Financial Assets measured at Fair Value through OCI	4.07	10.21
On Financial Assets measured at Amortised Cost	25.74	29.26
On Financial Assets classified at Fair Value through Profit or Loss	-	2.62
<b>Interest on deposits with Others</b>		
On Financial Assets measured at Amortised Cost	-	7.36
<b>b. Dividend Income</b>		
On Financial Assets measured at Fair Value through OCI	43.78	35.16
	<b>8,204.39</b>	<b>7,255.12</b>

## Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

	(₹ in Crore)	
	Current Year	Previous Year
<b>Net Gain on Fair Value changes of Financial Instruments of Financial Services Business</b>		
<b>Net Gain/(Loss) on Financial Instruments at Fair Value through Profit or Loss</b>		
On trading portfolio		
Equity Investment at FVTPL	(132.18)	112.38
Debt Instrument at FVTPL	48.53	18.32
<b>Net Gain/(Loss) on Financial Instruments at Fair Value through OCI</b>		
Debt Instrument at FVOCI	166.18	48.43
<b>Net Gain/(Loss) on Financial Instruments at Amortised Cost</b>		
Equity Instrument at Amortised Cost	15.53	(4.93)
<b>Others</b>		
Gain/(Loss) on Sale of Debt Fair Value through OCI Instrument	2.40	(3.95)
	<b>100.46</b>	<b>170.25</b>
	<b>76,748.63</b>	<b>76,296.27</b>
<b>(B) Other Operating Revenues</b>		
Export Incentives	64.55	70.66
Insurance Claims	25.51	22.76
Sundry Balances Written Back (Net)	187.56	101.29
Government Grant {4.4.1 (a)}	381.84	485.72
Scrap Sales (Net)	130.26	143.99
Other Miscellaneous Income (Sales Tax Incentive, etc.)	86.75	79.56
	<b>876.47</b>	<b>903.98</b>
<b>Revenue from Contract with Customers (A + B)</b>	<b>77,625.10</b>	<b>77,200.25</b>
<b>(C) Revenue from contracts with customers disaggregated based on geography (Geographical Segment)</b>		
a. Domestic	73,099.31	72,224.66
b. Exports	4,525.79	4,975.59
Revenue from Contract with Customers	<b>77,625.10</b>	<b>77,200.25</b>
<b>(D) Reconciliation of Gross Revenue from Contracts with Customers</b>		
Gross Revenue	84,555.37	81,707.33
Less: Discount, Incentives, returns, price concession, etc.	6,930.27	4,507.08
Net Revenue recognised from Contracts with Customers	<b>77,625.10</b>	<b>77,200.25</b>

### Notes:

- (i) The amounts receivable from customers become due after expiry of credit period which on an average is less than 120 days. There is no significant financing component in any transaction with the customers.
- (ii) The Company provides agreed upon performance warranty for all range of products. The amount of liability towards such warranty is immaterial.
- (iii) The Company does not have any remaining performance obligation as contracts entered for sale of goods are for a shorter duration. There are no contracts for sale of services wherein performance obligation is unsatisfied, to which transaction price has been allocated.

## Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

Particulars	(₹ in Crore)	
	Year ended 31 <sup>st</sup> March 2020	Year ended 31 <sup>st</sup> March 2019
<b>E. Reconciliation of revenue recognised from Contract Liability:</b>		
Closing Contract Liability-Advances from Customers	792.92	658.98

The Contract liability outstanding at the beginning of the year has been recognised as revenue during the year ended 31<sup>st</sup> March 2020.

### 3.2 OTHER INCOME

	(₹ in Crore)	
	Current Year	Previous Year
<b>Interest Income on:</b>		
Investments (measured at FVTOCI)	29.59	37.42
Bank Accounts and Others (measured at Amortised Cost)	158.99	161.77
<b>Dividend Income from:</b>		
Non-Current Investments (measured at FVTOCI)	19.47	25.50
Investments - Mutual Funds (measured at FVTPL)	42.07	60.98
<b>Profit on Sale of:</b>		
Investments (Net) - Mutual Funds (measured at FVTPL)	121.70	154.03
Long-Term Equity Investments (Note 3.2.1)	-	5.46
<b>Gain on Fair Valuation of:</b>		
Investments measured at FVTPL	426.80	264.26
Exchange Rate Difference (Net)	42.17	21.89
Miscellaneous Income	125.82	96.38
	<b>966.61</b>	<b>827.69</b>

3.2.1 During the previous year, Aditya Birla Chemicals (Belgium) BVBA and Birla Laos Pulp and Plantation Company Limited have ceased to be subsidiary and joint venture of the Company, respectively. Accordingly, a gain of ₹ 6.79 Crore (including ₹ 1.33 Crore of reversal of impairment provision disclosed in other expenses) has been recognised in the Statement of Profit and Loss.

### 3.3 COST OF MATERIALS CONSUMED

	(₹ in Crore)	
	Current Year	Previous Year
Opening Stock	2,173.77	1,941.34
Add: Purchases and Incidental Expenses	14,090.23	15,518.18
Less: Sales of Raw Material	6.79	24.63
Less: Closing Stock	1,639.16	2,173.77
	<b>14,618.05</b>	<b>15,261.12</b>

### 3.4 PURCHASES OF STOCK-IN-TRADE

	(₹ in Crore)	
	Current Year	Previous Year
Grey Cement	630.68	804.46
Other Finished Goods (Fibre, Yarn, Building Solution, etc.)	839.18	702.55
	<b>1,469.86</b>	<b>1,507.01</b>



# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

## 3.5 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

(₹ in Crore)

	Current Year	Previous Year
<b>Opening Stock</b>		
Finished Goods	1,011.25	783.81
Stock-in-Trade	63.28	35.25
Work-in-Progress	929.99	775.09
Waste/Scrap	15.09	14.11
Add: Stock Transfer on acquisition of Grasim Premium Fabrics Private Limited (earlier known as Suktas India Private Limited)	-	20.48
Add: Stock Transfer from JAL, JCCL and UNCL pursuant to the Scheme of Arrangement	-	299.77
	<b>2,019.61</b>	<b>1,928.51</b>
<b>Less: Closing Stock</b>		
Finished Goods	1,475.95	1,011.25
Stock-in-Trade	54.29	63.28
Work-in-Progress	1,003.64	929.99
Waste/Scrap	18.79	15.09
	<b>2,552.67</b>	<b>2,019.61</b>
<b>(Increase)/Decrease in Stocks</b>	<b>(533.06)</b>	<b>(91.10)</b>
Less: Effect of Divestment/Deconsolidation in a Subsidiary	(1.83)	(1.11)
Add: Stock of Trial-Run Production	7.20	11.82
Add: Exchange Translation Difference	1.79	0.50
	<b>(525.90)</b>	<b>(79.89)</b>

## 3.6 EMPLOYEE BENEFITS EXPENSE

(₹ in Crore)

	Current Year	Previous Year
Salaries, Wages and Bonus	5,245.75	4,798.71
Contribution to Provident and Other Funds {Note 4.8 (ix) & (xx)}	253.23	233.40
Contribution to Gratuity Fund (Note 4.8.1)	95.40	81.34
Staff Welfare Expenses	218.19	221.81
Expenses on Employee Stock Options Scheme* (Note 4.5)	51.96	92.95
	<b>5,864.53</b>	<b>5,428.21</b>

\* ESOP charges are net of recovery of ESOP expense of ₹ 80.35 Crore (Previous Year ₹ 19.50 Crore) from Aditya Birla Sun Life AMC Limited (Joint Venture of ABCL).

## 3.7 FINANCE COSTS RELATING TO NBFC'S/HFC'S BUSINESS

(Measured at Amortised Cost)

(₹ in Crore)

	Current Year	Previous Year
Interest Expenses	4,553.91	4,036.64
Interest on Lease Liability	24.66	-
Other Borrowing Cost	9.25	13.54
	<b>4,587.82</b>	<b>4,050.18</b>

## Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

### 3.8 OTHER FINANCE COSTS

(Measured at Amortised Cost)

	(₹ in Crore)	
	Current Year	Previous Year
Interest Expense <sup>#</sup>	2,245.41	1,997.48
Interest on Lease Liability	55.66	-
Other Borrowing Costs <sup>@</sup>	11.40	9.22
Unwinding of Discount on Mine Restoration Provision	10.90	7.44
Exchange (Gain)/Loss on Lease Liability and Foreign Currency Borrowings (Net)	55.17	7.15
	<b>2,378.54</b>	<b>2,021.29</b>
Less: Capitalised	40.04	11.44
	<b>2,338.50</b>	<b>2,009.85</b>

Borrowing Costs are capitalised based on specific borrowings ranging between 7.50% and 9.15% p.a.

<sup>#</sup> Net of Interest Subsidy from Government

2.58

12.69

<sup>@</sup> Includes Interest on Income Tax

0.60

1.05

### 3.9 DEPRECIATION AND AMORTISATION

	(₹ in Crore)	
	Current Year	Previous Year
Depreciation on Property, Plant and Equipment {Note 2.1 (A)}	3,141.70	2,908.77
Depreciation on Investment Property {Note 2.1 (B)}	0.44	0.43
Amortisation on Intangible Assets (Note 2.3)	626.01	623.22
Depreciation on Right of Use Assets (Note 2.4)	235.22	-
Obsolescence (including impairment of ₹ Nil (Previous Year ₹ 18.63 Crore) towards Assets classified as Held for Disposal {Note 4.4.4}	37.49	39.21
	<b>4,040.86</b>	<b>3,571.63</b>
Depreciation Transferred to Pre-Operative Expenses	(0.04)	(0.25)
	<b>4,040.82</b>	<b>3,571.38</b>

### 3.10 OTHER EXPENSES

	(₹ in Crore)	
	Current Year	Previous Year
Consumption of Stores, Spare Parts and Components, and Incidental Expenses	1,358.56	1,319.08
Consumption of Packing Materials	1,430.07	1,563.48
Processing Charges	103.28	68.21
Repairs to Buildings	70.97	80.68
Repairs to Machinery	1,162.82	1,035.98
Repairs to Other Assets	159.84	144.34
Advertisement, Sales Promotion and Other Selling Expenses	2,591.24	2,225.83
Insurance	152.90	111.06
Rent (including Lease Rent)	183.66	351.37
Rates and Taxes	359.27	217.73
Reversal of Impairment Provision in Equity Accounted Investees (3.2.1)	-	(1.33)
Loss on Sale of Property, Plant and Equipment (Net)	38.95	13.87
Miscellaneous Expenses (Note 4.4.6)	3,436.21	2,352.69
	<b>11,047.77</b>	<b>9,482.99</b>

## Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

### 3.11 EXCEPTIONAL ITEMS INCLUDE

	(₹ in Crore)	
	Current Year	Previous Year
(i) During the year, the Company has impaired its investment of ₹ 109.33 Crore (₹ 107.92 Crore and ₹ 1.41 Crore charged in P&L and OCI, respectively) in Aditya Birla Idea Payment Bank Limited (ABIPBL), an associate of the Company, and has been disclosed as an Exceptional Item. The Board of Directors of ABIPBL at its meeting held on 19 <sup>th</sup> July 2019, subject to requisite regulatory approvals, approved the winding up of ABIPBL due to unanticipated developments in the business landscape that has made the economic model unviable. Further, the Company has contributed ₹ 10.20 Crore towards liquidation expenses of ABIPBL.	(118.12)	-
(ii) During the previous year, the Company's holding in Idea Cellular Limited ("Idea") has reduced from 23.13% to 11.55%, consequent to the merger of Vodafone India Limited and Vodafone Mobile Services Limited with Idea effective from 31 <sup>st</sup> August 2018. The merged entity has been named as Vodafone Idea Limited (VIL). Consequent to reduction of the holding of the Company in VIL, it has ceased to be an associate and is considered as a financial investment under Ind AS 109 w.e.f. 31 <sup>st</sup> August 2018. Accordingly, the share of the Company in the Profit/(Loss) of VIL for the period from 31 <sup>st</sup> August 2018 to 31 <sup>st</sup> March 2019 has not been considered in the Consolidated Financial Statements of the Company. As a result, the investment in VIL has been fair valued as per Ind AS 28 and the difference in the carrying value and fair value of the said investment as on 30 <sup>th</sup> August 2018 amounting to ₹ 2,395.85 Crore has been accounted in profit and loss as exceptional Item.	-	(2,395.85)
(iii) Impairment of Goodwill in Subsidiary Companies of Aditya Birla Capital Limited (Note 2.2.1)	(1,270.27)	(94.01)
(iv) During the previous year, the Company had provided for ₹ 135.00 Crore due to delay in implementation of Modified NPS-III for payment on account of additional fixed cost to Urea units by the Ministry of Chemicals and Fertilisers, Government of India ("MOCF"). During the year, MOCF has amended Modified NPS-III. Accordingly, the Company has reversed the aforesaid provision to the extent of ₹ 56.42 Crore and have written off balance amount of ₹ 78.58 Crore towards subsidy receivables provided in previous year, in pursuance of such amendment in Modified NPS-III. The Company has also created provision of ₹ 32.47 Crore towards subsidy receivables against UPVAT(ACTN) on account of purchases of raw material.	23.95	(135.00)

## Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

	(₹ in Crore)	
	Current Year	Previous Year
(v) Provision for Stamp Duty on acquisition of assets and business (Note 4.12 B)	-	(113.88)
(vi) Write back of provision relating to earlier years for Stamp Duty on merger of Aditya Birla Chemicals (India) Ltd. and Aditya Birla Nuvo Limited with the Company	-	50.34
(vii) During the year, the Company has impaired its Capital project of Di-Calcium Phosphate (DCPD) ₹ 13.44 Crore and ODC Evaluator for ₹ 4.22 Crore.	(17.66)	-
	<b>(1,382.10)</b>	<b>(2,688.40)</b>

### 3.12 RECONCILIATION OF EFFECTIVE TAX RATE

	(₹ in Crore)	
	Current Year	Previous Year
Accounting profit/(loss) before income tax and share in profit/(loss) of equity accounted investees	6,084.61	5,134.40
Add: Fair Value Adjustments subject to lower rate of tax	-	2,395.85
Accounting profit/(loss) - subject to normal rate of tax	6,084.61	7,530.25
Applicable Tax Rate	34.94%	34.94%
	<b>2,126.21</b>	<b>2,631.37</b>
Income Not Considered for Tax Purpose	-2.78%	-1.72%
Expenses Not Allowed for Tax Purpose	2.09%	1.15%
Additional Allowances for Tax Purpose	-3.58%	-2.20%
Taxes on Subsidiary Losses	1.32%	1.50%
Effect of Change in Tax rate (reversal of deferred tax liability) (Note 4.4.3)	-40.83%	-
Tax paid at Lower Rate	-0.75%	-0.65%
Exceptional Item not considered for tax purpose	7.30%	0.00%
Provision for Tax of earlier years Written Back	0.05%	-0.20%
Lower Jurisdiction Tax Rate	-0.44%	0.25%
Others (including Dividend Distribution Tax on undistributed earnings and tax impact of dividend from Joint Venture Companies)	2.18%	1.77%
Effective Tax Rate (including Fair Value Adjustments)	-0.50%	34.84%
Tax at lower rate on Fair Value adjustments	-	-2.72%
Effective Tax Rate	<b>-0.50%</b>	<b>32.12%</b>

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forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

### 3.13 OTHER COMPREHENSIVE INCOME

	(₹ in Crore)	
	Current Year	Previous Year
<b>Items that will not be reclassified to Profit and Loss</b>		
Equity Instrument at fair value through Other Comprehensive Income	(5,357.58)	(2,703.49)
Re-measurement of Defined Benefit Plans	(152.64)	(16.11)
Gain on Bargain purchase arising on acquisition of controlling stake in ABREL and ABSL	-	24.26
Share of Other Comprehensive income of Associate and Joint Venture Companies accounted for using equity method of accounting	(1.97)	5.89
Income Tax relating to items that will not be reclassified to Profit or Loss	373.62	(31.06)
<b>Items that will be reclassified to Profit and Loss</b>		
Debt Instrument at fair value through Other Comprehensive Income	143.81	38.33
Exchange difference in translating the Financial Statements of Foreign Operations	79.13	5.68
Effective portion of Derivative Instruments designated as Cash Flow Hedge	(67.53)	(84.31)
Share of Other Comprehensive Income of Associate and Joint Venture Companies accounted for using equity method of accounting	(9.88)	(37.08)
Income Tax relating to items that will be reclassified to Profit or Loss	(8.96)	16.63
	<b>(5,002.00)</b>	<b>(2,781.26)</b>

### 3.14 EARNINGS PER EQUITY SHARE (EPS)

	Current Year	Previous Year
<b>Net Profit for the Year Attributable to Equity Shareholders (₹ in Crore)</b>	4,425.19	1,692.99
<b>Basic EPS:</b>		
Weighted-Average Number of Equity Shares Outstanding (Nos.) of Face Value of ₹ 2/- each	657,732,056	657,574,931
Less: Weighted Average Number of equity shares held by the Company under ESOP Trust (Nos.) of Face Value of ₹ 2/- each	1,357,375	351,181
Weighted-Average Number of Equity Shares Outstanding (Nos.) for calculation of Basic EPS (Nos.)	656,374,681	657,223,750
<b>Basic EPS (₹) {for Face Value of Shares of ₹ 2/- each}</b>	67.42	25.76
<b>Diluted EPS:</b>		
Weighted-Average Number of Equity Shares Outstanding (Nos.)	656,374,681	657,223,750
Add: Weighted-Average Number of Potential Equity Shares on exercise of Options (Nos.)	331,304	390,705
Add: Weighted-Average Number of Equity Shares kept in Abeyance (Nos.)	61,985	61,985
Weighted-Average Number of Equity Shares Outstanding for calculation of Diluted EPS (Nos.)	656,767,970	657,676,440
<b>Diluted EPS (₹) {for Face Value of Shares of ₹ 2/- each}</b>	67.38	25.74

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

## 4.1 PRINCIPLES OF CONSOLIDATION:

The Consolidated Financial Statements (CFS) comprise the Financial Statements of Grasim Industries Limited ("the Company") and its Subsidiaries (herein after referred together as "the Group"), Joint Ventures and Associates. The CFS of the Group have been prepared in accordance with the Indian Accounting Standards on "Consolidated Financial Statements" (Ind AS 110), "Joint Arrangements" (Ind AS 111), "Disclosure of Interest in Other Entities" (Ind AS 112), "Investment in Associates and Joint Ventures" (Ind AS 28) notified under Section 133 of the Companies Act, 2013.

### (i) Subsidiaries:

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which controls commences until the date on which control ceases.

### (ii) Non-Controlling Interest (NCI):

Non-controlling interest in the net assets of the consolidated subsidiaries consists of:

- a) The amount of equity attributable to non-controlling shareholders at the date on which the investments in the subsidiary companies were made.
- b) The non-controlling share of movements in equity since the date the Parent-Subsidiary relationship comes into existence.

The total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interest having deficit balance.

### (iii) Loss of Control:

When the Group loses control over a subsidiary, it de-recognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in the Statement of Profit and Loss.

### (iv) Equity Accounted Investees:

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Group's investments in its associates and joint ventures are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

## Notes

### forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

When the Group's share of losses of an equity accounted investee exceed the Group's interest in that associate or joint venture (which includes any long-term interest that, in substance, forms part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligation or made payments on behalf of the associate or joint venture.

Unrealised gains resulting from the transaction between the Group and joint ventures are eliminated to the extent of the interest in the joint venture, and deferred tax is made on the same.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate and a joint venture' in the Statement of Profit and Loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

#### (v) Transaction Eliminated on Consolidation

The financial statements of the Company, its Subsidiaries, Joint Ventures and Associates used in the consolidation procedure are drawn upto the same reporting date, i.e., 31<sup>st</sup> March 2020.

The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating material intra-group balances and intra-group transactions, and resulting unrealised profits or losses on intra-group transactions. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. The Company follows uniform accounting policies for like transactions and other events in similar circumstances.

**4.2** The CFS are comprised of the Audited Financial Statements (except as mentioned otherwise) of the Company, its Subsidiaries and its interest in Joint Ventures and Associates for the year ended 31<sup>st</sup> March 2020, which are as under:

Name of the Company	Abbreviation	Country of Incorporation	Grasim's Ownership Interest %	
			31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
<b>Subsidiaries:</b>				
Sun God Trading And Investments Limited	SGTIL	India	100.00	100.00
Samruddhi Swastik Trading And Investments Limited	SSTIL	India	100.00	100.00
ABNL Investments Limited	ABIL	India	100.00	100.00
Aditya Birla Renewables Limited w.e.f. 15 <sup>th</sup> May 2018	ABREL	India	100.00	100.00
Aditya Birla Solar Limited w.e.f. 15 <sup>th</sup> May 2018	ABSL	India	100.00	100.00
Aditya Birla Renewables SPV1 Limited	ABRSPV1	India	89.65	89.65

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Name of the Company	Abbreviation	Country of Incorporation	Grasim's Ownership Interest %	
			31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
Grasim Premium Fabrics Private Limited (earlier known as Suktas India Private Limited) (w.e.f. 29 <sup>th</sup> March 2019)	GPFPL	India	100.00	100.00
Aditya Birla Renewables Subsidiary Limited w.e.f. 15 <sup>th</sup> May 2018 (74% of ABREL)	ABRSL	India	74.00	74.00
Aditya Birla Capital Limited (ABCL)	ABCL	India	54.24	55.98
Aditya Birla PE Advisors Private Limited (100% of ABCL)	ABPEAPL	India	54.24	55.98
Aditya Birla MyUniverse Limited (100% of ABCL) (Previous Year 94% of ABCL)	ABMU	India	54.24	52.45
Aditya Birla Trustee Company Private Limited (100% of ABCL)	ABTCPL	India	54.24	55.98
ABCAP Trustee Company Private Limited (100% of ABCL)	ABCTPL	India	54.24	55.98
Aditya Birla Money Limited (73.8% of ABCL)	ABML	India	40.03	41.31
Aditya Birla Commodities Broking Limited (100% Subsidiary of ABML)	ABCBL	India	40.03	41.31
Aditya Birla Financial Shared Services Limited (100% of ABCL)	ABFSSL	India	54.24	55.98
Aditya Birla Finance Limited (100% of ABCL)	ABFL	India	54.24	55.98
Aditya Birla Insurance Brokers Limited (50.002% of ABCL)	ABIBL	India	27.12	27.99
Aditya Birla Housing Finance Limited (100% of ABCL)	ABHFL	India	54.24	55.98
Aditya Birla Money Mart Limited (100% of ABCL)	ABMML	India	54.24	55.98
Aditya Birla Money Insurance Advisory Services Limited (100% of ABCL)	ABMIASL	India	54.24	55.98
Aditya Birla Sun Life Insurance Company Limited (51% of ABCL)	ABSLI	India	27.66	28.55
Aditya Birla Sun Life Pension Management Limited (100% of ABCL)	ABSPML	India	27.66	28.55
Aditya Birla Health Insurance Co. Limited (51% of ABCL)	ABHICL	India	27.66	28.55
Aditya Birla ARC Limited (100% of ABCL)	ABARC	India	54.24	55.98
ABC SL – Employee Welfare Trust (100% of ABCL)	ABC SL	India	54.24	55.98
Aditya Birla Stressed Asset AMC Private Limited (100% of ABCL) (w.e.f. 22 <sup>nd</sup> May 2018)	ABSA	India	54.24	55.98
ABARC-AST-001-Trust (100% of ABCL)	ABARC	India	54.24	55.98
UltraTech Cement Limited (UTCL)	UltraTech	India	57.29	57.29
Dakshin Cements Limited (100% of UTCL)	DCL	India	57.29	57.29
UltraTech Cement Lanka Private Limited (80% of UTCL)	UTCLPL	Sri Lanka	45.83	45.83



## Notes

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Name of the Company	Abbreviation	Country of Incorporation	Grasim's Ownership Interest %	
			31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
Harish Cement Limited (100% of UTCL)	HCL	India	57.29	57.29
UltraTech Cement Middle East Investments Limited (100% of UTCL)	UCMEIL	UAE	57.29	57.29
PT UltraTech Mining Indonesia (80% of UTCL)	PUMI	Indonesia	45.83	45.83
UltraTech Cement SA (PTY) (100% of UTCL)	UCSA	South Africa	57.29	57.29
PT UltraTech Investments Indonesia (100% of UTCL)	PTUII	Indonesia	57.29	57.29
Star Cement Co. LLC (100% of UCMEIL)	SCCLD	UAE	57.29	57.29
Star Cement Co. LLC, Ras-Al-Khaimah (100% of UCMEIL)	SCCLRAK	UAE	57.29	57.29
Al Nakhla Crusher LLC, Fujairah (100% of UCMEIL)	ANCL	UAE	57.29	57.29
Arabian Cement Industry LLC, Abu Dhabi (100% of UCMEIL)	ACIL	UAE	57.29	57.29
Arabian Gulf Cement Co. WLL, Bahrain (100% of UCMEIL)	AGCCW	Bahrain	57.29	57.29
Emirates Power Company Limited (100% of UCMEIL) (Up to December 2019)	EPCL	Bangladesh	-	57.29
Emirates Cement Bangladesh Ltd. (100% of UCMEIL) (Up to December 2019)	ECBL	Bangladesh	-	57.29
Awam Minerals LLC (Up to 10 <sup>th</sup> December 2019)	AMLLC	Oman	-	21.20
Gotan Limestone Khanij Udyog Private Ltd. (100% of UTCL)	GKU	India	57.29	57.29
PT UltraTech Cement Indonesia (100% of PTUUI)	PTUCI	Indonesia	57.29	57.29
Bhagwati Lime Stone Company Private Limited (100% of UTCL)	BLCPL	India	57.29	57.29
PT UltraTech Mining Sumatera (100% of PTUUI)	PTUMS	Indonesia	57.29	57.29
UltraTech Nathdwara Cement Limited (formerly known as Binani Cement Limited) w.e.f. 20 <sup>th</sup> November 2018	UNCL	India	57.29	57.29
Smooth Energy Private Limited (formerly known as Binani Energy Private Limited) (100% of UNCL)	SEPL	India	57.29	57.29
Bahar Ready Mix Concrete Limited (formerly known as Binani Ready Mix Concrete Limited) (100% of UNCL)	BRMCL	India	57.29	57.29
Merit Plaza Limited (100% of UNCL)	MPL	India	57.29	57.29
Swiss Mercandise Infrastructure Limited (55.54% of UNCL and 44.46% of MHL)	SMIL	India	57.29	57.29
Krishna Holdings PTE Limited (100% of UNCL)	KHPL	Singapore	57.29	57.29
Bhumi Resources PTE Limited (100% of UNCL)	BHUMI	Singapore	57.29	57.29

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Name of the Company	Abbreviation	Country of Incorporation	Grasim's Ownership Interest %	
			31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
Murari Holdings Limited (100% of UNCL)	MUHL	British Virgin Islands	57.29	57.29
Mukundan Holdings Limited (100% of UNCL)	MHL	British Virgin Islands	57.29	57.29
Binani Cement Factory LLC (51% by MUHL and 49% by MHL)	BCFLLC	United Arab Emirates	57.29	57.29
Binani Cement (Tanzania) Limited (100% of BCFLLC)	BCTL	Tanzania	57.29	57.29
BC Tradelink Limited, Tanzania (100% of BCFLLC)	BCLTL	Tanzania	57.29	57.29
Shandong Binani Rongan Cement Company Limited, China (92.5% of KHPL)	SBRCC	Republic of China	52.99	52.99
PT Anggana Energy Resources (Anggana), Indonesia (100% of NHUMI)	PTAER	Indonesia	57.29	57.29
Binani Cement (Uganda) Limited (100% of BCFLLC)	BCUL	Uganda	57.29	57.29
<b>Joint Venture Companies (JVs):</b>				
AV Group NB Inc.	AVNB	Canada	45.00	45.00
Birla Jingwei Fibres Co. Limited	BJFC	China	26.63	26.63
Bhubaneswari Coal Mining Limited	BCML	India	26.00	26.00
Aditya Birla Elyaf Sanayi Ve Ticaret Anonim Sirketi	ABEST	Turkey	33.33	33.33
Bhaskarpara Coal Company Limited	BCCL	India	27.14	27.14
Aditya Group AB	AGAB	Sweden	33.33	33.33
AV Terrace Bay Inc.	AVTB	Canada	40.00	40.00
Aditya Birla Power Composite Limited (w.e.f. 15 <sup>th</sup> October 2019)	ABPCL	India	51.00	-
Aditya Birla Sun Life Trustee Company Private Limited	ABSTPL	India	27.56	28.47
Aditya Birla Wellness Private Limited	ABWPL	India	27.66	28.55
Aditya Birla Sun Life AMC Company Limited	ABSAMC	India	27.66	28.55
Aditya Birla Sun Life AMC (Mauritius) Ltd. (100% Subsidiary of ABSAMC)	ABSAMCM	India	27.66	28.55
Aditya Birla Sun Life AMC Ltd., Dubai (100% Subsidiary of ABSAMC)	ABSAMCD	India	27.66	28.55
Aditya Birla Sun Life AMC Pte. Ltd., Singapore (100% Subsidiary of ABSAMC)	ABSAMCS	India	27.66	28.55
<b>Associates:</b>				
Aditya Birla Science & Technology Co. Private Ltd.	ABSTCL	India	49.50	49.50
Aditya Birla Idea Payment Bank (under liquidation (w.e.f. 18 <sup>th</sup> September 2019)	ABIPB	India	51.00	51.00
Madanpur (North) Coal Company Private Limited	MCCPL	India	6.40	6.73
Waacox Energy Private Limited (w.e.f. 27 <sup>th</sup> August 2018)	WEPL	India	49.00	49.00

## Notes

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### 4.3 CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF

#### 4.3.1 Claims/Disputed Liabilities not acknowledged as Debts

Particulars	Brief Description of Matter	(₹ in Crore)	
		As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Customs Duty	Related to classification dispute, demand of duty on import of steam coal, caustic soda flakes and others	226.30	204.80
Sales Tax/Purchase Tax/VAT	Related to stock transfer treated as interstate sales, Demand on freight component and levy of purchase tax on exempted supply, Demand for non-submission of various forms, disallowance of input credit and others	563.44	565.50
Excise Duty/Cenvat Credit/Service Tax/GST/Entry Tax	Related to valuation matter (Rule 8 vs. Rule 4), Denial of Cenvat Credit on ISD/GTA and others	1,582.60	1,815.50
Income Tax	Demand of Dividend Distribution tax alleging that demerger of Financial Services is not qualifying demerger as per Income-tax Act and treating the value of shares allotted by the resulting Company to the shareholders of the Company in consideration of demerger as dividend distributed by the Company to its shareholders, non-deduction of tax at source on payment to non resident, various disallowances and others	6,708.21	5,990.81
Land Related Matters	Demand of higher compensation	240.29	239.80
Royalty on Limestone/Marl/Shale	Based on fixed conversion factor on limestone, royalty rate differences on Mari and additional royalty on mines transfer	392.47	928.66
Electricity Duty/Energy Development Cess	Related to electricity duty, minimum power consumption, Energy development cess and denial of electricity duty exemption	465.35	253.32
State Industrial Incentive Matters	Related to matter on quantum	163.70	181.86
Others Statues	Related to stamp duty, calim raised by vendor/supplier, road tax matters, demand for fuel surcharge, water drawal charges by irrigation department and others	1,010.61	763.35

Cash outflows for the above are determinable only on receipt of judgements pending at various forums/authorities.

## Notes

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### 4.3.2 Other Money for which the Group is Contingently Liable:

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Customs Duty Liability (Net of Cenvat Credit) which may arise if obligation for exports is not fulfilled against import of raw materials and machinery	4.44	10.34

- 4.3.3** a. Ultratech (including the erstwhile cement division of Century Textiles and Industries Limited) had filed appeals against the orders of the Competition Commission of India ("CCI"), dated 31<sup>st</sup> August 2016 and 19<sup>th</sup> January 2017. Upon the National Company Law Appellate Tribunal ("NCLAT") disallowing the Ultratech's appeal against the CCI order, dated 31<sup>st</sup> August 2016, the Hon'ble Supreme Court has, by its order dated 5<sup>th</sup> October 2018, granted a stay against the NCLAT order. Consequently, Ultratech (including the erstwhile cement division of Century Textiles and Industries Limited) has deposited an amount of ₹ 144.95 Crore equivalent to 10% of the penalty amount. UNCL has also filed an appeal in the Supreme Court against a similar CCI Order, dated 31<sup>st</sup> August 2016, and has deposited an amount of ₹ 16.73 Crore equivalent to 10% of the penalty amount. Ultratech, backed by legal opinions, believes that it has a good case in both the matters and, accordingly, no provision has been made in the accounts.
- b. Competition Commission of India (CCI) has passed an order, dated 16<sup>th</sup> March 2020, under Section 4 of the Competition Act, 2002, imposing penalty of ₹ 301.61 Crore in respect of Viscose Staple fibre turnover of the Company. The Company is in the process of challenging the said order of CCI and, based on legal opinion, believes that it has strong grounds against the said order, on merit and, accordingly, no provision has been made in the accounts.

(₹ in Crore)

**4.3.4 Corporate Guarantees issued by Subsidiaries as under:**

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
a. To Financial Institutions/Government Authorities/Others for finance provided to Joint Ventures*	319.49	17.23
b. Letter of Comfort issued by the Subsidiary on behalf of clients	29.02	72.97

\* includes Corporate Guarantees given to National Housing Bank by the Company on behalf of its subsidiary Aditya Birla Housing Finance Limited (ABHFL) of ₹ 500 Crore against which the amount liable by ABHFL is ₹ 303.05 Crore. As per the terms of the Guarantee, on invocation, the Company's liability is capped at the outstanding amount.

## Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

- 4.3.5** During the previous year, Aditya Birla MyUniverse (ABMU), a subsidiary of the ABCL, has issued 0.001% Compulsorily Convertible Preference Shares (CCPS), aggregating to ₹ 60 Crore to International Finance Corporation (IFC), vide shareholder agreement dated 19<sup>th</sup> December 2014, and subscription agreement dated 19<sup>th</sup> December 2014 (SHA). Under the said SHA, the ABCL has granted to IFC an option to sell the shares to ABCL at fair valuation from the period beginning on the expiry of 60 months of subscription by IFC upto a maximum of 120 months from the date of subscription by IFC, in the event ABCL or ABMU fails to provide an opportunity to IFC to exit from ABCL within 60 months from the date of subscription by IFC in the form of listing, secondary sale or acquisition, etc. In the event, ABCL fails to fulfil its obligation, the Company will be obligated to fulfil this obligation.

(₹ in Crore)

	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>4.3.6 Capital, Financial and Other Commitments</b>		
<b>4.3.6.1 Capital Commitments</b>		
a. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances paid)	3,152.40	3,071.18
b. Partly Paid Investments	668.67	564.85
c. For commitment to subscribe proposed rights issue of Vodafone Idea Limited	-	2,887.50
d. Other Commitments	4.69	2.00
<b>4.3.6.2 Financial and Other Commitments</b>		
<b>(a) Financial Commitments</b>		
Joint Ventures <sup>@</sup>	197.88	191.52

<sup>@</sup> As per the agreement with the Joint Ventures, the Company is committed to make additional contribution in proportion to their interest in Joint Ventures, if required. These commitments have not been recognised in the financial statements.

**(b) Other Commitments**

- For commitment under lease contract (Note 2.4 II).
- For commitment under derivative contract (Note 4.10 D).
- Pursuant to the Shareholders' Agreement entered into with Sun Life of Canada by the Company, in respect of Aditya Birla Sun Life Insurance Company Limited (Formerly Known as Birla Sun Life Insurance Company Limited), the Company has agreed to infuse shares/capital from time to time to meet the solvency requirement prescribed by the regulatory authority.

Transfer of investment in Aditya Birla Sun Life Insurance Company Ltd. (Formerly Known as Birla Sun Life Insurance Company Limited) is restricted by the terms contained in Shareholders Agreements entered into by the Company.

## 4.4 ADDITIONAL INFORMATION DETAILS

### 4.4.1 Government Grants (Ind AS 20)

- Other Operating Revenue (Note 3.1) includes incentives against capital investments received by UltraTech Cement Limited amounting to ₹ 381.84 Crore (Previous Year ₹ 440.23 Crore) under the State Investment Promotion Scheme.
- Repairs to plant and machinery are net of subsidy received by UltraTech Cement Limited [under State Investment Promotion Scheme] ₹ 0.32 Crore (Previous Year ₹ 1.46 Crore).

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- (c) Cost of Materials consumed includes grants towards royalty expense amounting to ₹ 23.44 Crore (Previous Year ₹ 21.05 Crore).
- (d) Sales Tax deferment loan granted under State Investment Promotion Scheme has been considered as a government grant, and the difference between the fair value and nominal value as on the date being recognised as an income. Accordingly, an amount of ₹ nil Crore (Previous Year: ₹ 45.49 Crore) has been recognised as an income. Unwinding of interest is accounted as charge to the Statement of Profit and Loss. Every year, change in fair value is accounted for as an interest expense.
- (e) The Company has received interest-free loans of ₹ 0.70 Crore (Previous year ₹ 18.03 Crore) from a State Government, repayable in full after seven years. Using prevailing market interest rate @ 7.50% p.a. (Previous year in range of 7.66%-8.70% p.a.) for an equivalent loan, the fair value of loan at initial recognition is estimated at ₹ 0.42 Crore (Previous year ₹ 9.95 Crore). The difference of ₹ 0.28 Crore (Previous year ₹ 8.08 Crore) between gross proceeds and fair value of loan is the government grant, which will be recognised in the Statement of Profit and Loss over the period of loan.

The Company has also received a subsidised loan of ₹ 87.50 Crore (Previous year ₹ 100 Crore) @ 5% p.a. and 0.50% royalty on net sale from a Central Government, repayable in nine equal half-yearly instalments starting from 01.04.2020. Using prevailing market interest rate in range of 6.75% to 7.40% p.a. for an equivalent loan, the fair value of loan at initial recognition is estimated at ₹ 84.16 Crore (Previous year ₹ 92.99 Crore). The difference of ₹ 3.34 Crore (Previous year ₹ 7.01 Crore) between gross proceeds and fair value of loan is the government grant, which will be recognised in the Statement of Profit and Loss over the period of loan.

Cumulative loan interest-free and interest at subsidised rate, received from the government is ₹ 88.20 Crore (Previous Year ₹ 118.03 Crore). Accordingly, an amount of ₹ 2.11 Crore (Previous Year ₹ 1.46 Crore) has been recognised as income in the current year, and correspondingly equivalent amount has been accounted as an interest expense. Further, it also includes savings in import duty on procurement of capital goods and export incentives under MEIS scheme.

- 4.4.2** The Supreme Court of India has allowed an appeal filed by the State of Rajasthan in a matter relating to transfer of mining lease in the name of the UltraTech's wholly-owned subsidiary, Gotan Lime Stone Khanij Udyog Private Limited ("GKUPL"), and has directed the State of Rajasthan to frame and notify its policy relating to transfer of mining lease and thereafter pass appropriate order in respect of the mining lease of GKUPL. The State Government has notified the new policy related to the transfer of new mining lease, based on which the UltraTech has requested the State Government to consider reinstatement of the mines in its favour.
- 4.4.3** Pursuant to the Taxation Laws (Amendment) Act, 2019, a new Section 115BAA is inserted in the Income-tax Act, 1961, which provides an option to the domestic companies to pay income tax at lower rate, subject to the giving up of certain incentives and deductions. The Company and its subsidiary Ultratech Cement Limited (UltraTech) is continuing to provide for income tax at old rates, based on the available outstanding MAT credit entitlement and various exemptions and deductions available to the Company under the Income-tax Act, 1961. However, the Company and UltraTech has applied the lower income tax rates on the deferred tax assets/liabilities to the extent these are expected to be realised or settled in the future period when the Group may be subjected to lower tax rate and accordingly reversed opening net deferred tax liability with a one-time corresponding credit of ₹ 2,350.20 Crore under deferred tax for the year ended 31<sup>st</sup> March 2020. While some of its subsidiaries, joint ventures and associates have availed the option to pay income tax at the lower rate. Consequently, wherever applicable, the opening deferred tax asset/liabilities has been measured at the lower rate, with a one-time corresponding debit of

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₹ 15.89 Crore and credit of ₹ 353.98 Crore under deferred tax and share in profit/(loss) of equity accounted investees to the Statement of Profit and Loss, respectively.

#### 4.4.4 Assets Held for Disposal (Ind AS 105):

- a. The Company has identified certain assets like Aggregate Mines, Flats, Coal Washery, Drill Machine, etc. amounting to ₹ 40.01 Crore (31<sup>st</sup> March 2019: ₹ 57.53 Crore), which are available for sale in its present condition. The Company is committed to plan the sale of asset and an active programme to locate a buyer, and complete the plan has been initiated. The Company expects to dispose off these assets in the due course.
- b. Consequent to the acquisition of UNCL (refer Note 4.12B), the Group has identified disposal groups (foreign subsidiaries of UNCL) that meet the criteria to be classified as held for sale on acquisition, as these are not considered core to the groups ongoing business activities, and management is committed to sell these disposal groups, active efforts have been initiated to locate a buyer. The Group expects to sell the disposal group within twelve months from its classification. The disposal group comprises assets held for sale amounting to ₹ 1,037.20 Crore (31<sup>st</sup> March 2019: ₹ 1,037.20 Crore) and liabilities amounting to ₹ 489.00 Crore (31<sup>st</sup> March 2019: ₹ 489.00 Crore), which have been stated at fair value less cost to sell (being lower of their carrying amount). The disposal group have also been considered as discontinued operations.

The non-recurring fair value measurement for the disposal group has been categorised as a Level 2 fair value based on the inputs to the valuation technique used. Refer note 1.43 (b) (ix) in respect of the valuation basis used in measuring the fair value of the disposal group.

- c. UTCMEIL has identified one of the assets, "Waste Heat Recovery System" (WHRS), which is not useful anymore as it is not productive and not giving the desired result. The realizable value after considering the impairment, scrap and dismantling cost is reclassified as assets for disposal. The Company is in the process of discussion with vendors and contractors and expects the same to be disposed off within the due course.

**4.4.5 a.** During the year ended 31 March 2020, the Ultratech wholly-owned subsidiary UltraTech Cement Middle East Investments Limited ("UCMEIL"), divested its entire shareholding in Emirates Cement Bangladesh Limited ("ECBL") and Emirates Power Company Limited ("EPCL") to Heidelberg Cement Bangladesh Limited at a final Enterprise Value of BDT equivalent USD 30.2 Million and included the gain on divestment of ₹ 8.96 Crore in other income.

- b. Ultratech also sold its 37% stake in Awam Minerals LLC on 10<sup>th</sup> December 2019 for ₹ 21.87 Crore at a profit of ₹ 14.17 Crore.

**4.4.6** Under the Sabka Vishwas (Legacy dispute Resolution) Scheme 2019, announced by the Government of India, UltraTech Cement Limited (UltraTech) has provided an one-time expense of ₹ 130.66 Crore as part of other expenses, against various disputed liabilities for the year ended 31<sup>st</sup> March 2020.

**4.4.7** During the year, Aditya Birla Capital Limited (ABCL), a subsidiary of the Company, has made a preferential allotment of 210,000,000 equity shares of ₹ 10 each at a premium of ₹ 90 per share to certain investors, of which the Company has also subscribed 77,000,000 equity shares amounting to ₹ 770 Crore. As a result of which, the Company's shareholding in ABCL has decreased from 55.98% to 54.24% (owing to investment not in the proportion of original shareholding) and the financial impact of the same has been taken to Other Equity.

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### 4.4.8 Distribution Made and Proposed (Ind AS 1):

	(₹ in Crore)	
	Current Year	Previous Year
Cash Dividends on Equity Shares Declared and Paid:		
Final Dividend for the year ended on 31 <sup>st</sup> March 2019: ₹ 7 per share of face value of ₹ 2 each (31 <sup>st</sup> March 2018: ₹ 6.20 per share of face value of ₹ 2 each)	460.33	407.74
Dividend Distribution Tax (DDT) on Final Dividend #	55.54	48.09
Total Cash outflow on account of Dividend and Tax thereon	515.87	455.83
Proposed Dividends on Equity Shares:		
Final Dividend for the year ended on 31 <sup>st</sup> March 2020: ₹ 4 per share of face value of ₹ 2 each (31 <sup>st</sup> March 2019: ₹ 7.00 per share of face value of ₹ 2 each)	263.12	460.34
DDT on Proposed Dividend	-	55.54
Total Proposed Dividend and Tax thereon	263.12	515.88

# Tax on Dividend is net of ₹ 39.08 Crore (Previous Year ₹ 35.68 Crore) being credit utilised on DDT paid by Subsidiary Company.

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability as at 31<sup>st</sup> March.

### 4.5 SHARE BASED PAYMENTS (IND AS 102)

#### A. Holding Company

4.5.1 1,884,025 Equity Shares of Face Value of ₹ 2 each (Previous Year 2,172,121 Equity Shares of Face Value of ₹ 2 each) are reserved for issue under Employee Stock Option Scheme-2006, (ESOS-2006) Employee Stock Option Scheme, 2013 (ESOS-2013) and Employee Stock Option Scheme, 2018 (ESOS-2018).

a. Under the ESOS-2006, the Company has granted 56,005 Options to its eligible employees, the details of which are given hereunder:

Particulars	Options
	Tranche V
No. of Options Granted	56,005
Grant Date	18-Oct-2013
Grant Price (₹ Per Share)#	532
Market Price on the Date of Grant (₹)	543
Fair Value on the Date of Grant of Option (₹ Per Share)	197
Method of Settlement	Equity
Method of Accounting	Intrinsic value for options vested before 1 <sup>st</sup> April 2015 and Fair value for options vested after 1 <sup>st</sup> April 2015
Graded Vesting Plan	25% every year, commencing after one year from the date of grant
Normal Exercise Period	5 years from the date of vesting

# The Grant Price in respect of Tranche V has been revised in the Previous Financial Year post-demergers of Financial Service business of Grasim to ABCL, resulted in reduction of ₹ 14 per share from the earlier Exercise Price, i.e., Face Value of ABCL's share X 1.4 (share entitlement ratio).



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- b. Under the ESOS-2013, the Company has granted 964,960 Options and Restricted Stock Units (RSUs) to the eligible employees of the Company and its subsidiary, the details of which are given hereunder:

Particulars	Options				RSUs				
	Tranche I	Tranche III	Tranche IV	Tranche I	Tranche II	Tranche III	Tranche IV	Tranche V	
No. of Options/RSUs Granted	627,015	121,750	30,440	93,495	40,420	31,010	16,665	4,165	
Grant Date	18 <sup>th</sup> October 2013	15 <sup>th</sup> January 2016	2 <sup>nd</sup> April 2016	18 <sup>th</sup> October 2013	21 <sup>st</sup> November 2013	29 <sup>th</sup> January 2014	15 <sup>th</sup> January 2016	2 <sup>nd</sup> April 2016	
Grant Price (₹ Per Share) <sup>#</sup>	529	686	757	2	2	2	2	2	
Market Price on the Date of Grant (₹) <sup>#</sup>	529	686	757	529	522	686	757	757	
Fair Value on the Date of Grant of Option (₹ Per Share)	199	274	291	520	498	495	687	750	
Method of Settlement	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	
Method of Accounting	Intrinsic value for options vested before 1 <sup>st</sup> April 2015 and Fair Value for options vested after 1 <sup>st</sup> April 2015			Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	
Graded Vesting Plan	25% every year, commencing after one year from the date of grant								Bullet vesting at the end of three years from the date of grant
Normal Exercise Period	5 years from the date of vesting								5 years from the date of vesting

# The Grant Price and Market Price in respect of Tranches I, III and IV has been revised in the previous Financial Year post- demerger of Financial Service business of Grasim to ABCL, resulting in reduction of ₹ 14 per share from the earlier Exercise Price, i.e., Face Value of ABCL's share X 1.4 (share entitlement ratio).

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c. Under the ESOS-2018, the Company has granted 1,463,206 Options and Restricted Stock Units (RSUs) to the eligible employees of the Company and its subsidiary, the details of which are given hereunder:

Particulars	Options			RSUs			
	Tranche I	Tranche II	Tranche III	Tranche I	Tranche II	Tranche III	Tranche IV
No. of Options/RSUs Granted	1,077,312	26,456	53,480	206,320	66,179	5,066	28,393
Grant Date	17 <sup>th</sup> December 2018	24 <sup>th</sup> December 2019	13 <sup>th</sup> March 2020	17 <sup>th</sup> December 2018	27 <sup>th</sup> March 2019	24 <sup>th</sup> December 2019	13 <sup>th</sup> March 2020
Grant Price (₹ Per Share)	847.20	742.35	559.85	2	2	2	2
Market Price on the Date of Grant (₹)#	847.20	742.35	559.85	847.20	836.70	742.35	559.85
Fair Value on the Date of Grant of Option (₹ Per Share)	422.53	347.48	266.70	832.64	822.29	726.19	547.29
Method of Settlement	Equity	Equity	Equity	Equity	Equity	Equity	Equity
Method of Accounting	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
Graded Vesting Plan	25% every year, commencing after one year from the date of grant			Bullet vesting at the end of three years from the date of grant			
Normal Exercise Period	5 years from the date of vesting			5 years from the date of vesting			

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4.5.2 a. Under the Employee Stock Options Scheme-2013 (ESOS-2013), the Company has granted 140,517 Options to the eligible employees of erstwhile ABNL as per the composite scheme of arrangement between the Company and ABNL. The details are as under:

Particulars	Options			RSUs		
	Tranche IA	Tranche IIIA	Tranche IVA	Tranche IA	Tranche IVA	Tranche IVA
No. of Options Granted	39,887	6,144	51,219	18,483	24,784	24,784
Grant Date	7 <sup>th</sup> December 2013	12 <sup>th</sup> November 2014	24 <sup>th</sup> May 2016	7 <sup>th</sup> December 2013	24 <sup>th</sup> May 2016	24 <sup>th</sup> May 2016
Grant/Exercise Price (₹ Per Share)	449	631	648	2	2	2
Market Price on the Date of Grant	1,240	1,727	992	1,240	992	992
Fair Value on the Date of Merger (1 <sup>st</sup> July 2017)	806	693	716	1,200	1,195	1,195
Method of Settlement	Equity	Equity	Equity	Equity	Equity	Equity
Method of Accounting	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
Graded Vesting Plan	25% every year, commencing after one year from the date of grant					
Normal Exercise Period	5 years from the date of vesting					

b. Under the Employee Stock Options Scheme-2013 (ESOS-2013), the Company has granted 212,986 SAR to the eligible employees of erstwhile ABNL as per the composite scheme of arrangement between the Company and ABNL. The details are as under:

Particulars	SARs (Linked with the Company's market price)		SARs (Linked with Aditya Birla Capital Limited's market price)	
	Tranche - IV A	Tranche - IV B	Tranche - IV A	Tranche - IV B
Number of SARs	79,382	8,920	111,137	13,547
Method of Accounting	Fair Value	Fair Value	Fair Value	Fair Value
Vesting Plan	Graded Vesting - 25% every year	Bullet Vesting-end of 3 year from grant date	Graded Vesting - 25% every year	Bullet Vesting-end of 3 years from grant date
Exercise Period	3 years from the date of vesting or 6 years from the date of grant, whichever is earlier			
Grant Date	24 <sup>th</sup> May 2016	24 <sup>th</sup> May 2016	24 <sup>th</sup> May 2016	24 <sup>th</sup> May 2016
Grant Price (₹ Per Share)	648	2	10	10
Market Price on the Date of Grant of SARs (₹ Per Share)	992.4	992.4	NA	NA

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### 4.5.3 Movement of Options and RSUs Granted along with Weighted Average Exercise Price (WAEP)

#### 4.5.3.1 For Options referred to in 4.5.1(a), (b) & (c)

Particulars	Number of Options and RSUs			
	Current Year		Previous Year	
	Nos.	WAEP (₹)	Nos.	WAEP (₹)
Outstanding at the beginning of the year	2,172,121	602	1,039,210	463
Granted during the year	113,395	438	1,398,864	678
Exercised during the year	187,945	452	210,280	389
Lapsed during the year	131,876	699	6,620	711
Outstanding at the end of the year	1,965,695	601	2,172,121	602
Options: Unvested at the end of the year	1,088,786	611	1,393,016	675
Exercisable at the end of the year	876,909	588	779,105	472

The weighted average share price at the date of exercise for options was ₹ 719.55 per share (31<sup>st</sup> March 2019 ₹ 602.09 per share) and weighted average remaining contractual life. For the share options outstanding as at 31<sup>st</sup> March 2020 was 3.19 years (31<sup>st</sup> March 2019: 2.35 years).

#### 4.5.3.2 For options referred to in 4.5.2(a) & (b)

Particulars	Number of Options and RSUs				Number of SARs			
	Current Year		Previous Year		Current Year		Previous Year	
	Nos.	WAEP (₹)	Nos.	WAEP (₹)	Nos.	WAEP (₹)	Nos.	WAEP (₹)
Outstanding at the beginning of the year	100,647	372	122,167	364	135,441	258	167,876	239
Granted during the year	-	-	-	-	-	-	-	-
Exercised during the year	12,630	419	16,648	235	25,070	203	22,204	106
Lapsed during the year	-	-	4,872	643	-	-	10,231	274
Outstanding at the end of the year	88,017	365	100,647	372	110,371	270	135,441	258
Options: Unvested at the end of the year	10,664	648	39,042	355	36,221	276	83,679	240
Exercisable at the end of the year	77,353	327	61,605	383	74,150	267	51,762	287

The weighted average share price at the date of exercise for options was ₹ 866.22 per share (previous year ₹ 1,035.75 per share) and weighted average remaining contractual life for the share options outstanding as at 31<sup>st</sup> March 2020 was 2.71 years (31<sup>st</sup> March 2019: 2.76 years).

The weighted average share price at the date of exercise for SARs was ₹ 407.23 per share (31<sup>st</sup> March 2019 ₹ 354.64 per share) and weighted average remaining contractual life for the SARs outstanding as at 31<sup>st</sup> March 2020 was 1.79 years (31<sup>st</sup> March 2019 2.2 years).

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## 4.5.4 Fair Valuation

The fair value of options used to compute proforma net income and earnings per equity share has been done by an independent firm of Chartered Accountants on the date of grant using Black-Scholes Model and Binomial Model.

The Key Assumptions in Black-Scholes Model and Binomial Model for calculating fair value as on the date of grant are:

### 4.5.4.1 For Options referred to in 4.5.1(a), (b) & (c)

ESOS-2006	Options	
	Tranche V	
Method Used	Black-Scholes Model	
Risk-Free Rate	8.58%	
Option Life (Years)	Vesting Period (1 Year) + Average of Exercise Period	
Expected Volatility*	24.01%	
Dividend Yield	1.03%	

The weighted-average fair value of the option, as on the date of grant, works out to ₹ 211 per stock option.

ESOS-2013	Options					RSUs				
	Tranche I	Tranche III	Tranche IV	Tranche I	Tranche II	Tranche III	Tranche IV	Tranche III	Tranche IV	Tranche V
Method Used	Black-Scholes Model					Black-Scholes Model				
Risk-Free Rate	8.58%	7.87%	7.60%	8.66%	8.90%	9.00%	9.00%	7.96%	7.78%	7.78%
Option Life (Years)	Vesting Period (1 Year) + Average of Exercise Period					5.50	5.50	5.50	5.50	5.50
Expected Volatility *	24.01%	28.26%	27.96%	24.01%	23.76%	23.47%	23.47%	28.52%	28.41%	28.41%
Dividend Yield	1.03%	0.36%	0.52%	1.34%	1.40%	1.43%	1.43%	0.34%	0.51%	0.51%

The weighted-average fair value of the option and RSU, as on the date of grant, works out to ₹ 215 per stock option and ₹ 539 per RSU.

\* Expected volatility on the Company's stock price on National Stock Exchange based on the data commensurate with the expected life of the options/RSUs upto the date of grant.

ESOS-2018	Options				RSUs			
	Tranche I	Tranche II	Tranche III	Tranche I	Tranche II	Tranche III	Tranche IV	
Method Used	Binomial Model	Binomial Model	Binomial Model	Binomial Model	Binomial Model	Binomial Model	Binomial Model	
Risk-Free Rate	7.60%	6.74%	6.85%	7.65%	7.48%	6.74%	6.85%	
Option Life (Years)	Vesting Period (1 year) + Average of Exercise Period				Vesting Period (3 years) + Average of Exercise Period			
Expected Volatility *	32.06%	32.35%	32.78%	32.06%	31.48%	32.35%	32.78%	
Dividend Yield	0.52%	0.66%	0.66%	0.52%	0.52%	0.66%	0.66%	

The weighted-average fair value of the option and RSU, as on the date of grant, works out to ₹ 413.61 per stock option, ₹ 816.16 per RSU.

\* Expected volatility on the Company's stock price on National Stock Exchange based on the data commensurate with the expected life of the options/RSUs upto the date of grant.

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### 4.5.4.2 For Options referred to in 4.5.2(a) & (b)

ESOS-2013	Options		RSUs	
	Tranche IA	Tranche IIIA	Tranche IVA	Tranche IVA
Risk-Free Rate	6.60%	6.60%	6.70%	6.70%
Option Life (Years)	2.6 years	2.7 years	4.4 years	4.4 years
Expected Volatility *	27.20%	27.80%	27.20%	27.40%
Dividend Yield	0.31%	0.31%	0.31%	0.31%
Weighted average fair value of the option/RSU on the date of grant	₹ 583 per stock option		₹ 1,004 per stock option	

ESOS-2013	SARs (Linked to the Company's market price)			SARs (Linked with Aditya Birla Capital Limited's market price)		
	Tranche IVA	Tranche IVB	Tranche IVA	Tranche IVA	Tranche IVB	Tranche IVA
Method used	Binomial Model	Binomial Model	Binomial Model	Binomial Model	Binomial Model	Binomial Model
Risk-Free Rate	5.89%	5.89%	5.89%	5.89%	5.89%	5.89%
Option Life (Years)	1.82 years	2.15 years	1.82 years	1.82 years	2.15 years	2.15 years
Expected Volatility *	32.78%	32.36%	35.00%	35.00%	35.92%	35.92%
Dividend Yield	0.66%	0.66%	-	-	-	-
Weighted average fair value of SARs on 31 <sup>st</sup> March 2020	₹ 93.56 per SAR		₹ 32.28 per SAR			

\* Expected volatility on the Company's stock price on National Stock Exchange based on the data commensurate with the expected life of the options/RSUs upto the date of grant.

**4.5.5 Employee Stock Option expenses recognised in the Statement of Profit and Loss ₹ 23.58 Crore (Previous Year ₹ 10.90 Crore) and recognised in pre-operative expense ₹ 0.60 Crore (Previous Year ₹ 0.27 Crore).**

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## Disclosure under Employee Stock Option Scheme of Subsidiary Companies:

### (I) UltraTech Cement Limited:

The Group has granted 20,339 options (including Restricted Stock Units) to its eligible employees in various ESOS Schemes, details are as under:

#### (A) Employee Stock Option Scheme (ESOS-2006):

Particulars	Tranche I	Tranche II	Tranche III	Tranche IV*	Tranche V*	Tranche VI
No. of Options	99,010	69,060	60,403	88,907	8,199	7,890
Vesting Plan	Graded Vesting - 25% every year	Graded Vesting - 25% every year	Graded Vesting - 25% every year	As per the Terms of Scheme	As per the Terms of Scheme	Graded Vesting - 25% every year
Exercise Period	5 Years from the date of Vesting	5 Years from the date of Vesting	5 Years from the date of Vesting			5 years from the date of Vesting
Grant Date	23.08.2007	25.01.2008	08.09.2010	20.09.2010	20.09.2010	01.06.2012
Exercise Price (₹ Per Share)	606	794	655	709	1,061	974
Fair Value on the Date of Grant of Option (₹ Per Share)	502	404	547	447	281	762
Method of Settlement	Equity	Equity	Equity	Equity	Equity	Equity

\* Issued to Employees of erstwhile Samruddhi Cement Limited (SCL) option holders pursuant to Scheme of Amalgamation of SCL with the Group.

#### (B) Employee Stock Option Scheme (ESOS 2013) including Stock Options and Restricted Stock Units (RSUs):

Particulars	Tranche I		Tranche II		Tranche III	
	RSU	Stock Options	RSU	Stock Options	RSU	Stock Options
No. of Options	84,056	237,953	12,313	34,859	2,218	6,280
Vesting Plan	100% on 19.10.2016	Graded Vesting - 25% every year after 1 year from date of grant, subject to achieving performance targets	100% on 18.10.2017	Graded Vesting - 25% every year after 1 year from date of grant, subject to achieving performance targets	100% on 28.01.2018	Graded Vesting - 25% every year after 1 year from date of grant, subject to achieving performance targets
Exercise Period	5 Years from the date of Vesting	5 Years from the date of Vesting	5 Years from the date of Vesting	5 Years from the date of Vesting	5 Years from the date of Vesting	5 Years from the date of Vesting
Grant Date	19.10.2013	19.10.2013	18.10.2014	18.10.2014	28.01.2015	28.01.2015
Exercise Price (₹ Per Share)	10	1,965	10	2,318	10	3,122
Fair Value on the Date of Grant of Option (₹ Per Share)	1,862	750	2,241	870	3,048	1,207
Method of Settlement	Equity	Equity	Equity	Equity	Equity	Equity

## Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

Particulars	Tranche IV		Tranche V		Tranche VI	
	RSU	Stock Options	RSU	Stock Options	RSU	Stock Options
No. of Options	9,059	25,645	5,313	15,042	10,374	29,369
Vesting Plan	100% on 19.10.2018	Graded Vesting - 25% every year after 1 year from date of grant, subject to achieving performance targets	100% on 13.04.2019	Graded Vesting - 25% every year after 1 year from date of grant, subject to achieving performance targets	100% on 27.01.2020	Graded Vesting - 25% every year after 1 year from date of grant, subject to achieving performance targets
Exercise Period	5 Years from the date of Vesting	5 Years from the date of Vesting	5 Years from the date of Vesting	5 Years from the date of Vesting	5 Years from the date of Vesting	5 Years from the date of Vesting
Grant Date	19.10.2015	19.10.2015	13.04.2016	13.04.2016	27.01.2017	27.01.2017
Exercise Price (₹ Per Share)	10	2,955	10	3,167	10	3,681
Fair Value on the date of Grant of Option (₹ Per Share)	2,897	1,728	3,108	1,810	3,608	2,080
Method of Settlement	Equity	Equity	Equity	Equity	Equity	Equity

(C) **Employee Stock Option Scheme (ESOS-2018) including Stock Options, Restricted Stock Units (RSUs) and Stock Appreciation Rights Scheme-2018 (SAR-2018) including Stock Options and RSUs**

Particulars	Tranche I (ESOS-2018)		Tranche II (ESOS-2018)		Tranche III (ESOS-2018)	
	RSUs	Stock Options	RSUs	Stock Options	RSUs	Stock Options
No. of Options	43,718	158,304	917	3,320	3,482	12,620
Vesting Plan	100% on 18.12.2021	Graded Vesting - 25% every year after 1 year from date of grant, subject to achieving performance targets	100% on 23.12.2022	Graded Vesting- 25% every year after 1 year from date of grant, subject to achieving performance targets	100% on 04.03.2023	Graded Vesting- 25% every year after 1 year from date of grant, subject to achieving performance targets
Exercise Period	5 Years from the date of Vesting	5 Years from the date of Vesting	5 Years from the date of Vesting	5 Years from the date of Vesting	3 Years from the date of Vesting	3 Years from the date of Vesting
Grant Date	18.12.2018	18.12.2018	23.12.2019	23.12.2019	04.03.2020	04.03.2020
Exercise Price (₹ Per Share)	10	4,009.30	10	4,120.45	10	4,299.90
Fair Value on the Date of Grant of Option (₹ Per Share)	3,942	1,476	4,080	1,865	4,258	1,939
Method of Settlement	Equity	Equity	Equity	Equity	Equity	Equity



## Notes

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Particulars	Tranche I (SAR-2018)	
	RSUs	Stock Options
No. of Options	1,084	3,924
Vesting Plan	100% on 18.12.2021	Graded Vesting - 25% every year after 1 year from date of grant, subject to achieving performance targets
Exercise Period	3 Years from the date of Vesting	3 Years from the date of Vesting
Grant Date	18.12.2018	18.12.2018
Exercise Price (₹ Per Share)	10	4,009.30
Fair Value on the Date of Grant of Option (₹ Per Share)	3,946	1,539
Method of Settlement	Cash	Cash

(D) Movement of Options Granted including RSUs along with weighted average exercise price (WAEP):

Particulars	As at 31 <sup>st</sup> March 2020		As at 31 <sup>st</sup> March 2019	
	Nos.	WAEP (₹)	Nos.	WAEP (₹)
Outstanding at the beginning of the year	316,974	2,843.64	144,499	2,171.13
Granted during the year	20,339	3,342.77	202,022	3,143.84
Exercised during the year	(21,711)	1,799.42	(28,735)	1,585.05
Forfeited during the year	(18,123)	2,688.20	(812)	2,396.47
Outstanding at the end of the year	297,479	2,963.45	316,974	2,843.64
Options Exercisable at the end of the year	118,919	2,875.80	73,273	2,394.44

The weighted average share price at the date of exercise for options was ₹ 4,181.12 per share (31<sup>st</sup> March 2019 ₹ 3,844.48 per share) and weighted average remaining contractual life for the share options outstanding as at 31<sup>st</sup> March 2020, was 5.12 years (31<sup>st</sup> March 2019: 4.6 years).

The Company has granted Nil SAR (31<sup>st</sup> March 2019: 5,008) to its employees during the year with a weighted average exercise price of ₹ Nil per share (31<sup>st</sup> March 2019: ₹ 3,143.64 per share) and weighted average fair value of ₹ Nil per share (31<sup>st</sup> March 2019: ₹ 2,060 per share). The weighted average remaining contractual life for SAR is 4.22 years (31<sup>st</sup> March 2019: 5.3 years).

The exercise price for outstanding options and SAR is ₹ 10 per share for RSUs and ranges from ₹ 1,965 per share to ₹ 4,300 per share for options.

## Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

**(E) Fair Valuation:**

20,339 share options were granted during the year. Weighted Average Fair Value of the options granted during the year is ₹ 2,682.45 per share (31<sup>st</sup> March 2019: ₹ 2,009.83 per share).

The fair value of option has been done by an independent firm of Chartered Accountants on the date of grant using the Black-Scholes Model/Binomial Model.

The Key assumptions in the Black-Scholes Model for calculating fair value as on the date of grant:

**(a) For ESOS-2006:**

1. Risk-Free Rate - 8% (Tranche I-V), 8.14% (Tranche VI)
2. Option Life - Vesting period (1 Year) + Average of exercise period
3. Expected Volatility\* - Tranche-I: 0.49, Tranche-II: 0.52, Tranche-III: 0.30, Tranche-IV: 0.30, Tranche-V: 0.30, Tranche-VI: 0.25
4. Expected Growth in Dividend - 20%

**(b) For ESOS-2013:**

1. Risk-Free Rate - 8.5% (Tranche I), 7.8% (Tranche II-III), 8.56% (Tranche IV) 7.6% (Tranche V), 6.74% (Tranche VI)
2. Option Life - (a) For Options - Vesting period (1 Year) + Average of exercise period  
(b) For RSU – Vesting period (3 Years) + Average of exercise period
3. Expected Volatility\* - Tranche-I: 0.29, Tranche-II: 0.27, Tranche-III: 0.28, Tranche-IV: 0.60 Tranche-V: 0.60, Tranche-VI: 0.61
4. Expected Growth in Dividend - Tranche -I: 20%, Tranche II-III: 15%, Tranche-IV: 5%, Tranche-V: 5%, Tranche-VI: 5%

**(c) For ESOS-2018:**

1. Risk-Free Rate - 7.47% (Tranche I)
2. Option Life - (a) For Options - Vesting period (1 Year) + Average of exercise period  
(b) For RSU – Vesting period (3 Years) + Average of exercise
3. Expected Volatility\* - Tranche-I: 0.24
4. Dividend Yield - Tranche -I: 0.46%

\* Expected volatility on the Company's stock price on National Stock Exchange based on the data commensurate with the expected life of the options/RSUs up to the date of grant.

The Key assumptions in the Binomial Tree Model for calculating fair value as on the date of grant:

**(a) For ESOS – SAR-2018:**

1. Risk-Free Rate - 7.47% (Tranche I)
2. Option Life - (a) For Options - Vesting period (1 Year) + Average of exercise period  
(b) For RSU-Vesting period (3 Years) + Average of exercise period
3. Expected Volatility\* - Tranche-I: 0.25
4. Dividend Yield - Tranche -I: 0.46%

## Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

### (b) For ESOS–2018:

1. Risk-Free Rate - 6.78% (Tranche II), 6.72% (Tranche III)
2. Option Life - (a) For Options - Vesting period (1Year) + Average of exercise period  
(b) For RSU – Vesting period (3Years) + Average of exercise period
3. Expected Volatility\* - Tranche-II: 0.26, Tranche-III: 0.26
4. Dividend Yield - Tranche-II & III: 0.27%

\* Expected volatility on the Company's stock price on National Stock Exchange based on the data commensurate with the expected life of the options/RSUs up to the date of grant.

### (F) Details of Liabilities arising from the Company's cash settled share-based payment transactions:

(₹ in Crore)

Particulars	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019 (Restated)
Other non-current liabilities	0.40	0.09
Other current liabilities	0.15	0.04
<b>Total carrying amount of liabilities</b>	<b>0.55</b>	<b>0.13</b>

### (G) Employee Stock Option expenses recognised in the Statement of Profit and Loss ₹ 16.79 Crore (Previous Year ₹ 9.60 Crore).

### (II) Aditya Birla Capital Limited

At the Annual General Meeting held on 19<sup>th</sup> July 2017, the shareholders of the Company approved the grant of not more than 32,286,062 Equity Shares by way of grant of Stock Options ("ESOPs") and Restricted Stock Units ("RSUs"). Out of these, the Nomination, Remuneration and Compensation Committee has granted 24,062,864 ESOPs and 5,742,636 RSUs under the Scheme titled "Aditya Birla Capital Limited Employee Stock Option Scheme 2017" in 3 categories of Long-Term Incentive Plans ("LTIP") identified as LTIP 1, LTIP 2, and LTIP 3. The Scheme allows the Grant of Stock Options to employees of the Company (whether in India or abroad) that meet the eligibility criteria. Each option comprises one underlying Equity Share.

Features	LTIP 1	LTIP 2	LTIP 3	
	RSU	ESOP	RSU	ESOP
Plan Period	2017-2019	2017-2021	2017-2018	2017-2022
Quantum of Grant	4,343,750	11,557,872	1,398,886	12,504,992
Method of Accounting	Fair Value	Fair Value	Fair Value	Fair Value
Vesting Period	100% (2 years)	25% p.a. (4 years)	100% (2 years)	20% p.a. (5 years)
Vesting Condition(s)	Continued employment	75% of the consolidated Profit Before Tax achievement against annual performance target	Continued employment	75% of the consolidated Profit Before Tax achievement against annual performance target
Exercise Period	5 Years From Date of Vesting	5 Years From Date of Vesting	5 Years From Date of Vesting	5 Years From Date of Vesting
Grant Date	11 <sup>th</sup> August 2017	11 <sup>th</sup> August 2017	11 <sup>th</sup> August 2017	11 <sup>th</sup> August 2017
Grant/Exercise Price (₹ Per Share)	10.00	115.00	10.00	115.00
Value of Equity Shares as on the Date of Grant of Original Option (₹ Per Share)	139.00	139.00	139.00	139.00

## Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

Pursuant to the “Aditya Birla Capital Limited Employee Stock Option Scheme 2017”, the Company has granted 2,107,868 Options (“ESOPs”) and 531,496 Restricted Stock Units (“RSUs”) to the eligible employees of the Company and its subsidiary, the details of which are given hereunder:

Features	1 <sup>st</sup> Grant	2 <sup>nd</sup> Grant			3 <sup>rd</sup> Grant	
	LTIP 2	LTIP 2	LTIP 3	LTIP 3	LTIP 2	LTIP 3
Instrument	ESOP	ESOP	ESOP	RSU	ESOP	RSU
Plan Period	2019-2023	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
Quantum of Grant	560,376	2019-2023	2019-2023	2019-2023	2020-2024	2020-2023
Method of Accounting	Fair Value	307,020	441,704	7,686	798,768	523,810
Vesting Period	25% p.a. (4 years)	25% p.a. (4 years)	20% p.a. (5 years)	100% (2 years)	25% p.a. (4 years)	100% (3 years)
Vesting Condition(s)	75% of the consolidated Profit Before Tax achievement against annual performance target	75% of the consolidated Profit Before Tax achievement against annual performance target	75% of the consolidated Profit Before Tax achievement against annual performance target	Continued employment	75% of the consolidated Profit Before Tax achievement against annual performance target	Continued employment
Exercise Period	5 Years From Date of Vesting	5 Years From Date of Vesting	5 Years From Date of Vesting	5 Years From Date of Vesting	5 Years From Date of Vesting	5 Years From Date of Vesting
Grant Date	02.08.2019	07.09.2019	07.09.2019	07.09.2019	25.02.2020	25.02.2020
Grant/Exercise Price (₹ Per Share)	82.4	76.4	76.4	10	87.1	10

During the previous year the Company has granted 1,623,834 Options (“ESOPs”) and 300,000 Restricted Stock Units (“RSUs”) to the eligible employees of the Company and its subsidiary, the details of which are given hereunder:

Features	Granted on 9 <sup>th</sup> April 2018	
	LTIP 3 ESOP	LTIP 3 RSU
Plan Period	2018-2023	2018-2020
Quantum of Grant	1,623,834	300,000
Method of Accounting	Fair Value	Fair Value
Vesting Period	20% p.a. (5 years)	100% (2 years)
Vesting Condition(s)	75% of the consolidated Profit Before Tax achievement against annual performance target	Continued employment
Exercise Period	5 Years From Date of Vesting	5 Years From Date of Vesting
Grant Date	09.04.2018	09.04.2018
Grant/Exercise Price (₹ Per Share)	115.00	10.00

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

## Details of Activity in the Plan as at 31<sup>st</sup> March 2020

Features	LTIP 1		LTIP 2		LTIP 3	
	RSU	ESOP	RSU	ESOP	RSU	ESOP
Options/RSUs Outstanding at the beginning of the year	3,449,500	10,524,085	1,698,886	14,128,826		
Granted during the year on 1 <sup>st</sup> April 2019	-	1,666,164	531,496	441,704		
Exercised during the year	1,450,042	-	615,431	-		
Lapsed during the year	320,708	819,401	183,187	1,822,626		
Options/RSUs Outstanding at the end of the year	1,678,750	11,370,848	1,431,764	12,747,904		
Options/RSUs unvested at the end of the year	-	6,587,801	831,496	8,042,534		
Options/RSUs exercisable at the end of the year	1,678,750	4,783,047	600,268	4,705,370		

## Details of Activity in the Plan as at 31<sup>st</sup> March 2019

Features	LTIP 1		LTIP 2		LTIP 3	
	RSU	ESOP	RSU	ESOP	RSU	ESOP
Options/RSUs Outstanding at the beginning of the year	4,004,750	11,445,739	1,398,886	12,504,992		
Granted during the year	-	-	300,000	1,623,834		
Exercised during the year	-	29,200	-	-		
Lapsed during the year	555,250	892,454	-	-		
Options/RSUs Outstanding at the end of the year	3,449,500	10,524,085	1,698,886	14,128,826		
Options/RSUs unvested at the end of the year	3,449,500	7,841,942	1,698,886	11,627,828		
Options/RSUs exercisable at the end of the year	-	2,682,143	-	2,500,998		

## Fair Valuation

The fair value of the options used to compute proforma net profit and earnings per share have been done by an independent valuer on the date of grant using Black-Scholes Merton Formula. The key assumptions and the Fair Value are as:

Features	LTIP 1		LTIP 2		LTIP 3	
	RSU	ESOP	RSU	ESOP	RSU	ESOP
Risk-Free Interest Rate (%)	6.50%	6.2% to 6.8%	6.50%	6.5% to 7.0%		
Option Life (Years)	4.5	3.5 to 6.5	4.5	3.5 to 7.5		
Historical Volatility	38.50%	36.2% to 38.5%	35.4%-38.5%	37.0% to 38.5%		
Expected Volatility	-	-	-	-		
Expected Dividend Yield (%)	0.00%	0.00%	0.00%	0.00%		
Weighted Average Fair Value per Option (₹)	131.60	70.40	131.60	73.10		

## Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

### SUBSIDIARY COMPANIES of ABCL

#### Aditya Birla Money Limited

##### Stock Options granted under ABML – Employee Stock Option Scheme–2014

The objective of the Employee Stock Option Scheme is to attract and retain talent and align the interest of employees with the Aditya Birla Money Limited (ABML), as well as to motivate them to contribute to its growth and profitability. The Company adopts Senior Executive Plan in granting Stock Options to its Senior Employees. (Employee Stock Option Scheme–2014)

During 2014 the Company had formulated the ABML Employee Stock Option Scheme – 2014 (ABML ESOP Scheme–2014) with the approval of the shareholders at the Annual General Meeting dated 9<sup>th</sup> September 2014. The Scheme provides that the total number of options granted thereunder will be 2,770,000 and to follow the Market Value Method (Intrinsic Value) for valuation of the Options. Each option, on exercise, is convertible into one equity share of the Company having face value of ₹ 1 each. Subsequently, the Nomination and Remuneration Committee of the Board of Directors on 2<sup>nd</sup> December 2014 has granted 2,509,341 stock options to its eligible employees under the ABML ESOP Scheme–2014 at an exercise price of ₹ 34.25/-. The Exercise Price was based on the latest available closing price, prior to the 2<sup>nd</sup> December 2014 (the date of grant by the Nomination and Remuneration Committee) on the recognized stock exchanges on which the shares of the Company are listed with the highest trading volume.

Summary of Stock Options granted under ABML ESOP Scheme – 2014 is as under	As at 31 <sup>st</sup> March 2020
Options granted on 2 <sup>nd</sup> December 2014	2,509,341
Options outstanding as on 1 <sup>st</sup> April 2019	520,312
No. of options granted during the Year	Nil
Method of Accounting	Intrinsic Value
Vesting Plan	25% every year
Exercise period	Within 5 years from the date of vesting of respective options
Grant/Exercise price ( ₹ per share)	₹ 34.25/-
Market price as on the date of the grant	₹ 34.25/- (previous day closing price on the recognized stock exchange)
Options forfeited/lapsed during the period	0
Options exercised during the period	0
Options outstanding as on 31 <sup>st</sup> March 2020	520,312

Summary of Stock Options granted under ABML ESOP Scheme – 2014 is as under	As at 31 <sup>st</sup> March 2019
Options granted on 2 <sup>nd</sup> December 2014	2,509,341
Options outstanding as on 1 <sup>st</sup> April 2018	699,531
No. of options granted during the period	Nil
Method of Accounting	Intrinsic Value
Vesting Plan	25% every year
Exercise period	Within 5 years from the date of vesting of respective options
Grant/Exercise price ( ₹ per share)	₹ 34.25/-
Market price as on the date of the grant	₹ 34.25/- (previous day closing price on the recognized stock exchange)
Options forfeited/lapsed during the period	0
Options exercised during the period	179,219
Options outstanding as on 31 <sup>st</sup> March 2019	520,312

## Notes

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The vesting period in respect of the options granted under ABML ESOP Scheme – 2014 is as follows:

Sr. No.	Vesting Dates	% of Options that shall vest
1	12 months from the date of grant	25% of the grant
2	24 months from the date of grant	25% of the grant
3	36 months from the date of grant	25% of the grant
4	48 months from the date of grant	25% of the grant

ABML has granted options to the eligible employees at an exercise price of ₹ 34.25 per share being the latest market price as per SEBI ESOP Regulations. In view of this, there being no intrinsic value (being the excess of the market price of share under ESOP over the exercise price of the option), on the date of grant, the ABML is not required to account the accounting value of option as per SEBI ESOP Regulations.

### Fair Valuation:

The fair value of the options on the date of grant has been done by an independent valuer using Black-Scholes Formula.

### The key assumptions are as under:

Risk-free interest rate (%)	8.13%
Expected life (No. of years)	5
Expected volatility (%)	54.26%
Dividend yield (%)	0.00
Weighted Average Fair Value per Option (₹) Fair Value	₹ 34.25/-

### ABCL Incentive Plan 2017

The Scheme titled as “ABCL Incentive Scheme for Stock Options and Restricted Stock Units – 2017 (ABCL Incentive Scheme)” was approved by the shareholders through postal ballot on 10<sup>th</sup> April 2017. The Nomination, Remuneration and Compensation Committee of the Company at their meeting held on 15<sup>th</sup> January 2018, granted 1,465,927 ESOPs and 252,310 Restricted Stock Units (RSUs) (Collectively called as “Stock Options”) to the eligible grantees pursuant to the Composite Scheme of Arrangement between erstwhile Aditya Birla Nuvo Limited (now merged with Grasim Industries Limited), Grasim Industries Limited and Aditya Birla Capital Limited (formerly known as Aditya Birla Financial Services Limited) (Refer Note No. 34). Out of the above, the Company has granted 195,040 ESOPs and 45,060 RSUs under this Scheme to a Director of the Company. The Stock Options allotted under the Scheme are convertible into equal number of Equity Shares.

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The vesting conditions and the vesting dates under the ABCL Incentive Scheme shall follow the same vesting conditions, as applicable to the Grantees under the corresponding Grasim Employee Benefit Schemes 2006 and 2013.

Particulars	ABCL Incentive Scheme	
	Options	RSUs
Plan Period	As per Grasim Employee Benefit Scheme 2006 and 2013	
Quantum of Grant	1,465,927	252,310
Method of Accounting	Fair Value	Fair Value
Vesting Period	The Options and RSUs shall deemed to have been vested from the original date of grant under the Grasim ESOP Schemes 2006 and 2013 and shall be subject to a minimum vesting period of one year from the date of original grant, and would vest not earlier than one year and not later than five years from the date of grant of Options and RSUs, or such other period as may be determined by the Nomination, Remuneration and Compensation Committee.	
Vesting Condition(s)	Achievement of threshold level of budgeted annual performance target	
Exercise Period	5 years from date of Vesting	5 years from date of Vesting
Grant Date	15 <sup>th</sup> January 2018	15 <sup>th</sup> January 2018
Grant/Exercise Price (₹ Per Share)	10	10

#### Details of Activity in the Plan

Particulars	ABCL Incentive Scheme			
	31 <sup>st</sup> March 2020		31 <sup>st</sup> March 2019	
	Options	RSUs	Options	RSUs
Options/RSUs Outstanding at the beginning of the year	1,034,389	195,955	1,354,590	218,389
Granted during the year	-	-	-	-
Exercised during the year	272,524	26,898	313,381	22,434
Lapsed during the year	-	-	6,820	-
Options/RSUs Outstanding at the end of the year	761,865	169,057	1,034,389	195,955
Options/RSUs unvested at the end of the year	25,585	-	93,787	33,472
Options/RSUs exercisable at the end of the year	736,280	169,057	940,602	162,483

## 4.6 OPERATING SEGMENTS

### 4.6.1 Details of products included in each of the Segments are as under:-

- Viscose - Viscose Staple Fibre, Wood Pulp and Viscose Filament Yarn
- Chemicals - Caustic Soda, Allied Chemicals and Epoxy
- Cement - Grey Cement, White Cement and Allied Products
- Financial Services - Non-Bank Financial Services, Life Insurance Services, Asset Management (AMC), Housing Finance, Equity Broking, Wealth Management, General Insurance Advisory and Health Insurance
- Others - Mainly Textiles, Insulators, Agri-business and Solar Power



# Notes

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## Information about Operating Segments for Current Year:

							(₹ in Crore)
	Viscose	Chemicals	Cement	Financial Services	Others	Eliminations	Total
<b>REVENUE</b>							
Sales (As reported)	9,121.13	4,607.94	41,457.64	16,684.94	4,876.98	-	76,748.63
Sales (Inter-Segment)	8.56	819.95	18.30	20.78	40.46	(908.05)	-
<b>Total Sales (Note 3.1)</b>	<b>9,129.69</b>	<b>5,427.89</b>	<b>41,475.94</b>	<b>16,705.72</b>	<b>4,917.44</b>	<b>(908.05)</b>	<b>76,748.63</b>
Other Income (including Other Operating Revenue)	134.55	97.70	1,296.66	26.41	62.89	(24.63)	1,593.58
Unallocated Corporate Other Income							249.50
<b>Total Other Income</b>	<b>134.55</b>	<b>97.70</b>	<b>1,296.66</b>	<b>26.41</b>	<b>62.89</b>	<b>(24.63)</b>	<b>1,843.08</b>
<b>Total Revenue</b>	<b>9,264.24</b>	<b>5,525.59</b>	<b>42,772.60</b>	<b>16,732.13</b>	<b>4,980.33</b>	<b>(932.68)</b>	<b>78,591.71</b>
<b>RESULTS</b>							
<b>Segment Results (PBIT)</b>	<b>906.22</b>	<b>742.44</b>	<b>7,229.18</b>	<b>757.33</b>	<b>158.76</b>	<b>(5.69)</b>	<b>9,788.24</b>
Unallocated Corporate Income/(Expenses)							16.97
Finance Costs*							(2,338.50)
<b>Profit before Exceptional Items and Tax</b>							<b>7,466.71</b>
Exceptional Items (Note 3.11)							(1,382.10)
<b>Profit Before Tax and Share in Profit/(Loss) of Equity Accounted Investees</b>							<b>6,084.61</b>
Share in Profit of Joint Ventures and Associates (allocable to Operating Segments)	(37.52)	-	0.02	583.64	0.16	-	546.30
Share in Profit/(Loss) of Joint Ventures and Associates (Unallocable)							15.92
<b>Profit Before Tax</b>							<b>6,646.83</b>
Current Tax							1,607.38
Provision for Tax of Earlier Years Written Back							(4.44)
Deferred Tax							(1,633.59)
<b>Profit for the year before Non-Controlling Interest</b>							<b>6,677.48</b>
Less: Non-Controlling Interest							(2,252.29)
<b>Profit for the year</b>							<b>4,425.19</b>
<b>OTHER INFORMATION</b>							
<b>Segment Assets</b>	<b>10,591.27</b>	<b>6,186.34</b>	<b>81,217.23</b>	<b>127,133.94</b>	<b>6,329.08</b>	<b>(75.29)</b>	<b>231,382.57</b>
Investment in Associates/ Joint Ventures (allocable to Operating Segments)	1,054.62	-	7.37	5,292.86	30.40	-	6,385.25
Investment in Associates/Joint Ventures (Unallocable)							147.84
Unallocated Corporate Assets							6,500.14
<b>Total Assets</b>							<b>244,415.80</b>
<b>Segment Liabilities</b>	<b>2,101.79</b>	<b>980.52</b>	<b>11,245.19</b>	<b>99,658.12</b>	<b>1,591.87</b>	<b>(42.55)</b>	<b>115,534.94</b>
Unallocated Corporate Liabilities							37,893.11
<b>Total Liabilities</b>							<b>153,428.05</b>

## Notes

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(₹ in Crore)

	Viscose	Chemicals	Cement	Financial Services	Others	Eliminations	Total
<b>Additions to Non-Current Assets</b>	1,936.37	710.84	1,762.21	138.97	719.07	-	5,267.46
Unallocated Corporate Capital Expenditure							136.01
<b>Total Additions Non-Current Assets</b>							5,403.47
<b>Depreciation and Amortisation</b>	433.25	265.64	2,702.16	440.29	183.30	-	4,024.64
Unallocated Corporate Depreciation and Amortisation							16.18
<b>Total Depreciation and Amortisation</b>							4,040.82
<b>Significant Non-Cash Expenses other than Depreciation and Amortisation (Allocable)</b>	-	17.66	-	1,270.27	-	-	1,287.93
<b>Significant Non-Cash Expenses other than Depreciation and Amortisation (Unallocable)</b>							107.92

\* Finance cost excludes finance cost of ₹ 4,587.82 Crore on financial services business, since it is considered as an expense for deriving segment result.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

### Information about Operating Segments for Previous Year:

(₹ in Crore)

	Viscose	Chemicals	Cement	Financial Services	Others	Eliminations	Total
<b>REVENUE</b>							
Sales (As reported)	10,220.26	5,414.60	40,887.12	15,020.67	4,753.62	-	76,296.27
Sales (Inter-Segment)	11.39	957.86	16.69	11.28	23.66	(1,020.88)	-
<b>Total Sales (Note 3.1)</b>	<b>10,231.65</b>	<b>6,372.46</b>	<b>40,903.81</b>	<b>15,031.95</b>	<b>4,777.28</b>	<b>(1,020.88)</b>	<b>76,296.27</b>
Other Income (including Other Operating Revenue)	120.09	83.05	1,166.03	18.64	57.44	(23.08)	1,422.17
Unallocated Corporate Other Income							309.50
<b>Total Other Income</b>	<b>120.09</b>	<b>83.05</b>	<b>1,166.03</b>	<b>18.64</b>	<b>57.44</b>	<b>(23.08)</b>	<b>1,731.67</b>
<b>Total Revenue</b>	<b>10,351.74</b>	<b>6,455.51</b>	<b>42,069.84</b>	<b>15,050.59</b>	<b>4,834.72</b>	<b>(1,043.96)</b>	<b>78,027.94</b>
<b>RESULTS</b>							
<b>Segment Results (PBIT)</b>	<b>1,667.60</b>	<b>1,588.46</b>	<b>5,359.65</b>	<b>718.31</b>	<b>335.66</b>	<b>0.44</b>	<b>9,670.12</b>
Unallocated Corporate Income/(Expenses)							162.53
Finance Costs*							(2,009.85)
<b>Profit before Exceptional Items and Tax</b>							<b>7,822.80</b>
Exceptional Items (Note 3.11)							(2,688.40)
<b>Profit Before Tax and Share in Profit/(Loss) of Equity Accounted Investees</b>							<b>5,134.40</b>
Share in Profit of Joint Ventures and Associates (allocable to Operating Segments)	118.86	-	0.19	209.06	1.57	-	329.68

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	Viscose	Chemicals	Cement	Financial Services	Others	Eliminations	(₹ in Crore) Total
Share in Profit/(Loss) of Joint Ventures and Associates (Unallocable)							(300.62)
<b>Profit Before Tax</b>							<b>5,163.46</b>
Current Tax							2,339.40
Provision for Tax of Earlier Years Written Back							(15.51)
Deferred Tax							94.83
<b>Profit for the year before Non-Controlling Interest</b>							<b>2,744.74</b>
Less: Non-Controlling Interest							(1,051.75)
<b>Profit for the year</b>							<b>1,692.99</b>
<b>OTHER INFORMATION</b>							
<b>Segment Assets</b>	<b>9,534.20</b>	<b>5,888.77</b>	<b>78,415.97</b>	<b>124,712.31</b>	<b>5,975.63</b>	<b>(77.45)</b>	<b>224,449.43</b>
Investment in Associates/ Joint Ventures (allocable to Operating Segments)	1,091.64	-	7.36	4,913.71	30.19	-	6,042.90
Investment in Associates/Joint Ventures (Unallocable)							241.39
Unallocated Corporate Assets							10,440.21
<b>Total Assets</b>							<b>241,173.93</b>
<b>Segment Liabilities</b>	<b>2,030.40</b>	<b>912.21</b>	<b>11,026.21</b>	<b>98,900.58</b>	<b>1,248.24</b>	<b>(16.47)</b>	<b>114,101.17</b>
Unallocated Corporate Liabilities							38,550.66
<b>Total Liabilities</b>							<b>152,651.83</b>
<b>Additions to Non-Current Assets<sup>®</sup></b>	<b>1,270.34</b>	<b>752.14</b>	<b>10,649.26</b>	<b>155.98</b>	<b>874.53</b>	<b>-</b>	<b>13,702.25</b>
Unallocated Corporate Capital Expenditure							22.92
<b>Total Additions Non-Current Assets</b>							<b>13,725.17</b>
<b>Depreciation and Amortisation</b>	<b>384.42</b>	<b>238.87</b>	<b>2,450.73</b>	<b>341.62</b>	<b>142.43</b>	<b>-</b>	<b>3,558.07</b>
Unallocated Corporate Depreciation and Amortisation							13.31
<b>Total Depreciation and Amortisation</b>							<b>3,571.38</b>
<b>Significant Non-Cash Expenses other than Depreciation and Amortisation (Allocable)</b>	<b>-</b>	<b>-</b>	<b>113.88</b>	<b>94.01</b>	<b>135.00</b>	<b>-</b>	<b>342.89</b>
<b>Significant Non-Cash Expenses other than Depreciation and Amortisation (Unallocable)</b>							<b>2,345.51</b>

\* Finance cost excludes finance cost of ₹ 4,050.18 Crore on financial services business, since it is considered as an expense for deriving segment result.

® Includes addition on account of acquisition of UNCL, controlling stake in ABREL & ABSL and Grasim Premium Fabrics Private Limited.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

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### 4.6.2 Geographical Segments

The Company's Operating Facilities are located in India.

	(₹ in Crore)	
	Current Year	Previous Year
<b>Segment Revenues:</b>		
India (Country of Domicile)	74,903.67	74,336.43
Rest of the World	1,844.96	1,959.84
<b>Total</b>	<b>76,748.63</b>	<b>76,296.27</b>
<b>Addition to Non-Current Assets</b>		
India	5,151.54	13,663.64
Rest of the World	251.93	61.53
<b>Total</b>	<b>5,403.47</b>	<b>13,725.17</b>

### 4.6.3 The Carrying Amount of Non-Current Operating Assets by location of Assets:

	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
<b>Non-Current Assets<sup>§</sup></b>		
India	92,468.43	91,111.52
Rest of the World	2,565.74	2,313.81
<b>Total</b>	<b>95,034.17</b>	<b>93,425.33</b>

<sup>§</sup> Non-current assets exclude Financial Assets, Equity Accounted Investees, Deferred Tax Assets and Non-Current Tax Assets.

### 4.6.4 Information about major Customers

No Single customer represents 10% or more of the Group's total Revenue for the year ended 31<sup>st</sup> March 2020 and year ended 31<sup>st</sup> March 2019.

## 4.7 RELATED PARTY DISCLOSURE

### 4.7.1 Related Parties with whom transactions have taken place during the year:

#### Joint Ventures:

AV Group NB Inc., Canada  
 Birla Jingwei Fibres Company Limited, China  
 Birla Lao Pulp & Plantations Company Limited, Laos (upto 18<sup>th</sup> September 2018)  
 Aditya Group AB, Sweden  
 AV Terrace Bay Inc., Canada  
 Aditya Birla Elyaf Sanayi Ve Ticaret Anonim Sirketi  
 Bhaskarpara Coal Company Limited  
 Aditya Birla Solar Limited (upto 14<sup>th</sup> May 2018)  
 Aditya Birla Renewables Limited (upto 14<sup>th</sup> May 2018)  
 Aditya Birla Renewable SPV 1 Limited (upto 14<sup>th</sup> May 2018)  
 Aditya Birla Wellness Private Limited  
 Aditya Birla Sun Life AMC Limited  
 Aditya Birla Sunlife Trustee Limited  
 Aditya Birla Power Composites Limited (w.e.f. 15<sup>th</sup> October 2019)

#### Associates:

Aditya Birla Science & Technology Company Private Limited  
 Vodafone Idea Limited (upto 30<sup>th</sup> August 2018) (formerly known as Idea Cellular Limited)

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## forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

Madanpur (North) Coal Company Private Limited  
Aditya Birla IDEA Payments Bank Limited (under liquidation w.e.f. 18<sup>th</sup> September 2019)  
Waacox Energy Private Limited (w.e.f. 27<sup>th</sup> June 2018)

### Key Management Personnel (KMP):

Shri Kumar Mangalam Birla, Non-Executive Director  
Smt. Rajashree Birla, Non-Executive Director  
Shri Himanshu Kapania - Non-Executive Director (ceased w.e.f. 31<sup>st</sup> December 2019)  
Shri Dilip Gaur, Managing Director  
Shri B.V. Bhargava, Independent Director (ceased w.e.f. 23<sup>rd</sup> August 2019)  
Shri M.L. Apte, Independent Director (ceased w.e.f. 23<sup>rd</sup> August 2019)  
Shri Cyril Shroff, Independent Director  
Shri Thomas Connelly Jr., Independent Director  
Shri Shailendra K Jain, Non-Executive Director  
Shri N. Mohan Raj, Independent Director (w.e.f. 12<sup>th</sup> July 2019)  
Shri O.P. Rungta, Independent Director  
Shri Arun Thiagrajan, Independent Director  
Shri Sushil Agarwal, Whole-time Director and CFO (ceased w.e.f. closing business hours of 30<sup>th</sup> June 2019)  
Shri Ashish Adukia - CFO (w.e.f. 1<sup>st</sup> July 2019)  
Mrs. Usha Sangwan- Non-Executive Director  
Mrs. Anita Ramachandran - Independent Director (w.e.f. 14<sup>th</sup> August 2018)

### Post-Employment Benefits Plan:

Grasim Industries Limited Employees Provident Fund (GILEPF)  
Provident Fund of Aditya Birla Nuvo Limited (merged with GILEPF)  
IndoGulf Fertilisers Employee Provident Fund Trust  
Jayshree Provident Fund Institution  
Century Rayon Provident Fund Trust No. 1 & 2  
Grasim Industries Limited Employees' Gratuity Fund  
UltraTech Provident Fund  
Maihar Employees Provident Fund  
Grasim (Senior Executives & Officers) Superannuation Scheme

### Other Related Parties in which Directors are interested:

Shailendra Jain & Co.  
Prafulla Brothers  
Birla Group Holding Private Limited  
Birla Carbon Private Limited (formerly known as SKI Carbon (India) Private Limited)  
Birla Research Institute of Applied Sciences  
Aditya Birla Management Corporation Private Limited (w.e.f. 1<sup>st</sup> January 2019)  
Shardul Amarchand Mangaldas & Co.  
Cyril Amarchand Mangaldas

### Relatives of KMP

Shri Suvrat Jain (son of Shri Shailendra K Jain)  
Shri Devarat Jain (son of Shri Shailendra K Jain)

### Terms and Conditions of Transaction with Related Parties

The transaction with related parties are made in the normal course of business and on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest-free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. The above transactions are as per the approval of the Audit Committee. The Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

## Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

### 4.7.2 Disclosure of Related Party Transactions:

	(₹ in Crore)	
	Current Year	Previous Year
<b>a) Revenue from Contract with Customers</b>		
Birla Jingwei Fibres Company Limited	306.68	259.34
Aditya Birla Sun Life AMC Limited {includes dividend received of ₹ 168.30 Crore (Previous year ₹ 153.00 Crore)}	169.91	155.43
Waacox Energy Private Limited	0.01	0.51
Aditya Birla Management Corporation Private Limited	0.27	-
Aditya Birla Wellness Private Limited	0.55	0.55
Vodafone Idea Limited	-	1.71
<b>Total</b>	<b>477.42</b>	<b>417.54</b>
<b>b) Interest and Other Income:</b>		
Aditya Birla Science & Technology Company Private Limited	1.28	1.58
Waacox Energy Private Limited	-	0.37
Aditya Birla Management Corporation Private Limited	2.63	0.68
Aditya Birla Power Composite Limited	0.24	-
Birla Carbon Private Limited	0.95	0.95
<b>Total</b>	<b>5.10</b>	<b>3.58</b>
<b>c) Dividend Paid:</b>		
Birla Group Holding Private Limited	87.50	3.40
<b>Total</b>	<b>87.50</b>	<b>3.40</b>
<b>d) Purchase of Goods/Property, Plant and Equipment/ Payment of Other Services</b>		
AV Group NB Inc.	669.49	717.12
Aditya Group AB	396.29	540.39
Aditya Birla Wellness Private Limited	7.58	4.86
Aditya Birla Science & Technology Company Private Limited	33.14	24.87
Birla Jingwei Fibres Company Limited	*(0.08)	-
AVTerrace Bay Inc Canada	*(0.08)	-
Vodafone Idea Limited	-	1.03
Birla Group Holding Private Limited	0.22	0.22
Aditya Birla Management Corporation Private Limited	373.59	101.33
Aditya Birla Idea Payment Bank	10.20	-
Birla Research Institute of Applied Sciences	1.12	-
Relatives of KMP	0.15	0.30
Other related parties in which Directors are interested	1.26	1.17
<b>Total</b>	<b>1,492.88</b>	<b>1,391.29</b>
* Recovery of Information technology (IT) Expenses		
<b>e) Loans Given</b>		
Waacox Energy Private Limited	-	35.00
	-	35.00
<b>f) Repayment against Loans Given</b>		
Waacox Energy Private Limited	-	35.00
Aditya Birla Science & Technology Company Private Limited	5.10	-
Aditya Birla Solar Limited	-	4.30
	<b>5.10</b>	<b>39.30</b>

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	(₹ in Crore)	
	Current Year	Previous Year
<b>g) Investment in Equity Shares</b>		
Aditya Birla Wellness Private Limited	-	5.10
Aditya Birla Idea Payments Bank Limited	-	59.49
Wacox Energy Private Limited	-	30.63
Aditya Birla Power Composite Limited	0.05	-
	0.05	95.22
<b>h) Contribution to Post-Employment Benefit Plans</b>		
Grasim Industries Limited Employees' Provident Fund	15.06	13.04
Jayshree Provident Fund Institution	5.11	3.24
IndoGulf Fertilizer Employee Provident Fund Trust	2.18	3.36
Century Rayon Employee's Provident Fund Trust No. 1 & 2	7.94	7.02
Grasim Industries Limited Employees' Gratuity Fund	45.00	56.00
Grasim (Senior Executive & Officers) Superannuation Scheme	1.16	1.12
Ultratech Provident Fund	76.97	62.11
	153.42	145.89
<b>i) Receipts from Post-Employment Benefit Plans</b>		
Grasim Industries Limited Employees' Gratuity Fund	-	1.03
	-	1.03
<b>j) Inter-Corporate Loan Taken (including interest accrued)</b>		
Wacox Energy Private Limited	25.41	-
	25.41	-
<b>k) Repayment of Inter-Corporate Loan Taken (including interest accrued)</b>		
Wacox Energy Private Limited	20.32	-
	20.32	-
<b>l) Deposit Given (Net)</b>		
Aditya Birla Management Corporation Private Limited	109.05	13.96
Aditya Birla Sun Life AMC Limited	-	0.25
	109.05	14.21
<b>m) Reimbursement of Costs Received/Receivable (Net)</b>		
Aditya Birla Sun Life AMC Limited	65.15	72.65
Aditya Birla Wellness Private Limited	0.29	1.49
Aditya Birla Power Composite Limited	1.00	-
Aditya Birla Management Corporation Private Limited	(1.36)	-
Wacox Energy Private Limited	0.05	-
Aditya Group AB	0.61	-
Aditya Birla Idea Payments Bank Limited	0.17	0.01
Vodafone Idea Limited	-	0.79
	65.91	74.94
<b>n) Payments to Key Management Personnel</b>		
Managerial Remuneration Paid *	22.15	16.96
Commission to Non-Executive Directors (KMPs)	2.50	16.50
Sitting Fees to Directors	0.42	0.30
Dividend to KMPs	0.49	0.43
	25.56	34.19
* Based on the recommendation of the Nomination, Remuneration and Compensation Committee, all decisions relating to the remuneration of the Directors are taken by the Board of Directors of the Company, in accordance with shareholders' approval, wherever necessary.		

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	(₹ in Crore)	
	Current Year	Previous Year
<b>o) Compensation of Key Management Personnel of the Company*</b>		
Short-term Employee Benefits	12.21	11.78
Post-Retirement Benefits	2.96	2.44
Share-based Payments	6.98	2.74
	<b>22.15</b>	<b>16.96</b>
* Expenses towards gratuity and leave encashment provisions are determined actuarially on an overall Company basis at the end of each year and, accordingly, have not been considered in the above information.		

	(₹ in Crore)	
Outstanding Balances as at the year end	Current Year	Previous Year
<b>a) Trade Payables:</b>		
AV Group NB Inc.	159.77	210.81
Aditya Group AB	15.56	30.99
Aditya Birla Management Corporation Private Limited	0.09	-
Aditya Birla Sun Life AMC Limited	0.82	0.34
Aditya Birla Wellness Private Limited	2.57	-
Aditya Birla Idea Payments Bank Limited	0.04	0.01
<b>Total</b>	<b>178.85</b>	<b>242.15</b>
<b>b) Other Current and Non-Current Liabilities (Financial and Non-Financial)</b>		
Aditya Birla Sun Life AMC Limited	0.71	0.71
Century Rayon Employees Provident Fund Trust No. 1 & 2	2.72	2.46
Jayshree Provident Fund Institution	1.24	1.16
Indogulf Fertilizer Ltd. Employee Provident Fund Trust	0.52	1.08
Grasim Industries Limited Employees Provident fund	0.19	0.23
Waacox Energy Private Limited	0.03	-
Grasim Industries Limited Employees Gratuity Fund	67.71	-
Aditya Birla Management Corporation Private Limited	34.01	23.13
<b>Total</b>	<b>107.13</b>	<b>28.77</b>
<b>c) Trade Receivables:</b>		
Birla Jingwei Fibres Company Limited	27.88	75.83
Aditya Group AB	3.92	-
AV Terrace Bay Inc Canada	0.03	-
Aditya Birla Management Corporation Private Limited	0.06	-
Aditya Birla Sun Life AMC Limited	8.16	3.40
Aditya Birla Wellness Private Limited	0.05	1.72
Waacox Energy Private Limited	0.55	0.55
<b>Total</b>	<b>40.65</b>	<b>81.50</b>
<b>d) Loans, Security Deposits and other Current Assets (Financial and Non-Financial) [Current and Non-Current]</b>		
Aditya Birla Science & Technology Company Private Limited	47.58	52.68
Birla Group Holding Private Limited	7.37	7.37
Aditya Group AB	-	5.18
Aditya Birla Power Composite Limited	1.24	-



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	(₹ in Crore)	
Outstanding Balances as at the year end	Current Year	Previous Year
Bhaskarpara Coal Company Limited	2.49	2.49
Other Related Parties in which Directors are interested	0.01	-
Aditya Birla Management Corporation Private Limited	122.88	13.85
Aditya Birla Sun Life AMC Limited	0.05	0.26
<b>Total</b>	<b>181.62</b>	<b>81.83</b>
<b>e) Equity Accounted Investments (Note 2.5)</b>		
Bhubaneswari Coal Mining Limited	128.36	103.01
Aditya Birla Sun Life AMC Limited	5,282.63	4,902.23
Aditya Birla Wellness Private Limited	9.66	11.01
Aditya Birla Sun Life Trustee Company Private Limited	0.57	0.48
Bhaskarpara Coal Company Limited	6.52	6.51
AV Group NB Inc.	666.84	635.25
Birla Jingwei Fibres Co. Limited	64.77	89.11
Aditya Birla Elyaf Sanayi Ve Ticaret Anonim Sirketi	1.19	1.19
Aditya Group AB	321.83	366.09
AV Terrace Bay	-	-
Aditya Birla Science & Technology Company Private Limited	19.47	16.25
Madanpur (North) Coal Company Limited	0.85	0.84
Aditya Birla Idea Payments Bank Limited {Note 3.11(i)}	-	122.13
Wacox Energy Private Limited	30.40	30.19
Aditya Birla Power Composite Limited	-	-
	<b>6,533.09</b>	<b>6,284.29</b>
<b>f) Preference Shares</b>		
AV Group NB Inc.	26.77	24.53
Aditya Group AB	44.89	44.41
	<b>71.66</b>	<b>68.94</b>
<b>g) Inter-Corporate Loan (including interest accrued)</b>		
Wacox Energy Private Limited	5.09	-
	<b>5.09</b>	<b>-</b>
<b>h) Corporate Guarantees</b>		
Bhaskarpara Coal Company Limited	4.00	4.00
	<b>4.00</b>	<b>4.00</b>
<b>i) Carrying Value of Investment Written Off</b>		
Aditya Birla Idea Payment Bank Limited {Note 3.11(i)}	109.33	-
<b>Total</b>	<b>109.33</b>	<b>-</b>

The Company is a member of Aditya Birla Management Corporation Private Limited (ABMCPL), a company limited by guarantee formed for the purpose of its members to mutually avail and share common facilities, expertise and other support on an arm's length basis.

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### 4.8. RETIREMENT BENEFITS:

#### 4.8.1 Defined Benefit Plans as per Actuarial Valuation:

##### **Gratuity (funded by the Company):**

The Group operates gratuity plan through a trust for its all employees. The gratuity plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of service, whichever is earlier, of an amount equivalent to 15 to 30 days' salary for each completed year of service as per rules framed in this regard. Vesting occurs upon completion of five continuous years of service in accordance with Indian law. In case of majority of employees, the Group's scheme is more favourable as compared to the obligation under the payment of Gratuity Act, 1972.

The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method as prescribed by the Ind AS-19 'Employee Benefits', which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up final obligation.

##### **Inherent Risk:**

The plan is defined benefit in nature, which is sponsored by the Group, and, hence, it underwrites all the risks pertaining to the plan. In particular, this exposes the Group to actuarial risk such as adverse salary growth, changes in demographic experience, inadequate return on underlying plan assets. This may result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature, the plan is not subject to any longevity risk.

##### **Pension:**

The Group provides pension to few retired employees as approved by the Board of Directors.

##### **Post-Retirement Medical Benefits:**

The Group provides post-retirement medical benefits to certain ex-employees, who were transferred under the Scheme of Arrangement for acquiring Larsen & Toubro cement business, and eligible for such benefits from earlier Company.

##### **Inherent Risk:**

The plan is of a defined benefit in nature, which is sponsored by the Group, and, hence, it underwrites all the risks pertaining to the plan. In particular, there is a risk for the Group that any adverse increase in salary increases for serving employees/pension increase for pensioners or adverse demographic experience can result in an increase in the cost of providing these benefits to employees in future. In this case, the pension is paid directly by the Group (instead of pension being bought out from an insurance company) during the lifetime of the pensioners/beneficiaries and, hence, the plan carries the longevity risks.

## Notes

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(₹ in Crore)

		Gratuity				Pension and Post-Retirement Medical Benefits			
		Current Year		Previous Year		Current Year		Previous Year	
		Funded	Others	Funded	Others	Pension	Post-Retirement Medical Benefits	Pension	Post-Retirement Medical Benefits
(i)	<b>Reconciliation of Present Value of the Obligation:</b>								
	Opening Defined Benefit Obligation	1,229.73	27.26	1,019.05	23.65	41.27	0.57	43.28	0.58
	Effect of Loss of Control in a Subsidiary	-	-	-	-	-	-	-	-
	Adjustments of:								
	Current Service Cost	96.74	3.81	86.15	3.39	-	-	-	-
	Past Service Cost	0.99	-	-	0.67	-	-	-	-
	Interest Cost	87.82	1.83	82.91	1.09	2.91	0.04	3.15	0.04
	Actuarial Loss/(Gain)	143.16	(3.08)	29.51	(1.30)	3.33	0.05	0.74	0.01
	Liabilities Assumed on Acquisition/(Settled on Divestiture)	0.47	5.55	99.64	-	-	-	-	-
	Liability transferred from unfunded to funded	0.02	(0.02)	-	-	-	-	-	-
	Obligation reduced on disposal of a Subsidiary	-	(2.71)	-	-	-	-	-	-
	Benefits Paid	(101.51)	(1.12)	(87.53)	(0.24)	(5.87)	(0.07)	(5.90)	(0.06)
	Closing Defined Benefit Obligation	1,457.42	33.56	1,229.73	27.26	41.64	0.59	41.27	0.57
(ii)	<b>Reconciliation of Fair Value of the Plan Assets:</b>								
	Opening Fair Value of the Plan Assets	1,251.91	-	1,046.52	-	-	-	-	-
	Adjustments of:								
	Return on Plan Assets	89.30	-	86.14	-	-	-	-	-
	Actuarial Gain/(Loss)	(12.02)	-	12.79	-	-	-	-	-
	Contributions by the Employer	139.67	-	100.02	-	4.97	0.07	5.90	0.06
	Assets Acquired on Acquisition/(Distributed on Divestiture)	-	-	93.97	-	-	-	-	-
	Benefits Paid	(101.51)	-	(87.53)	-	(4.97)	(0.07)	(5.90)	(0.06)
	Closing Fair Value of the Plan Assets	1,367.35	-	1,251.91	-	-	-	-	-
(iii)	<b>Net Liabilities/(Assets) recognised in the Balance Sheet:</b>								
	Present Value of the Defined Benefit Obligation at the end of the period	1,457.42	33.56	1,229.73	27.26	41.64	0.59	41.27	0.57
	Fair Value of the Plan Assets	1,367.35	-	1,251.91	-	-	-	-	-
	Net Liabilities/(Assets) recognised in the Balance Sheet	90.07	33.56	(22.18)	27.26	41.64	0.59	41.27	0.57
(iv)	<b>Amount recognised in Salary and Wages under Employee Benefits Expenses in the Statement of Profit and Loss:</b>								
	Current Service Cost	96.74	3.81	86.15	3.39	-	-	-	-

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(₹ in Crore)

	Gratuity				Pension and Post-Retirement Medical Benefits			
	Current Year		Previous Year		Current Year		Previous Year	
	Funded	Others	Funded	Others	Pension	Post-Retirement Medical Benefits	Pension	Post-Retirement Medical Benefits
Past Service Cost	0.99	-	-	0.67	-	-	-	-
Interest on Defined Benefit Obligations (Net)	43.78	1.83	42.58	1.09	2.91	0.04	3.15	0.04
Expected Return on Plan Assets	(45.26)	-	(45.82)	-	-	-	-	-
Net Cost	96.25	5.64	82.91	5.15	2.91	0.04	3.15	0.04
Capitalised as Pre-Operative Expenses in respect of Projects and other adjustments	(0.42)	-	(1.44)	-	-	-	-	-
Amount recovered from Joint Venture Companies	(0.43)	-	(0.13)	-	-	-	-	-
Net Charge to the Statement of Profit and Loss	95.40	5.64	81.34	5.15	2.91	0.04	3.15	0.04
<b>(v) Amount recognised in Other Comprehensive Income (OCI) for the Year</b>								
Changes in Financial Assumptions	116.91	(3.61)	21.06	(1.89)	1.66	0.04	0.40	0.01
Changes in Demographic Assumptions	(4.36)	(0.03)	0.03	-	-	-	(1.52)	(0.01)
Experience Adjustments	30.61	0.56	8.42	0.59	1.67	-	1.86	0.01
Actual Return on Plan Assets less Interest on Plan Assets	12.02	-	(12.79)	-	-	0.01	-	-
Less: Amount recovered from Joint Venture Companies	(0.76)	-	(0.55)	-	-	-	-	-
Less: Amount transferred to policyholder Liability	(6.53)	-	0.49	-	-	-	-	-
Recognised in OCI for the Year	147.89	(3.08)	16.66	(1.30)	3.33	0.05	0.74	0.01
<b>(vi) Maturity Profile of Defined Benefit Obligation</b>								
Within next 12 months (next annual reporting period)	178.71	4.67	172.17	3.45	5.93	0.06	6.54	0.06
Between 1 and 5 years	509.43	10.07	449.45	6.72	19.40	0.24	22.17	0.24
Between 5 and 10 years	505.96	10.87	487.14	9.61	14.87	0.22	17.20	0.23
10 years and above	1,888.98	29.94	1,600.12	36.56	21.56	0.46	27.41	0.52

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(₹ in Crore)

		Gratuity				Pension and Post-Retirement Medical Benefits			
		Current Year		Previous Year		Current Year		Previous Year	
		Funded	Others	Funded	Others	Pension	Post-Retirement Medical Benefits	Pension	Post-Retirement Medical Benefits
(vii)	<b>Quantitative Sensitivity Analysis for significant assumption</b>								
	Increase/(Decrease) on present value of Defined Benefit Obligation at the end of the year								
	100 bps increase in Discount rate	(119.89)	(7.12)	(94.93)	(2.23)	(1.17)	(0.03)	(1.94)	(0.03)
	100 bps decrease in Discount rate	135.71	9.29	106.22	2.60	1.23	0.04	2.07	0.04
	100 bps increase in Salary Escalation rate	132.63	9.09	105.26	2.58	-	-	-	-
	100 bps decrease in Salary Escalation rate	(119.06)	(7.10)	(95.33)	(2.24)	-	-	-	-
	Increase in Life Expectancy by 1 year	-	-	-	-	1.25	-	2.26	-
	Decrease in Life Expectancy by 1 year	-	-	-	-	(1.26)	-	(2.30)	-
(viii)	<b>The major categories of the Plan Assets as a % of total plan</b>								
	Government of India Securities	8%	N.A.	8%	N.A.	N.A.	N.A.	N.A.	N.A.
	Corporate Bonds	1%	N.A.	1%	N.A.	N.A.	N.A.	N.A.	N.A.
	Insurer Managed Funds	84%	N.A.	84%	N.A.	N.A.	N.A.	N.A.	N.A.
	Others	7%	N.A.	7%	N.A.	N.A.	N.A.	N.A.	N.A.
	Total	100%	N.A.	100%	N.A.	N.A.	N.A.	N.A.	N.A.
(ix)	<b>Principal Actuarial Assumptions</b>								
	Discount Rate	5.40%-6.95%	5.00%-11.28%	6.60%-8.00%	5.00%-11.28%	6.65% - 6.75%	6.65%	7.60%-7.65%	7.65%
	Expected Return on Plan Assets	5.40%-6.95%	N.A.	6.60%-8.00%	N.A.	N.A.	N.A.	N.A.	N.A.
	Salary Escalation Rate	5.50%-10%	5%-10.00%	5.50%-10%	5%-10.00%	-	-	-	-
	Mortality Tables	Indian Assured Lives (2012-14) mortality tables	GA 1983 Mortality Table/UK Mortality Table AM92[UK] & Indian assured lives Mortality (2006-08) Ult Table	Indian Assured Lives (2012-14) mortality tables	GA 1983 Mortality Table/UK Mortality Table AM92[UK] & Indian assured lives Mortality (2006-08) Ult Table	PA (90) annuity rates adjusted suitably	PA (90) annuity rates adjusted suitably	PA (90) annuity rates adjusted suitably	PA (90) annuity rates adjusted suitably
	Retirement Age: Management-Non-Management-	60 Yrs. 58 Yrs.	55-60 Yrs.	60 Yrs. 58 Yrs.	55-60 Yrs.	-	-	-	-
(x)	<b>Weighted Average Duration of Defined Benefit Obligation</b>	4 to 17 Yrs.	2-17 Yrs.	4 to 17 Yrs.	2-17 Yrs.	4.85 Yrs. to 6.7 Yrs.	6.2 Yrs.	4.86 Yrs. to 6.5 Yrs.	6.1 Yrs.

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- (xi) Amounts included in the Fair Value of the Plan Assets for the Company's own financial instrument ₹ 351.63 Crore (Previous year ₹ 344.35 Crore).
- (xii) **Basis Used to determine Discount Rate:**  
Discount rate is based on the prevailing market yields of Indian Government securities as at the Balance Sheet date, applicable to the period over which the obligation is to be settled.
- (xiii) **Asset-Liability Matching Strategy:**  
The money contributed by the Company to the fund to finance the liabilities of the plan has to be invested. The trustees of the plan are required to invest the funds as per the prescribed pattern of investments laid out in the Income Tax rules for such approved schemes. Due to the restrictions in the type of investments that can be held by the fund, it is not possible to explicitly follow an asset-liability matching strategy to manage risk actively.  
There is no compulsion on the part of the Company to fully pre-fund the liability of the Plan. The Company's philosophy is to fund the benefits based on its own liquidity and tax position, as well as level of underfunding of the Plan.
- (xiv) **Salary Escalation Rate:**  
The estimates of future salary increase are considered taking into account inflation, seniority, promotion, increments and other relevant factors.
- (xv) **Sensitivity Analysis:**  
Sensitivity Analysis has been calculated to show the movement in defined benefit obligation in isolation, and assuming there are no other changes in the market condition at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analysis.
- (xvi) The best estimate of the expected contribution for the next year amounts to ₹ 42.86 Crore (Previous Year ₹ 33.13 Crore).
- (xvii) **Compensated Absences:**  
The obligation for compensated absences is recognised in the same manner as gratuity, amounting to charge of ₹ 103.63 Crore (Previous Year ₹ 59.86 Crore).
- (xviii) **Other Long-term Employee Benefits:**  
Amount recognised as expense for other long-term employee benefits is ₹ 44.18 Crore (Previous Year ₹ 0.96 Crore).
- (xix) **The details of the Company's Defined Benefit Plans in respect of the Company managed Provident Fund Trust**  
Amount recognised as expense and included in the Note 3.6 as "Contribution - Company owned Provident Fund" is ₹ 46.46 Crore (Previous Year ₹ 49.21 Crore) and amount recognised as pre-operative expenses and included in Note 2.1.6 as "Contribution - Company owned Provident Fund" is ₹ 0.30 Crore (Previous Year ₹ 0.76 Crore).

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## forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

The actuary has provided for a valuation and based on the below provided assumption there is no interest shortfall as at 31<sup>st</sup> March 2020 and 31<sup>st</sup> March 2019.

(₹ in Crore)

Particulars	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
(a) Plan Assets at Fair Value	2,760.04	2,453.44
(b) Present value of defined benefit obligation at year end	2,760.82	2,451.30
(c) Surplus available	0.10	-
(d) Liability recognised in the Balance Sheet	0.68	Nil
(e) Assumptions used in determining the present value obligation of interest rate guarantee under the Deterministic Approach		
- Discount Rate for the term of the Obligations	6.65% - 6.75%	7.60% - 7.65%
- Discount Rate for the remaining term of maturity of Investment Portfolio	7.85% - 8.43%	7.08% - 8.56%
- Average Historic Yield on Investment Portfolio	8.03% - 8.73%	8.40% - 9.07%
- Guaranteed Interest Rate	8.20 - 8.50%	8.65%

### (xx) Defined Contribution Plans:

(₹ in Crore)

Particulars	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
Amount recognised as an expense and included in Note 3.6 as "Contribution to Provident and Other Funds"	206.77	184.19
Amount recognised as pre-operative expense and included in Note 2.1.6 as "Contribution to Provident and Other Funds"	0.95	0.41
Total Contribution to Provident and Other Funds	207.72	195.77

## 4.9 FINANCIAL INSTRUMENTS - DISCLOSURE, ACCOUNTING CLASSIFICATIONS AND FAIR VALUE MEASUREMENTS (IND AS 107)

### A. Disclosure of Financial Instruments:

#### a. Equity Instruments (Other than Joint Ventures and Associates)

These investments have to be fair valued, either through OCI or Profit and Loss. Investments in the Company have been designated on initial recognition to be measured at FVTOCI as these are strategic investments and are not intended for sale. However, few of the equity instruments held by the Subsidiary Companies have been designated to be measured at FVTPL as these investments are held for trading.

#### b. Debentures and Bonds

Investments in Debentures or Bonds meet the contractual cash flow test as required by Ind AS 109: Financial Instruments. However, the business model of the Company is such that it does not hold these investments till maturity as the Company intends to sell these investments as and when need arises. Hence, the same have been designated at FVTOCI and FVTPL.

#### c. Mutual Funds and Preference Shares designated at FVTPL

Preference Shares and Mutual Funds have been measured at FVTPL as these financial assets do not pass the contractual cash flow test as required by Ind AS 109: "Financial Instruments"; for being measured at amortised cost or FVTOCI, hence, classified at FVTPL.

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forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

### B. Classification of Financial Assets and Liabilities:

(₹ in Crore)

Particulars	31 <sup>st</sup> March 2020		31 <sup>st</sup> March 2019	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Financial Assets at Amortised Cost</b>				
Trade Receivables	5,651.50	5,651.50	6,690.07	6,690.07
Loans (including Loans related to NBFC/HFC Business)	60,229.89	59,861.05	63,576.91	63,190.68
Investments of Insurance Business	11,249.60	11,969.27	8,280.81	8,217.11
Cash and Bank Balances	3,813.10	3,813.10	1,908.23	1,908.23
Other Financial Assets	2,009.79	2,009.79	1,818.40	1,818.40
Other Investments (Non-Current): Fixed deposit with financial institution with maturity less than twelve months	100.00	100.00	-	-
<b>Financial Assets at Fair Value through Other Comprehensive Income</b>				
Investments of Insurance Business	7,573.19	7,573.19	6,734.84	6,734.84
Other Investments (Current and Non-Current)	3,991.65	3,991.65	6,851.53	6,851.53
<b>Financial Assets at Fair Value through Profit and Loss</b>				
Investments of Insurance Business (including Investments of Assets held to cover Linked Liabilities)	24,268.87	24,268.87	26,683.18	26,683.18
Other Investments (Current and Non-Current)	12,620.77	12,620.77	7,912.67	7,912.67
<b>Hedging Instruments</b>				
Derivative Assets	206.22	206.22	107.69	107.69
<b>Total</b>	<b>131,714.58</b>	<b>132,065.41</b>	<b>130,564.33</b>	<b>130,114.40</b>
<b>Financial Liabilities at Amortised Cost</b>				
Non-Current Borrowings	71,112.09	71,628.16	66,108.95	66,343.02
Current Borrowings	11,988.13	11,988.13	18,378.52	18,378.52
Lease Liabilities	761.85	761.85	-	-
Policyholder Liabilities	41,264.54	41,264.54	40,150.02	
Trade Payables	6,688.59	6,688.59	6,083.70	6,083.70
Other Financial Liabilities	5,828.26	5,828.26	5,290.18	5,290.18
<b>Financial Liabilities at Fair Value through Profit and Loss</b>				
Lease Liability payable in Foreign Currency	799.99	799.99	-	-
<b>Hedging Instruments</b>				
Derivative Liabilities	61.25	61.25	54.96	54.96
<b>Total</b>	<b>138,504.70</b>	<b>139,020.77</b>	<b>136,066.33</b>	<b>96,150.38</b>



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### C. Fair Value Measurements (Ind AS 113):

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments based on the input that is significant to the fair value measurement as a whole:

Level 1 – This hierarchy uses quoted (unadjusted) prices in active markets for identical assets or liabilities. The fair value of all Equity Shares, which are traded in the stock exchanges is valued using the closing price at the reporting date.

Level 2 – Category includes financial assets and liabilities measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions. These include assets and liabilities for which pricing is obtained via pricing services, but where prices have not been determined in an active market, financial assets with fair values based on broker quotes and assets that are valued using the Group's own valuation models whereby the material assumptions are market observable. The majority of the Group's over-the-counter derivatives and several other instruments not traded in active markets fall within this category.

Level 3 – Category includes financial assets and liabilities measured using valuation techniques based on non-market observable inputs. Valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. However, the fair value measurement objective remains the same, that is, to estimate an exit price from the perspective of the Group. The main asset classes in this category are unlisted equity investments as well as unlisted funds.

For assets and liabilities which are measured at fair value as at Balance sheet date, the classification of fair value calculation by category is summarised below:

(₹ in Crore)				
Quantitative disclosures fair value measurement hierarchy for assets and liabilities	Level 1	Level 2	Level 3	Total
<b>As at 31<sup>st</sup> March 2020</b>				
<b>Financial Assets:</b>				
<b>1) Measured at Amortised Cost</b>				
- Investments of Insurance Business	-	11,969.27	-	11,969.27
- Loans (incl. loans related to NBFC/HFC business)	-	8,151.06	51,709.99	59,861.05
- Other Investments (Non-Current): Fixed deposit with financial institution with maturity less than twelve months	-	100.00	-	100.00
<b>2) Measured at Fair Value through Other Comprehensive Income</b>				
- Investments of Insurance Business	3,258.49	4,313.93	0.77	7,573.19
- Other Investments in Debentures or Bonds	-	131.04	-	131.04
- Other Investments in Equity Instruments (other than Joint Ventures and Associates)	3,399.11	-	461.50	3,860.61

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(₹ in Crore)

Quantitative disclosures fair value measurement hierarchy for assets and liabilities	Level 1	Level 2	Level 3	Total
<b>3) Measured at Fair Value through Profit and Loss</b>				
- Investments of Insurance Business [including Investments of Assets held to cover Linked Liabilities]	13,769.69	10,375.92	123.26	24,268.87
- Other Investments in Mutual Funds, Debentures or Bonds and Private Equity Investment Funds	3,022.94	8,759.07	476.93	12,258.94
- Other Investment in Equity Instruments (other than Joint Ventures and Associates)	-	-	6.16	6.16
- Other Investments in Preference Shares	-	-	355.67	355.67
<b>4) Hedging Instruments</b>				
- Derivative Assets	-	206.22	-	206.22
<b>Financial Liabilities:</b>				
<b>1) Measured at Amortised Cost</b>				
- Non-Current Borrowings	15,121.68	34,923.75	21,582.73	71,628.16
<b>2) Hedging Instruments</b>				
- Derivative Liabilities	-	61.25	-	61.25
<b>As at 31<sup>st</sup> March 2019</b>				
<b>Financial Assets:</b>				
<b>1) Measured at Amortised Cost</b>				
- Investments of Insurance Business	-	8,217.11	-	8,217.11
- Loans (incl. loans related to NBFC/ HFC business)	-	7,730.03	55,460.65	63,190.68
<b>2) Measured at Fair Value through Other Comprehensive Income</b>				
- Investments of Insurance Business	288.18	6,446.06	0.60	6,734.84
- Other Investments in Debentures or Bonds	-	165.05	-	165.05
- Other Investments in Equity Instruments (other than Joint Ventures and Associates)	6,244.29	-	442.19	6,686.48
<b>3) Measured at Fair Value through Profit and Loss</b>				
- Investments of Insurance Business [including Investments of Assets held to cover Linked Liabilities]	11,870.38	14,640.08	172.72	26,683.18
- Other Investments in Mutual Funds, Debentures or Bonds and Private Equity Investment Funds	1,190.26	6,368.64	-	7,558.90
- Other Investment in Equity Instruments (other than Joint Ventures and Associates)	-	-	8.91	8.91
- Other Investments in Preference Shares	-	214.06	130.80	344.86

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(₹ in Crore)

Quantitative disclosures fair value measurement hierarchy for assets and liabilities	Level 1	Level 2	Level 3	Total
<b>4) Hedging Instruments</b>				
- Derivative Assets	-	107.69	-	107.69
<b>Financial Liabilities:</b>				
<b>1) Measured at Amortised Cost</b>				
- Non-Current Borrowings	16,175.88	34,922.32	15,244.82	66,343.02
<b>2) Hedging Instruments</b>				
- Derivative Liabilities	-	54.96	-	54.96

The Management assessed that cash and bank balances, trade receivables, loans, trade payables, borrowings (cash credits, commercial papers, foreign currency loans, working capital loans) and other financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of loans, security deposits and investments in preference shares were calculated based on cash flows discounted using a current lending rate. They are classified as Level 3 fair value hierarchy due to inclusion of unobservable inputs including counter party credit risk.

During the year ended 31<sup>st</sup> March 2020 and 31<sup>st</sup> March 2019, there was no transfer between Level 1 and Level 2 fair value measurement.

#### 4.9.1 Key Inputs for Level 1 and 2 Fair Valuation Technique:

1. Mutual Funds: Based on Net Asset Value of the Scheme (Level 2)
2. Debentures or Bonds: Based on market yield for instruments with similar risk/maturity, etc. (Level 2)
3. Listed Equity Investment (other than Joint Ventures and Associates): Quoted Bid Price on Stock Exchange (Level 1)
4. Derivative Liabilities: (Level 2)
  - (i) the fair value of interest rate swaps is calculated as per the present value of the estimated future cash flows based on observable yield curves and an appropriate discount factor.
  - (ii) the fair value of forward foreign exchange contracts is calculated as per the present value determined using forward exchange rates and interest rate curve of the respective currencies.
  - (iii) the fair value of foreign currency swap is calculated as per the present value determined using forward exchange rates, currency basis spreads between the respective currencies, interest rate curves and an appropriate discount factor.
  - (iv) the fair value of foreign currency option contracts is determined using the Black-Scholes Valuation Model.
  - (v) the fair value of commodity swaps is calculated as per the present value determined using the forward price and interest rate curve of the respective currency.

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### 4.9.2 Description of Significant Unobservable Inputs used for Financial Instruments (Level 3)

The following table shows the valuation techniques and inputs used for financial instruments:

Investments in Preference Shares	Discounted Cash Flow Method using risk adjusted discount rate
Equity Investments-Unquoted (other than Joint Ventures and Associates)	Discounted Cash Flow Method using risk adjusted discount rate
Private Equity Investment Funds	Price to Book Value Method
Long-Term Borrowings	Discounted Cash Flow Method using risk adjusted discount rate
Other Financial Instruments	Discounted Cash Flow Method using risk adjusted discount rate and expected gross recoveries

#### 4.9.2.1 Relationship of Unobservable Inputs to Level 3 Fair Values (Recurring)

**A. Equity Investments-Unquoted (Significant Unobservable Input being the average cost of borrowings to arrive at discount rate):**

A 100 bps increase/decrease in the WACC or discount rate used while all other variables were held constant, the carrying value of the shares would decrease by ₹ 32.57 Crore or increase by ₹ 49.54 Crore (as at 31<sup>st</sup> March, 2019: decrease by ₹ 16.49 Crore or increase by ₹ 21.75 Crore).

**B. Preference Shares (Significant Unobservable Input being the average cost of borrowings to arrive at discount rate):**

A 100 bps increase/decrease in the discount rate used while all the other variables were held constant, the carrying value of the shares would decrease by ₹ 5.97 Crore or increase by ₹ 6.18 Crore (as at 31<sup>st</sup> March, 2019: decrease by ₹ 6.53 Crore or increase by ₹ 6.85 Crore).

**C. Financial Services Business:**

(i) Financial Assets related to Insurance Business

Particulars	Valuation Technique	Significant Unobservable Inputs	Range	Sensitivity of the Input to the Fair Value (₹ Crore)
<b>As on 31<sup>st</sup> March 2020</b> Private Equity Investment Funds	Price to Book Value Method	(Valuation at 10% discount compare to peer group)	0.45-0.55	18.60
<b>As on 31<sup>st</sup> March 2019</b> Private Equity Investment Funds	Price to Book Value Method	(Valuation at 10% discount compare to peer group)	0.45-0.55	17.55

## Notes

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(ii) Financial Assets related to Insurance Business of ABCL

Financial Assets	31 <sup>st</sup> March 2020		31 <sup>st</sup> March 2019	
	Favourable Changes (+ 10%)	Unfavourable Changes (-10%)	Favourable Changes (+ 10%)	Unfavourable Changes (-10%)
Equity Shares	0.19	(0.19)	0.19	(0.19)
Preference Shares	0.43	(0.43)	NA	NA
Others (security receipts, alternate fund, etc.)	23.85	(23.85)	NA	NA

4.9.3 The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values:

	(₹ in Crore)
<b>Balances as at 1<sup>st</sup> April 2018</b>	<b>729.66</b>
Add: Purchase of Investment during the year	60.28
Add: Fair Value gain recognised in Other Income in the Statemnt of Profit and Loss	5.95
Less: Sale of Investments	(59.99)
Add: Fair Value loss recognised in OCI	(75.36)
Add: Movement in other current asset	94.68
<b>Balances as at 31<sup>st</sup> March 2019</b>	<b>755.22</b>
Add: Purchase of Investment during the year	499.98
Add: Fair Value gain recognised in Other Income in the Statemnt of Profit and Loss	19.28
Add: Transfer into Level 3	225.51
Less: Movement in other current asset	(49.47)
Less: Sale/(Redemption) of Investments	(45.64)
Add: Fair Value gain recognised in OCI	19.41
<b>Balances as at 31<sup>st</sup> March 2020</b>	<b>1,424.29</b>

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## 4.10 FINANCIAL RISK MANAGEMENT OBJECTIVES (IND AS 107)

### A Financial Risk Management and Its Policies for Insurance Business

#### Risk Management Framework

Insurance Business has an Enterprise Risk Management (ERM) framework covering procedures to identify, assess and mitigate the key business risks. Aligned with the business planning process, the ERM framework covers all business risks including strategic risk, operational risks, investment risks and insurance risks. The key business risks identified are approved by the Board's Risk Management Committee and monitored by the Risk Management team thereafter. Insurance Business also has in place an Operational Risk Management (ORM) framework that supports excellence in business processes, system and facilitates matured business decisions to move to a proactive risk assessment and is in the process of implementing the key operational risk components.

Insurance business recognises that information is a critical business asset, and that our ability to operate effectively and succeed in a competitive market depends on our ability to ensure that business information is protected adequately through appropriate controls and proactive measures. Accordingly, Insurance business has an information security framework that ensures all the information assets are safeguarded by establishing comprehensive management processes throughout the organisation.

Insurance Business Investments Function is governed by the Investment Committee and the Asset Liability Management Committee appointed by the Board of Directors. Investment Policy and Operating Guidelines laid down by the Board provide the framework for management and mitigation of the risks associated with investments. Asset Liability Policy and various Asset Liability Management (ALM) strategies are adopted to ensure adequate Asset Liability Management. These policies are reviewed at frequent intervals by the respective Board Committees and approved by the Board.

Insurance Business has a robust Business Continuity framework to ensure resumption of time sensitive activities within the defined time frame at defined levels. Insurance Business is certified against ISO 22301 (Globally accepted standard on Business Continuity).

Insurance Business, through its risk management policies, has set up systems to continuously monitor its experience with regard to other parameters that affect the value of benefits offered in the products. Such parameters include policy lapses, premium persistency, maintenance expenses and investment returns.

ERM encompasses the following areas:

Governed by risk policies and operating guidelines approved by the Board Committee/Sub-Committee of the Board

1. Risk identification
2. Risk response and risk management strategy
3. Risk monitoring, communication and reporting

#### a. Risk Policies

The following risk policies govern and implement effective risk management practices:

Product Design and Pricing Policy, Underwriting and Liability Management Policy, Re-insurance Ceded Policy, Capital Management Policy, Investment Policies, Dealing Room Policy, Broker Empanelment Policy, Valuation Policy, Information Security Policies, Internet and email Usage Policy, Logical Access Security Policy, External Access Security Policy, Physical Access Security Policy, Business Continuity Policy, Operational Risk Management Policy, Fraud Reporting and Investigating Policy, Asset Liability Management Policy, Outsourcing Policy and Anti Money Laundering Policy.

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### b. Capital Management Objectives and Policies

Insurance Business has established the following capital management objectives, policies and approach to managing the risks that affect its capital position:

- i) To maintain the required level of stability of the Company thereby providing a degree of security to policyholders
- ii) To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and shareholders
- iii) To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets
- iv) To align the profile of assets and liabilities taking account of risks inherent in the business
- v) To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and stakeholders
- vi) To maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximise shareholders value

Insurance Business have met all of these requirements throughout the financial year. In reporting, financial strength, capital and solvency are measured using the rules prescribed by the Insurance Regulatory Authority of India (IRDAI). These regulatory capital tests are based upon required levels of solvency, capital and a series of prudent assumptions in respect of the type of business written. The Company's Capital Management Policy for its insurance and Non-Insurance Business is to hold sufficient capital to cover the statutory requirements based on the IRDAI directives.

### c. Regulatory Framework

Regulators are primarily interested in protecting the rights of policyholders, and monitor them closely to ensure that the Insurance Business is satisfactorily managing affairs for their benefits. At the same time, regulators are also interested in ensuring that the Company maintains an appropriate solvency position to meet unforeseeable liabilities arising from economic shocks or natural disasters. The operations of the Company are subject to regulatory requirements within the jurisdictions in which it operates.

### Insurance and Financial Risk

The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

#### 1. Life insurance contracts and investment contracts with and without Discretionary Participation Feature (DPF)

Ind AS 104 requires products offered by the Insurance Company to classify them in Insurance Contract and Investment Contract. Each contract needs to be classified in insurance contract and investment contract based on the risk they carry.

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A contract would be an insurance contract and investment contracts with DPF, if the benefit payable on death is higher by:

at least 5% of the fund value at any time during the life on the contract for unit linked products, or at 5% of the premium at any time during the life of the contract for other than unit-linked products

All other contract are categorised as Investment contracts.

For contracts with DPF, the participating nature of these contracts results in a significant portion of the insurance risk being shared with the insured party. For contracts without DPF, the Company charges for death and disability risks on a quarterly basis. Under these contracts, the Company has the right to alter these charges to take account of death and disability experience, thereby mitigating the risks to the Company.

The main risks that the Company is exposed to are as follows:

- i) **Persistency Risk** – risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected
- ii) **Mortality Risk** – risk of loss arising due to policyholder death experience being different than expected
- iii) **Morbidity Risk** – risk of loss arising due to policyholder health experience being different than expected
- iv) **Longevity Risk** – risk of loss arising due to the annuitant living longer than expected
- v) **Investment Return Risk** – risk of loss arising from actual returns being different than expected
- vi) **Expense Risk** – risk of loss arising from expense experience being different than expected
- vii) **Product and Pricing Risk** – risk of loss due to incorrect pricing or not adhering to the product regulations or higher payouts due to ambiguity in terms and conditions
- viii) **Reinsurance Risk** – The Company enters into reinsurance agreements in order to mitigate insurance risk. However, this leads to default risk from the reinsurer at the time of claim payment or also concentration risk if all the risk is insured to one reinsurer.
- ix) **Concentration Risk** – The Company faces concentration risk by selling business to specific geography or by writing only single line business, etc.



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## Control Measures

The actuarial department has set up systems to continuously monitor the Company's experience with regard to parameters like policy lapses, premium persistency, maintenance expenses and investment returns. The underwriting team, with actuarial guidance, has set in place processes and procedures to review proposal. Many products offered by the Company also have an investment guarantee. The Company has set aside additional reserves to cover this risk. Further, the possible financial effect of adverse mortality and morbidity experience has been reduced by entering into reinsurance agreements with multiple reinsurers. The Company has entered into a separate agreement with reinsurers to cover the catastrophic risks under individual and group business.

A further element of managing risk is to limit the exposure to individual segments of the population. In essence, being over-represented in any population segment will increase the variance of the Company's experience, and so there are advantages to diversifying across all relevant population segments, at least until data is available to confirm, which segments can be expected to have relatively favorable experience. At the present stage in the Company's development, the focus is on building new distribution, and so geographical diversification is actively taking place. In future, the actuarial team will need to be alert to assess potential risk aggregations.

The Company has a Board approved risk management policy covering underwriting, claims and reserving for policy liabilities. The Company has a detailed claims processing manual in place. Complicated and large claims are referred to the Company's Claims Review Committee.

## Notes

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The Company has a Board approved risk management policy covering underwriting, claims and reserving for policy liabilities. The Company has a detailed claims processing manual in place. Complicated and large claims are referred to the Company's Claims Review Committee.

### Insurance Contracts Liabilities Change in Liabilities

Particulars	Year ended 31 <sup>st</sup> March 2020			Year ended 31 <sup>st</sup> March 2019				
	With DPF	Linked Business	Others	Total	With DPF	Linked Business	Others	Total
Gross Liability at the beginning of the year	2,239.17	19,496.29	7,139.36	28,874.82	1,592.39	19,725.11	5,353.11	26,670.61
Add/(Less)								
Premium	1,368.24	2,128.76	2,821.69	6,318.69	1,189.42	2,015.61	2,231.69	5,436.72
Unwinding of the discount/Interest credited	223.93	(1,000.35)	726.49	(49.93)	156.08	1,688.03	537.08	2,381.19
Changes in valuation for expected future benefits	-	-	-	-	-	-	-	-
Insurance liabilities released	(217.27)	(3,624.33)	(832.10)	(4,673.70)	(199.84)	(3,330.76)	(867.64)	(4,398.24)
Undistributed Participating Policyholders surplus (FFA)	-	-	-	-	-	-	-	-
Others (Expense overrun, Contribution from S/H and Profit/Loss)	(85.28)	(521.51)	(712.52)	(1,319.31)	(498.88)	(601.71)	(114.88)	(1,215.47)
Gross Liability at the end of the year	3,528.79	16,478.86	9,142.92	29,150.57	2,239.17	19,496.28	7,139.36	28,874.81
Recoverable from Reinsurance	3.70	49.41	635.47	688.58	3.33	56.28	486.67	546.28
<b>Net Liability</b>	<b>3,525.09</b>	<b>16,429.45</b>	<b>8,507.45</b>	<b>28,461.99</b>	<b>2,235.84</b>	<b>19,440.00</b>	<b>6,652.69</b>	<b>28,328.53</b>

### Investment Contracts Liabilities

Particulars	Year ended 31 <sup>st</sup> March 2020			Year ended 31 <sup>st</sup> March 2019				
	With DPF	Linked Business	Others	Total	With DPF	Linked Business	Others	Total
At the beginning of the year	4,580.15	6,073.23	177.27	10,830.65	3,869.00	5,409.28	293.54	9,571.82
Additions	-	-	-	-	-	-	-	-
Premium	641.11	984.70	65.48	1,691.29	1,099.05	904.94	70.56	2,074.55
Interest and Bonus credited to policyholders	208.60	264.27	19.01	491.88	204.27	511.67	54.78	770.72
Others	-	-	-	-	-	-	-	-
Deductions	-	-	-	-	-	-	-	-
Withdrawals/Claims	1,047.41	600.18	23.00	1,670.59	712.45	867.46	9.28	1,589.19
Fee Income and Other Expenses	10.07	23.61	1.37	35.05	6.18	15.87	5.67	27.72
Others Profit and Loss	(132.16)	(45.75)	14.99	(162.92)	(126.46)	(129.62)	226.66	(29.42)
Others (includes DAC, DOF and Profit/Loss)	-	(0.76)	-	(0.76)	-	(1.05)	-	(1.05)
<b>At the end of the year</b>	<b>4,504.54</b>	<b>6,744.92</b>	<b>222.40</b>	<b>11,471.86</b>	<b>4,580.15</b>	<b>6,073.23</b>	<b>177.27</b>	<b>10,830.65</b>

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## Reinsurance Assets

(₹ in Crore)

Particulars	Current Year 31 <sup>st</sup> March 2020	Previous Year 31 <sup>st</sup> March 2019
At the beginning of the year (March)	546.28	557.88
Add/(Less)		
Premium	252.17	225.64
Unwinding of the discount/Interest credited	38.36	30.24
Change in valuation for expected future benefits		
Insurance liabilities released	(232.03)	(178.46)
Others (experience variations)	83.79	(89.02)
<b>At the end of the year</b>	<b>688.57</b>	<b>546.28</b>

## Deferred Acquisition Cost

(₹ in Crore)

Particulars	Amount
As at 1 <sup>st</sup> April 2018	10.93
Expenses deferred	-
Amortisation	(3.13)
<b>As at 31<sup>st</sup> March 2019</b>	<b>7.80</b>
Expenses deferred	-
Amortisation	(2.23)
<b>As at 31<sup>st</sup> March 2020</b>	<b>5.57</b>

## Insurance Contracts Liabilities: Change in Liabilities of Health Insurance Business

(₹ in Crore)

Particulars	Current Year 31 <sup>st</sup> March 2020	Previous Year 31 <sup>st</sup> March 2019
Gross Liability at the beginning of the year	260.09	125.39
Add/(Less)		
Incurred but not reported Provision	21.35	14.06
Premium Deficiency Reserve	-	-
Reserve for Unexpired Risk	183.95	126.82
Freelook Reserve	(0.48)	0.69
Gross Liability	(74.28)	-
Recoverable from Re-insurance	-	(6.87)
<b>Net Liability</b>	<b>390.62</b>	<b>260.09</b>

## Key Assumptions

The assumptions play vital role in calculating insurance liabilities for the Company. Material judgement is required in determining the liabilities and in the choice of assumptions. Best estimate assumptions in use are based on historical and current experience, internal data, some judgement and as per guidance notes/actuarial practice standards. However, for the purpose of valuation an additional level of prudence has been kept on all the best estimate assumptions known as MfAD (margin for adverse deviation). The Company keeps adequate MfAD, as prescribed in APS 7, issued by the Institute of Actuaries of India (IAI), in all assumptions over the best estimate value.

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Best Estimate Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

Assumptions can vary by type of product, duration, gender, etc., if the experience of any category is significantly different, and data is credible for the respective category.

The key assumptions to which the estimation of liabilities is particularly sensitive are as follows:

**i) Mortality and Morbidity Rates**

Assumptions are based on historical experience and for new products based on industry/reinsurers data. An appropriate, but not excessive allowance may be made for expected future improvements. Assumptions may vary by type of product, distribution channel, gender, etc.

An increase in mortality/morbidity rates will usually lead to a larger number/amount of claims (and claims could occur sooner than anticipated), which will increase the liability and reduce profits for the shareholders.

**ii) Longevity**

Assumptions are based on standard industry and national tables, adjusted when appropriate to reflect the Company's own risk experience. An appropriate, but not excessive, prudent allowance is made for expected future improvements. Assumptions are normally differentiated by gender, underwriting class and contract type. An increase in longevity rates will lead to an increase in the number of annuity payments to be made, which will increase the liability and reduce profits for the shareholders.

**iii) Investment Return and Discount Rate**

The weighted average rate of return is derived based on a model portfolio that is assumed to back liabilities, consistent with the long-term asset allocation strategy. These estimates are based on current market returns as well as expectations about future economic and financial developments. An increase in investment return would lead to an increase in profits for the shareholders.

An increase in investment return would lead to an increase in profits for the shareholders.

Life insurance liabilities are determined as the sum of the discounted value of the expected benefits and future administration expenses directly related to the contract, less the discounted value of the expected theoretical premiums that would be required to meet these future cash outflows. Discount rates are based on investment strategy of the Company, current industry risk rates, adjusted for the Company's own risk exposure.

A decrease in the discount rate will increase the value of the insurance liability and, therefore, reduce profits for the shareholders.

**iv) Expenses and Inflation**

Operating expenses assumptions reflect the projected costs of maintaining and servicing in-force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation, if appropriate.

An increase in the level of expenses would result in an increase in expenditure, thereby reducing profits for the shareholders.

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### v) Lapse, Surrender and Partial Withdrawal Rates

Lapses relate to the termination of policies due to non-payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the Company's experience and usually vary by product type, policy duration and sales trends.

An increase in lapse rates early in the life of the policy would tend to reduce profits for shareholders, but later increases are broadly neutral in effect.

The best estimate assumptions that have the greatest effect on the statement of financial position and the Statement of Profit and Loss of the Company are listed below.

Portfolio assumptions by type of business impacting net liabilities	Mortality Rates		Investment Return		Lapse and Surrender Rates	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
<b>Insurance</b>						
With DPF	67% - 223% of IALM 2012-14	60% - 200% of IALM 2006-08	7.10% p.a.	7.30% p.a.	PY1: 12% - 25% PY2: 7.5% - 10% PY3 +: 2% (varying by product)	PY1: 30% - 40% PY2: 10% - 15% PY3 +: 2% - 5% (varying by product)
Linked-Business	61% of IALM 2012-14	55% of IALM 2006-08	a) 9.5% p.a. for assets backing linked liabilities b) 6.7% p.a. for asset backing non-unit liabilities	a) 9.5% p.a. for assets backing linked liabilities b) 7.05% p.a. for assets backing non-unit liabilities	PY1: 10% - 23% PY2: 5% - 8% PY3 +: 3% - 15% (varying by product and duration)	PY1: 10% - 23% PY2: 5% - 8% PY3 +: 3% - 15% (varying by product and duration)
Others	20% - 429% of IALM 2012-14	18% - 385% of IALM 2006-08	6.65% - 8% p.a.	6.6% - 8.25% p.a.	PY1: 0% - 40% PY2: 0% - 25% PY3 +: 1% - 25% (varying by product and duration)	PY1: 1% - 5% PY2: 3% - 25% PY3 +: 1% - 25% (varying by product and duration)

Portfolio assumptions by type of business impacting net liabilities	Partial Withdrawal		Renewal Per Policy Expense Assumptions		Inflation	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
<b>Insurance</b>						
With DPF	N/A	N/A	402 - 614 Per policy	383 - 585 Per policy	0.05	0.05
Linked-Business	0% - 3% p.a.	0% - 3% p.a.	614 Per policy	585 Per policy	0.05	0.05
Others	N/A	N/A	Max 614 Per policy (varies by product)	Max 585 Per policy (varies by product)	0.05	0.05

\* Commission scales have been allowed in accordance with the product filing with IRDA.

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### Sensitivity Analysis

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross liabilities. The correlation of assumptions will have a significant effect in determining the ultimate liabilities, but to demonstrate the impact, due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear. The method used for deriving sensitivity information and significant assumptions made did not change from the previous period. The sensitivities are same as shared with Regulators during the annual reporting.

(₹ in Crore)

Sensitivity Parameters	Current Year				Previous Year			
	Insurance with DPF	Insurance without DPF	Investment with DPF	Investment without DPF	Insurance with DPF	Insurance without DPF	Investment with DPF	Investment without DPF
Lapses Increased by 10%	3,479.56	25,351.61	4,504.56	6,959.50	2,138.54	26,399.13	4,580.16	6,264.75
Lapses Decreased by 10%	3,580.85	25,865.84	4,504.56	6,971.95	2,356.77	26,625.33	4,580.16	6,265.38
Mortality Increased by 10%	3,555.68	25,767.01	4,504.56	6,967.36	2,285.09	26,680.42	4,580.16	6,265.08
Mortality Decreased by 10%	3,502.03	25,478.24	4,504.56	6,967.16	2,193.49	26,333.59	4,580.16	6,265.00
Expenses Increased by 10%	3,609.50	25,995.97	4,504.56	6,992.25	2,309.78	26,582.01	4,580.16	6,265.37
Expenses Decreased by 10%	3,453.79	25,271.47	4,504.56	6,943.11	2,170.35	26,433.71	4,580.16	6,264.75
Interest Rate Increased by 100 bps	3,528.78	25,560.47	4,504.56	7,029.33	1,724.25	25,657.78	4,580.16	6,255.49
Interest Rate Decreased by 100 bps	3,528.78	25,781.75	4,504.56	6,903.10	2,568.85	27,787.46	4,580.16	6,276.40
Inflation Rate Increased by 100 bps	3,612.50	25,943.32	4,504.56	7,000.22	2,349.39	26,617.71	4,580.16	6,265.47
Inflation Rate Decreased by 100 bps	3,464.75	25,376.18	4,504.56	6,940.78	2,155.96	26,419.09	4,580.16	6,264.71

### Financial Risks

#### Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to other party by failing to discharge an obligation. The Company is subject to credit risk in connection with issuers of securities held in our investment portfolio, reinsurers. Losses may occur when a counterparty fails to make timely payments pursuant to the terms of the underlying contractual arrangement or when the counterparty's credit rating or risk profile otherwise deteriorates. Credit risk can occur at multiple levels, as a result of broad economic conditions, challenges within specific sectors of the economy, or from issues affecting individual companies. Events that result in defaults, impairments or downgrades of the securities in our investment portfolio would cause the Company to record realized or unrealized losses and increase our provisions for asset default, adversely impacting earnings.

Governance structure, in the form of Investment Committee, and well defined investment policies and processes are in place to ensure that the risks involved in investments are identified and acceptable levels are defined. Stringent investment norms and approval structure ensures healthy portfolio while delivering the expected performance. All Regulatory and Internal norms are built in the Investment system, which monitors the Investment limits and exposure norms on real-time basis. The Company uses systems like MSCI Barra One to evaluate and monitor risks.

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The Policyholders' funds are invested in accordance with regulatory norms, Investment policy, fund objective of unit-linked funds and risk profile of the respective fund in fixed income segment, majority of the investment is made in the government securities having sovereign rating and debt securities issued by reputed corporate having appropriate rating as per Investment Committee.

Derivative financial instrument: The settlement risk, the Company is exposed to, is mitigated by an adequate amount of margin money.

### Industry Analysis

#### As on 31<sup>st</sup> March 2020

(₹ in Crore)

Particulars	Infrastructure	Financial and Insurance	Government	IT Services	Manufacturing	Others	Total
<b>1. FVTOCI Financial Assets</b>							
Policyholders							
Debt	205.95	2,189.33	-	32.89	189.21	188.42	2,805.80
Equity	-	-	-	-	-	-	-
Government Securities	-	-	2,153.50	-	-	49.05	2,202.55
Others	-	1.43	147.96	-	-	-	149.39
Shareholders							
Debt	192.01	864.75	-	17.09	188.35	88.30	1,350.50
Equity	-	44.09	-	-	-	-	44.09
Government Securities	-	-	934.71	-	-	27.55	962.25
Others	-	48.95	9.65	-	-	-	58.60
<b>2. Financial Assets at FVTPL</b>							
Policyholders							
Debt	1,454.39	4,365.58	-	282.10	1,038.56	144.41	7,285.04
Equity	676.49	2,440.11	-	1,187.83	3,496.62	155.04	7,956.09
Government Securities	-	10.43	5,463.47	-	-	18.06	5,491.96
Mutual Fund Units	-	950.12	-	-	-	57.03	1,007.15
Others	-	683.02	1,285.78	-	151.71	-	2,120.51
Shareholders							
Debt	-	26.19	-	-	-	-	26.19
Equity	-	198.24	-	-	-	-	198.24
Government Securities	-	-	-	-	-	-	-
Mutual Fund Units	-	50.24	-	-	-	10.18	60.43
Others	-	-	-	-	-	-	-
<b>3. Amortised Cost Financial Assets</b>							
Policyholders							
Debt	755.83	2,958.63	-	44.24	208.22	22.36	3,989.28
Government Securities	-	-	7,031.46	-	-	-	7,031.46
Others	-	-	220.52	-	-	8.31	228.82
<b>Total Credit Risk Exposure</b>	<b>3,284.67</b>	<b>14,831.11</b>	<b>17,247.05</b>	<b>1,564.15</b>	<b>5,272.67</b>	<b>768.71</b>	<b>42,968.35</b>

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

As on 31<sup>st</sup> March 2019

(₹ in Crore)

Particulars	Infrastructure	Financial and Insurance	Government	IT Services	Manufacturing	Others	Total
<b>1. FVTOCI Financial Assets</b>							
Policyholders							
Debt	180.77	2,052.08	-	31.77	183.61	178.67	2,626.90
Equity	-	-	-	-	-	-	-
Government Securities	-	-	1,927.27	-	-	47.29	1,974.56
Others	-	1.30	86.27	-	-	-	87.57
Shareholders							
Debt	129.47	759.87	-	16.19	168.74	77.17	1,151.44
Equity	-	51.65	-	-	-	-	51.65
Government Securities	-	-	769.33	-	-	25.95	795.28
Others	-	47.42	-	-	-	-	47.42
<b>2. Financial Assets at FVTPL</b>							
Policyholders							
Debt	1,632.73	4,483.14	-	270.36	1,182.80	126.88	7,695.91
Equity	1,355.36	3,589.87	-	1,179.36	4,010.64	196.55	10,331.78
Government Securities	-	9.84	5,753.31	-	-	17.91	5,781.06
Mutual Fund Units	-	1,429.12	-	-	-	28.94	1,458.06
Others	24.64	588.82	373.70	-	24.66	172.72	1,184.54
Shareholders							
Debt	-	25.75	-	-	-	-	25.75
Equity	-	200.24	-	-	-	-	200.24
Government Securities	-	-	-	-	-	-	-
Mutual Fund Units	-	5.87	-	-	-	-	5.87
Others	-	-	-	-	-	-	-
<b>3. Amortised Cost Financial Assets</b>							
Policyholders							
Debt	475.48	2,210.23	-	44.59	194.26	2.08	2,926.64
Government Securities	-	-	5,227.03	-	-	-	5,227.03
Others	-	-	123.06	-	-	4.08	127.14
<b>Total Credit Risk Exposure</b>	<b>3,798.45</b>	<b>15,455.20</b>	<b>14,259.97</b>	<b>1,542.27</b>	<b>5,764.71</b>	<b>878.26</b>	<b>41,698.88</b>



# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

## Credit Exposure by Credit Rating

As on 31<sup>st</sup> March 2020

(₹ in Crore)

Particulars	UNR	SOVEREIGN	AAA	AA +	AA-	AA	Others	Total
<b>1. FVTOCI Financial Assets</b>								
Policyholders								
Debt	-	-	2,476.40	21.23	-	276.55	31.64	2,805.82
Equity	-	-	-	-	-	-	-	-
Government Securities	-	2,153.50	49.04	-	-	-	-	2,202.54
Others	1.43	147.96	-	-	-	-	-	149.39
Shareholders								
Debt	-	-	878.60	55.13	101.54	262.86	52.37	1,350.50
Equity	44.09	-	-	-	-	-	-	44.09
Government Securities	-	934.71	27.55	-	-	-	-	962.26
Others	48.95	9.65	-	-	-	-	-	58.60
<b>2. Financial Assets at FVTPL</b>								
Policyholders								
Debt	-	-	6,117.67	225.14	191.29	736.43	14.51	7,285.04
Equity	7,699.67	-	56.30	118.19	-	81.93	0.00	7,956.09
Government Securities	-	5,463.47	28.49	-	-	-	-	5,491.96
Mutual Fund Units	950.12	-	-	-	-	-	57.03	1,007.15
Others	112.02	1,285.78	722.71	-	-	-	-	2,120.51
Shareholders								
Debt	-	-	26.19	-	-	-	-	26.19
Equity	-	-	-	103.43	-	94.81	0.00	198.24
Government Securities	-	-	-	-	-	-	-	-
Mutual Fund Units	50.18	-	-	-	-	0.06	10.18	60.42
Others	-	-	-	-	-	-	-	-
<b>3. Amortised Cost Financial Assets</b>								
Policyholders								
Debt	-	-	3,570.02	104.70	39.56	225.61	49.42	3,989.31
Government Securities	-	7,031.46	-	-	-	-	-	7,031.46
Others	-	220.52	-	-	-	-	8.31	228.83
<b>Total Credit Risk Exposure</b>	<b>8,906.46</b>	<b>17,247.05</b>	<b>13,952.97</b>	<b>627.82</b>	<b>332.39</b>	<b>1,678.25</b>	<b>223.46</b>	<b>42,968.40</b>

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forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

As on 31<sup>st</sup> March 2019

(₹ in Crore)

Particulars	UNR	SOVEREIGN	AAA	AA +	AA-	AA	Others	Total
<b>1. FVTOCI Financial Assets</b>								
Policyholders								
Debt	-	-	2,388.95	15.71	-	189.31	32.93	2,626.90
Equity	-	-	-	-	-	-	-	-
Government Securities	-	1,927.28	47.28	-	-	-	-	1,974.56
Others	1.30	86.27	-	-	-	-	-	87.57
Shareholders								
Debt	-	-	787.90	42.43	68.26	215.36	37.49	1,151.45
Equity	51.65	-	-	-	-	-	-	51.65
Government Securities	-	769.33	25.95	-	-	-	-	795.28
Others	47.42	-	-	-	-	-	-	47.42
<b>2. Financial Assets at FVTPL</b>								
Policyholders								
Debt	-	-	6,307.42	387.07	251.69	731.47	18.26	7,695.91
Equity	10,084.74	-	25.51	121.11	21.00	79.42	-	10,331.78
Government Securities	-	5,753.31	27.75	-	-	-	-	5,781.06
Mutual Fund Units	1,429.12	-	-	-	-	-	28.94	1,458.06
Others	375.76	373.70	435.08	-	-	-	-	1,184.54
Shareholders								
Debt	-	-	25.75	-	-	-	-	25.75
Equity	-	-	-	101.77	5.25	93.22	-	200.24
Government Securities	-	-	-	-	-	-	-	-
Mutual Fund Units	5.52	-	-	-	-	0.35	-	5.87
Others	-	-	-	-	-	-	-	-
<b>3. Amortised Cost Financial Assets</b>								
Policyholders								
Debt	-	-	2,578.53	74.21	38.33	196.05	39.53	2,926.65
Government Securities	-	5,227.03	-	-	-	-	-	5,227.03
Others	-	123.06	-	-	-	-	4.08	127.14
<b>Total Credit Risk Exposure</b>	<b>11,995.51</b>	<b>14,259.98</b>	<b>12,650.12</b>	<b>742.30</b>	<b>384.53</b>	<b>1,505.18</b>	<b>161.23</b>	<b>41,698.86</b>

It is the Company's policy to maintain accurate and consistent risk ratings across its credit portfolio. This enables the management to focus on the applicable risks and the comparison of credit exposures across all lines of business, geographic regions and products. The rating system is supported by a variety of financial analytics combined with processed market information to provide the main inputs for the measurement of counterparty risk. All internal risk ratings are tailored to the various categories and are derived in accordance with the Company's rating policy. The attributable risk ratings are assessed and updated regularly.

The Company manages its product mix to ensure that there is no significant concentration of credit risk.

## Notes

### forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

#### Expected Credit Loss

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are measured at amortised cost; and
- Financial assets (debt) that are measured as at FVTOCI.

ECL has been calculated on Non-ULIP portfolio as ULIP portfolio is mark-to-market. For recognition of impairment loss on financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss.

Loss Given Default (LGD) of 75% has been assumed across all securities (maximum as per RBI directives).

The credit rating provided by the external rating agencies has been considered while assigning PD for each individual company, the PD for each rating category is as under:

Credit Rating	Default Rate
Gsec	0
State	0
AAA	0.03
AAA (so)	0.03
AA	0.5
AA (so)	0.5
AA+	0.5
A+	0.74
AA-	0.74

ECL allowance (or reversal) during the period is recognized as expense/income in the Statement of Profit and Loss (P&L).

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/origination.

ECL allowance computed, basis above, during the period under consideration is as follows:

Movement of Allowances	Financial Asset
<b>As at 1<sup>st</sup> April 2018</b>	<b>2.45</b>
Provided during the year	2.53
Amounts Written off	-
Reversals of Provision	-
Unwinding of Discount	-
Transferred on account of Demerger	-
<b>As at 31<sup>st</sup> March 2019</b>	<b>4.98</b>
Provided during the year	3.01
Amounts Written off	-
Reversals of Provision	-
Unwinding of Discount	-
Transferred on account of Demerger	-
<b>As at 31<sup>st</sup> March 2020</b>	<b>7.99</b>

(₹ in Crore)

## Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

### Liquidity Risk

Liquidity risk is the possibility that the Company will not be able to fund all cash outflow commitments as they fall due. The Company's primary funding obligations arise in connection with the payment of policyholder benefits. Sources of available cash flow include general fund premiums and investment related inflows (such as maturities, principal repayments, investment income and proceeds of asset sales).

An asset-liability mismatch occurs when the financial terms of a Company's assets and liabilities do not correspond. These can lead to non-payment/deferment of claims, expenses, etc. Through effective cash management and capital planning, the Company ensures that it is properly funded and maintain adequate liquidity to meet obligations. Based on the Company's historical cash flows and liquidity management processes, we believe that the cash flows from our operating activities will continue to provide sufficient liquidity for us to satisfy debt service obligations and to pay other expenses as they fall due. A governance structure, in form of the ALM Committee, and well defined Asset Liability Management framework require periodic monitoring of the Asset-Liability position of the Company. BSLI's Asset Liability Management Techniques aims to manage the volume, mix, maturity, rate sensitivity, quality and liquidity of assets and liabilities, as a whole, so as to attain a predetermined acceptable risk/reward ratio. Further, the NAV guarantee products use proprietary monitoring mechanisms to ensure adequate ALM.

### Maturity Profiles

The following table summarises the maturity profile of the financial assets, financial liabilities and insurance contract liabilities of the Company based on remaining undiscounted contractual obligations, including interest payable and receivable.

For insurance contract liabilities and reinsurance assets, maturity profiles are determined based on estimated timing of net cash outflows from the recognised insurance liabilities. Unearned premiums have been excluded from the analysis as they are not contractual obligations. Unit-linked liabilities are repayable or transferable on demand and are included in the up-to-a-year column. Repayments, which are subject to notice, are treated as if notice were to be given immediately.

The Company maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseeable interruption of cash flow.

The Company manages its product mix to ensure that there is no significant concentration of credit risk.

# Notes

## forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

The table below summarises the expected utilisation or settlement of assets and liabilities.

### Maturity Analysis on Expected Maturity Bases

As on 31<sup>st</sup> March 2020

(₹ in Crore)

Particulars	Less than 3 Months	3 to 12 Months	1 to 2 Years	2 to 3 Years	3 to 5 Years	> 5 Years	Total
<b>Financial Assets</b>							
Investments							
Shareholders							
Amortised Cost							
FVTOCI	25.65	76.41	86.64	161.35	277.46	1,899.57	2,527.08
FVTPL	10.25	50.18	85.73	128.47	10.23	-	284.86
Policyholders							
Amortised Cost	231.98	35.25	134.64	199.69	546.43	9,836.56	10,984.55
FVTOCI	180.08	101.91	214.53	259.60	492.09	3,354.92	4,603.13
FVTPL	2,117.89	3,241.37	1,809.10	1,499.81	1,593.10	14,336.12	24,597.39
Trade and Other Receivables	358.76	-	-	-	-	-	358.76
Cash and Cash Equivalents	476.10	-	-	-	-	-	476.10
Other Financial Assets							
Security Deposits	32.43	7.09	2.12	6.54	8.65	7.16	63.99
Loan against Policies (Secured)	3.13	3.48	1.89	3.13	2.94	151.73	166.30
Derivative Financial Instruments	0.66	5.73	2.77	0.92	(0.62)	(2.07)	7.39
Others	465.23	-	0.06	0.04	-	-	465.33
<b>Financial Liabilities</b>							
Other Financial Liabilities	791.44	0.40	0.88	-	-	-	792.72
Derivative Financial Instruments	-	-	-	-	-	-	-
Trade and Other Payables	309.92	-	-	-	-	-	309.92

## Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

As on 31<sup>st</sup> March 2019

(₹ in Crore)

Particulars	Less than 3 Months	3 to 12 Months	1 to 2 Years	2 to 3 Years	3 to 5 Years	> 5 Years	Total
<b>Financial Assets</b>							
Investments							
Shareholders							
Amortised Cost							
FVTOCI	39.20	67.34	22.74	100.06	190.14	1,642.04	<b>2,061.52</b>
FVTPL	5.87	-	-	113.47	106.91	-	<b>226.25</b>
Policyholders							
Amortised Cost	4.10	14.53	-	177.05	409.14	7,135.84	<b>7,740.66</b>
FVTOCI	119.14	32.35	10.00	340.91	437.58	3,302.67	<b>4,242.65</b>
FVTPL	2,643.77	2,804.87	370.80	3,137.30	1,780.99	15,721.62	<b>26,459.35</b>
Trade and Other Receivables	206.52	-	-	-	-	-	<b>206.52</b>
Cash and Cash Equivalents	666.40	-	-	-	-	-	<b>666.40</b>
Other Financial Assets							
Security Deposits	33.82	7.03	8.53	2.69	6.34	6.78	<b>65.19</b>
Loan against Policies (Secured)	0.04	0.09	1.61	2.97	4.46	104.89	<b>114.06</b>
Others	329.27	-	0.16	-	-	-	<b>329.43</b>
<b>Financial Liabilities</b>							
Other Financial Liabilities	676.32	0.55	0.81	-	-	-	<b>677.68</b>
Derivative Financial Instruments	(0.27)	(0.34)	0.65	1.07	2.44	0.81	<b>4.36</b>
Trade and Other Payables	355.65	-	-	-	-	-	<b>355.65</b>

### Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to financial and capital market risks – the risk that the fair value or future cash flows of an insurance contract or financial instrument will fluctuate because of changes or volatility in market prices. Market risk includes equity market and interest rate risks.

Market risk governance practices are in place, including independent monitoring and review and reporting to senior management and the Risk Management Committee. The Company has investment policy in place, which deals with guidelines set for asset allocation and portfolio limit structure, to ensure that assets back specific policyholders' liabilities.

The Company issues unit-linked investment policies in a number of its operations. In the unit-linked business, the policyholder bears the investment risk on the assets held in the unit-linked funds as the policy benefits are directly linked to the value of the assets in the fund. The Company's exposure to market risk on this business is limited to the extent that income arising from asset management charges is based on the value of assets in the fund.

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## forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

### Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments exposes the Company to cash flow interest risk, whereas fixed interest rate instruments expose the Company to fair value interest risk.

The following analysis is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax and equity. The correlation of variables will have significant effect in determining the ultimate impact of interest rate risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear. The method used for deriving sensitivity information and significant variables have not changed from the previous period.

Market Indices	Change in Interest Rate	As at 31 <sup>st</sup> March 2020		As at 31 <sup>st</sup> March 2019	
		Impact on Profit before Tax	Impact on Equity	Impact on Profit before Tax	Impact on Equity
Interest rate	25 Basis Point down	19.45	15.00	113.93	82.15
	50 Basis Point down	38.90	30.00	227.86	164.30
	25 Basis Point Up	(19.45)	(15.00)	(113.93)	(82.15)
	50 Basis Point Up	(38.90)	(30.00)	(227.86)	(164.30)

### Equity Price Risk

Equity market risk is the potential for financial loss arising from declines or volatility in equity market prices. The Company is exposed to equity risk from a number of sources. A portion of our exposure to equity market risk arises in connection with benefit guarantees on contracts. The cost of providing for these guarantees is uncertain, and will depend upon a number of factors including general capital market conditions, underlying fund performance, policyholder behaviour, and mortality experience, which may result in negative impacts on our net income and capital.

The Company has no significant concentration of equity price risk.

The analysis below is performed for reasonably possible movements in market indices, i.e., BSE 100 with all other variables held constant, showing the impact on profit before tax (due to changes in fair value of financial assets and liabilities whose fair values are recorded in the Statement of Profit and Loss) and equity (that reflects changes in fair value of FVTPL financial assets). The correlation of variables will have a significant effect in determining the ultimate impact on price risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis.

Market Indices	Change in Variables	As at 31 <sup>st</sup> March 2020		As at 31 <sup>st</sup> March 2019	
		Impact on Profit before Tax	Impact on Equity	Impact on Profit before Tax	Impact on Equity
BSE 100	10% rise	0.12	2.25	8.79	30.26
	10% fall	(0.12)	(2.25)	(8.79)	(30.26)

### Operational Risks

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Company cannot expect to eliminate all operational risks but by

## Notes

### forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks, such as changes in environment, technology and the industry, are monitored through the Company's strategic planning and budgeting process.

Operational risks are governed through Operational Risk Management Policy. The Company maintains an operational loss database to track and mitigate risks resulting in financial losses. The Company has also initiated a Risk Control and Self Assessment process to embed the control testing as a part of day-to-day operations. To control operational risk, operating and reporting processes are reviewed and updated regularly. Ongoing training through internal and external programmes is designed to equip staff at all levels to meet the demands of their respective positions.

The Company has a robust Business Continuity Plan and Information Technology Disaster Recovery Plan in place to manage any business/technology interruption risk. Business Continuity Management System is certified against the global standard ISO 22301. It also has Business Continuity Policy to have a planned response in the event of any contingency ensuring recovery of critical activities at agreed levels within agreed timeframe thereby complying with various regulatory requirements and minimising the potential business impact to the Company.

Information Security Risk is the risk arising from IT systems (data leakage, application vulnerabilities, lack of segregation of duties and access control), human error, etc., which can cause damage to finances or reputation. Information Security risks are governed through Information Security Management System aligned and certified against ISO 27001:2013, which is a global benchmark. The Company has a comprehensive Information Security Policy designed to comply with ISO 27001:2013, privacy and/or data protection legislations as specified in Indian Information Technology Act, 2008, and Notification dated 11<sup>th</sup> April 2011, on protection of sensitive personal information and it provides direction to Information Security staff, Management and Employees regarding their roles and responsibilities towards Information Security.

Fraud Management is handled through an internal committee and is governed by the Fraud Reporting and Investigation Policy.

#### Nature and Term of Outstanding Derivative Contract

##### a) Forward Rate Agreement

Particulars	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
i) Total notional principal amount of forward rate agreement undertaken during the year (instrument-wise)		
8.83% GOI 2041 (MD 12/12/2041)	65.02	-
8.24% GOI 2033 (MD 10/11/2033)	119.19	-
9.20% GOI 2030 (MD 30/09/2030)	473.56	-
8.33% GOI 2036 (07/06/2036)	122.57	-
8.97% GOI 2030 (MD 05/12/2030)	124.50	-
7.40% Gsec 09-09-2035	85.27	100.00
7.62% GOI 2039 (MD 15/09/2039)	123.99	-
8.30% GOI 2042 (MD 31/12/2042)	76.74	-



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forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

(₹ in Crore)

Particulars	As at	
	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
ii) Total notional principal amount of forward rate agreement outstanding as on end of the year (instrument-wise)		
7.73% Gsec 19-12-2034	110.58	152.25
8.30% Gsec 31-12-2042	130.67	69.42
8.32% Gsec 02-08-2032	32.87	83.82
7.40% Gsec 09-09-2035	148.33	87.12
8.24% Gsec 10-11-2033	119.19	-
8.33% Gsec 07-06-2036	122.57	-
8.83% Gsec 12/12/2041	65.02	-
8.97% Gsec 05/12/2030	124.50	-
9.20% Gsec 30/09/2030	473.56	-
7.62% GOI 2039 15/09/2039	123.99	-
iii) Notional principal amount of forward rate agreement outstanding and not 'highly effective' as at Balance Sheet date	-	-
iv) Mark-to-market value of forward rate agreement outstanding and not 'highly effective' as at the Balance Sheet date	-	-
v) Loss which would be incurred if counter party failed to fulfil their obligation under agreements	-	-

(b) The fair value mark-to-market (MTM) gains or losses in respect of Forward Rate Agreement Outstanding as at the Balance Sheet date is stated below:

(₹ in Crore)

Hedging Instrument	As at	
	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
i) 7.73% GOI 2034 (MD 19/12/2034)	5.30	(1.18)
ii) 8.30% GOI 2042 (MD 31/12/2042)	(0.75)	(3.02)
iii) 8.32% GOI (MD 02/08/2032)	1.67	(0.81)
iv) 7.40% GOI 2035 (MD 09/09/2035)	2.79	0.64
v) 8.24% GOI 2033 (MD 10/11/2033)	(0.50)	-
vi) 8.33% GOI 2036 (07/06/2036)	(0.01)	-
vii) 8.83% GOI 2041 (MD 12/12/2041)	1.63	-
viii) 8.97% GOI 2030 (MD 05/12/2030)	0.87	-
ix) 9.20% GOI 2030 (MD 30/09/2030)	(1.03)	-
x) 7.62% GOI 2039 (MD 15/09/2039)	(2.56)	-

## Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

### (c) Movement in Hedge Reserve

(₹ in Crore)

Hedge Reserve Account	As at 31 <sup>st</sup> March 2020		
	Realised	Unrealised	Total
i) Balance at the beginning of the year	(0.03)	(4.56)	(4.59)
ii) Add: Changes in the fair value during the Year	-	(39.72)	(39.72)
iii) Less: Amounts reclassified to Revenue/Profit and Loss Account	0.34	-	0.34

(₹ in Crore)

Hedge Reserve Account	As at 31 <sup>st</sup> March 2019		
	Realised	Unrealised	Total
i) Balance at the beginning of the year	-	(5.28)	(5.28)
ii) Add: Changes in the fair value during the Year	-	0.72	0.72
iii) Less: Amounts reclassified to Revenue/Profit and Loss Account	(0.03)	-	(0.03)

(₹ in Crore)

Particulars	As at	As at
	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
i) Name of the Counterparty	J.P. Morgan/ CITI Bank	J.P. Morgan/ CITI Bank
ii) Hedge Designation	Cash Flow Hedge	Cash Flow Hedge
iii) Likely impact of one percentage change in interest rate (100*PV01)		
a) Underlying being hedged	Sovereign Bonds	Sovereign Bonds
b) Derivative	Forward Rate Agreement	Forward Rate Agreement
iv) Credit Exposure		

### Capital Management Objectives and Policies

The Group has established the following capital management objectives, policies and approach to manage the risks that affect its capital position:

- i) To maintain the required level of stability of the Group thereby providing a degree of security to policyholders
- ii) To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and shareholders
- iii) To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets
- iv) To align the profile of assets and liabilities taking account of risks inherent in the business
- v) To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and stakeholders
- vi) To maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximise shareholders value

# Notes

## forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

The Group has met all of these requirements throughout the financial year. In reporting financial strength, capital and solvency are measured using the rules prescribed by the Insurance Regulatory & Development Authority of India (IRDAI). These regulatory capital tests are based upon required levels of solvency, capital and a series of prudent assumptions in respect of the type of business written. The Group's Capital Management Policy for its insurance business is to hold sufficient capital to cover the statutory requirements based on the IRDAI directives.

### Regulatory Framework

Regulators are primarily interested in protecting the rights of policyholders and monitor them closely to ensure that the Group is satisfactorily managing affairs for their benefit. At the same time, regulators are also interested in ensuring that the Group maintains an appropriate solvency position to meet unforeseeable liabilities arising from economic shocks or natural disasters. The operations of the Group are subject to regulatory requirements within the jurisdictions in which it operates.

## B Financial Risk Management and Its Policies for NBFC and HFC Businesses

### Credit Risk

Credit risk is the risk that the NBFC and HFC will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The NBFC and HFC manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits.

The NBFC and HFC has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision. The credit quality review process aims to allow the NBFC and HFC to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

### Analysis of maximum exposure to credit risk and collateral and other credit enhancements

Retail loans, other than unsecured micro loans, are generally secured by an identified collateral, which generally is the underlying asset financed. The secured exposures mentioned above are secured by pledge of financial securities (listed equity shares, units of mutual funds, surrender value of insurance policies), mortgage of immovable properties (residential, commercial, industrial), hypothecation of plant and machinery, hypothecation of receivables, inventory, etc., collectively referred to as current assets. However, collateral securing each individual loan may not be adequate in relation to the value of the loan. If the customer fails to pay, the Group would, by following the due process of law, liquidate collateral and/or set off the amount due and recoverable from the counterparty. For loans, where repayment is either monthly or quarterly, the Group either obtains direct debit instructions in the form of mandates from the counterparty and is registered with the bank account mapped to such mandate or obtains post-dated cheques from the counterparty. It is a criminal offence in India to issue a debit mandate or bad cheque.

### Liquidity Risk

Liquidity risk is defined as the risk that the NBFC & HFC will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the NBFC & HFC might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances.

## Notes

### forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

NBFC & HFC manages its liquidity requirement by analysing the maturity pattern of NBFC & HFC's cash flows of financial assets and financial liabilities. The Asset Liability Management of the NBFC & HFC is periodically reviewed by its Risk Management Committee.

The table below summarises the maturity profile of the undiscounted cash flows of the NBFC & HFC's financial liabilities as at 31<sup>st</sup> March 2020.

#### Financial Liabilities

(₹ in Crore)

As at 31 <sup>st</sup> March 2020	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	More than 5 years
Trade and Other Payables	23.11	-	42.59	52.95	-	-	-	-
Other Financial Liabilities	187.19	408.30	308.25	166.97	282.95	346.94	-	-
Borrowing and Debt Securities	1,893.70	1,736.38	3,187.71	1,972.31	7,352.28	22,480.71	8,643.45	6,333.78
<b>Total</b>	<b>2,104.00</b>	<b>2,144.68</b>	<b>3,538.55</b>	<b>2,192.23</b>	<b>7,635.23</b>	<b>22,827.65</b>	<b>8,643.45</b>	<b>6,333.78</b>

#### Financial Liabilities

(₹ in Crore)

As at 31 <sup>st</sup> March 2019	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	More Than 5 Years
Trade and Other Payables	110.16	-	-	-	-	-	-	-
Other Financial Liabilities	216.47	380.31	60.90	240.96	282.29	317.94	25.22	-
Borrowing and Debt Securities	4,041.88	1,657.87	2,353.27	2,832.46	7,601.50	19,929.34	10,123.97	4,348.15
<b>Total</b>	<b>4,368.51</b>	<b>2,038.18</b>	<b>2,414.17</b>	<b>3,073.42</b>	<b>7,883.79</b>	<b>20,247.28</b>	<b>10,149.19</b>	<b>4,348.15</b>

#### Notes

- The above table includes future contractual cash flows recognized as at Balance Sheet date in different buckets and does not include other future contracted cash flows (such as interest which are not accrued as at Balance Sheet date).
- Trade Payable is based on the estimate of actual payment.

#### Operational and Business Risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. In the case of the Company, market risk primarily comprises of interest rate risk. Financial instruments affected by market risk include loans and borrowings.

# Notes

## forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

The analyses exclude the impact of movements in market variables on the carrying values of gratuity, other post-retirement obligations and provisions.

The following assumptions have been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial liabilities held at 31<sup>st</sup> March 2020 and 31<sup>st</sup> March 2019.

### Total Market Risk Exposure

(₹ in Crore)

Particulars	As at 31 <sup>st</sup> March 2020			As at 31 <sup>st</sup> March 2019			Primary Risk Sensitivity
	Carrying Amount	Traded Risk	Non-Traded Risk	Carrying Amount	Traded Risk	Non-Traded Risk	
<b>Assets</b>							
Financial investments–FVTPL	3,340.64	3,340.64	-	1,574.61	1,574.61	-	Equity Price
Financial investments–FVTOCI	1.76	-	1.76	1.90	-	1.90	
<b>Total</b>	<b>3,342.40</b>	<b>3,340.64</b>	<b>1.76</b>	<b>1,576.51</b>	<b>1,574.61</b>	<b>1.90</b>	

### Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has borrowings which are primarily at floating rate of interest and, hence, the Company is not significantly exposed to Interest rate risk.

### Interest Rate Sensitivity

Since the Company manages its interest rate risk on borrowings by ensuring, at maximum, its long-term borrowings at floating rate of interest and in case of reduction in interest rate, it initiates negotiations with bankers for realigning the interest rate and/or repaying the high interest rate exposures, the interest rate change in market as such doesn't affect the Company's profitability materially.

Market Indices	Change in Interest Rate	31 <sup>st</sup> March 2020		31 <sup>st</sup> March 2019	
		Impact on Pprofit before Tax	Impact on Equity	Impact on Profit before Tax	Impact on Equity
Interest Rate	25 Basis Point Down	60.86	49.74	48.61	31.66
	50 Basis Point Down	121.72	99.48	97.22	63.31
	25 Basis Point Up	(60.86)	(49.74)	(48.61)	(31.66)
	50 Basis Point Up	(121.72)	(99.48)	(97.22)	(63.31)

### Capital Management Objectives and Policies

For the purpose of the Group's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to maximise the shareholder value.

## Notes

### forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Group monitors capital using a capital adequacy ratio, which is weighted assets divided by total capital derived as per the RBI requirements. As per the RBI guidelines, the Group being a Non-Banking Finance Group has to maintain 15% of capital adequacy ratio of NBFC business and 12% of capital adequacy ratio of HFC business.

The actual Capital Adequacy Ratio is as under:

Particulars	(₹ in Crore)	
	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
Capital Adequacy Ratio of NBFC	19.08	17.45
Capital Adequacy Ratio of HFC	18.74	16.80

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31<sup>st</sup> March 2020 and 31<sup>st</sup> March 2019.

#### Derivative Financial Instruments of NBFC and HFC Business

##### Aditya Birla Housing Finance Limited

Nature and Term of Outstanding Derivative Contract:

##### a) Cross Currency Interest Rate Swaps (CCIRS)

Particulars	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
i) Total notional principal amount of CCIRS agreement undertaken during the year	354.45	-
ii) Total notional principal amount of CCIRS agreement outstanding as on end of the year	354.45	-
iii) Maturity Date of CCIRS	30 <sup>th</sup> October 2022	-
iv) Hedge Ratio	1:1	-
v) Currency Pair	USD/INR	-

##### b) The fair value mark-to-market (MTM) gains or losses in respect of CCIRS Agreement Outstanding as at the Balance Sheet date is stated below:

Hedging Instrument	(₹ in Crore)	
	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
CCIRS	10.71	-

## Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

### c) Movement in Hedge Reserve

(₹ in Crore)

Cash Flow Hedge Reserve Account	As at 31 <sup>st</sup> March 2020			As at 31 <sup>st</sup> March 2019		
	Realised	Unrealised	Total	Realised	Unrealised	Total
i) Balance at the beginning of the year	-	-	-	-	-	-
ii) Add: Changes in the fair value during the Year	(4.09)	10.71	6.62	-	-	-
iii) Less: Amounts reclassified to the Statement of Profit & Loss	(4.09)	20.50	16.41	-	-	-
iv) Balance at the end of the Year	-	(9.79)	(9.79)	-	-	-

(₹ in Crore)

Particulars	As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2019
i) Name of the Counterparty	State Bank of India	-
ii) Hedge Designation	Effective	-
iii) Exchange Rate (USD/INR)	70.89	-
iv) Interest Rate (p.a.)	7.79%	-

### Aditya Birla Finance Limited

The Company enters into derivatives for risk management purposes. Derivatives held for risk management purposes include hedges that meet the hedge accounting requirements.

The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts.

The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

(₹ in Crore)

Particulars	As at 31 <sup>st</sup> March 2020			As at 31 <sup>st</sup> March 2019		
	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities
<b>Part I</b>						
(i) Cross Currency Interest Rate Swaps	1,463.68	54.08	-	-	-	-
(ii) Currency forward	0.36	-	₹	-	-	-
<b>Total</b>	1,464.04	54.08	₹	-	-	-
<b>Part II</b>						
(i) Cash Flow Hedging						
- Cross Currency Interest Rate Swaps	1,463.68	54.08	-	-	-	-
- Currency Forward	0.36	-	₹	-	-	-
<b>Total</b>	1,464.04	54.08	₹	-	-	-

## Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

Note a): Hedging activities and derivatives

The Company is exposed to certain risks relating to its external commercial borrowings. The primary risks managed using derivative instruments are foreign currency risk and interest rate risk.

Note b): Derivatives designated as hedging instruments

### Cash Flow Hedges

The Company is exposed to foreign currency risk arising from its External Commercial borrowings amounting to ₹ 1,463.68 Crore. Interest on the borrowing is payable at a floating rate. The Company economically hedged the foreign currency risk arising from the debt with a 'receive floating pay fixed' cross-currency interest rate swap ('swap'). The notional amount of swap is disclosed in the table below. The swap contract converts the cash outflows of the foreign currency borrowing as per table below to cash outflows in INR with a notional amount of ₹ 1,463.68 Crore at fixed interest rate.

Name of Lender	Foreign Currency Denominated Borrowing Amount	Interest Rate Type	Notional Amount of Swap (₹)	Interest Rate Swap Type
<b>As at 31<sup>st</sup> March 2020</b>				
JPY Denominated (in JPY Crore) (Maturity Range: September 2022 to February 2023)	1,893.66	Floating Rate Interest	1,240.90	Fixed Rate Interest
USD Denominated (in USD Crore) (Maturity March 2023)	3.00	6M USD Libor + 120 bps	222.78	Fixed Rate Interest
<b>Total</b>	<b>1,896.66</b>		<b>1,463.68</b>	

There is an economic relationship between the hedged item and the hedging instrument as the terms of the cross currency swap contract match that of the foreign currency borrowing (notional amount, interest payment dates, principal repayment date, etc.). The Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the cross currency swap are identical to the hedged risk components. To test the hedge effectiveness, the Company uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

The hedge ineffectiveness can arise mainly if there is a change in the credit risk of the Company or the counterparty.

The impact of the hedging instruments on the Balance Sheet is, as follows:

Particulars	Notional Amounts	Carrying Amount	Line item in the Statement of Financial Position	(₹ in Crore)
				Change in Fair Value used for measuring ineffectiveness for the Year
<b>As at 31<sup>st</sup> March 2020</b>				
Cross Currency Interest Rate Swaps	1,463.68	54.08	Derivative Asset	(12.34)
<b>Total</b>	<b>1,463.68</b>	<b>54.08</b>		<b>(12.34)</b>



## Notes

### forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

The impact of hedged items on the Balance Sheet is as follows:

(₹ in Crore)

Particulars	Change in Fair Value used for measuring ineffectiveness for the Year	Cash Flow Hedge Reserve as at 31 <sup>st</sup> March 2020
<b>As at 31<sup>st</sup> March 2020</b>		
Cross Currency Interest Rate Swaps	(12.34)	(12.34)
<b>Total</b>	<b>(12.34)</b>	<b>(12.34)</b>

The effect of the Cash Flow Hedge in the statement of Profit or Loss and Other Comprehensive Income is as follows:

(₹ in Crore)

Particulars	Total Hedging Gain/(Loss) Recognised in OCI	Ineffective-ness recognised in Profit or Loss	Line item in the Statement of Profit and Loss	Cost of Hedging recognised in OCI	Amount Reclassified from OCI to Profit or Loss	Cost of Hedge Reclassified from OCI to Profit or Loss	Line Item in the Statement of Profit and Loss
<b>As at 31<sup>st</sup> March 2020</b>							
Foreign Currency Denominated Floating Rate Borrowing	(12.34)	-	-	-	-	-	-
<b>Total</b>	<b>(12.34)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Note c): Movements in cash flow hedging reserve

(₹ in Crore)

Particulars	As at 1 <sup>st</sup> April 2019	Add/Less: Changes in Fair Value	Add/Less: Foreign Exchange Gain/(loss)	Add/Less: Deferred Tax	Add/Less: Accrued Interest	As at 31 <sup>st</sup> March 2020
Cash Flow Hedging Reserve	-	54.08	(81.42)	4.15	10.85	(12.34)
<b>Total</b>	<b>-</b>	<b>54.08</b>	<b>(81.42)</b>	<b>4.15</b>	<b>10.85</b>	<b>(12.34)</b>

Note d): The following table shows the maturity profile of hedging derivatives based on their notional amounts.

(₹ in Crore)

Particulars	As at 31 <sup>st</sup> March 2020				As at 31 <sup>st</sup> March 2019			
	0 to 12 months	1 to 5 years	Over 5 years	Total	0 to 12 months	1 to 5 years	Over 5 years	Total
(i) Cross Currency Interest Rate swaps	-	1,463.68	-	1,463.68	-	-	-	-
(ii) Currency Forward	-	0.36	-	0.36	-	-	-	-
<b>Total</b>	<b>-</b>	<b>1,464.04</b>	<b>-</b>	<b>1,464.04</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

## C. ECL Risk

### Impairment Assessment

The ECL model credit loss provisioning approach has now moved from incurred model. This forces entity to understand the significance of credit risk and its movement since its initial recognition. This model ensures (a) timely recognition of ECLs; (b) assessment of significant increase in credit risk which will provide better disclosure; and (c) ascertainment of better business ratios.

The references below show where the Group's impairment assessment and measurement approach is set out in this Report. It should be read in conjunction with the Summary of Significant Accounting Policies.

- An explanation of the Group's internal grading system (Note 'Definition of Default and Cure' below)
- How the Group defines, calculates and monitors the probability of default, exposure at default and loss given default) (Note: 'The Group's internal rating and PD estimation process', 'Probability of Default', 'Exposure at Default' below)
- When the Group considers there has been a significant increase in credit risk of an exposure (Note: 'Significant Increase in Credit Risk' below)
- The Group's policy of segmenting financial assets where ECL is assessed on a collective basis (Note: 'Grouping Financial Assets Measured on a Collective Basis' below)

### Definition of Default and Cure

The Group considers a financial instrument defaulted and therefore Stage 3 (credit impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

As a part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

- a) Significant financial difficulty of the borrower or issuer;
- b) A breach of contract such as a default or past due event;
- c) The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- d) It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- e) The disappearance of an active market for a security because of financial difficulties and the customer has delay in his repayments over a month.

# Notes

## forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

### The Group's Internal Rating and PD Estimation Process

- a. Internal Rating: A robust internal credit rating framework is vital for effective credit risk management. It is specified by RBI on credit risk management that lenders should have an internal rating framework and the lenders must have independent Credit Risk Control Units (CRCU) or equivalents that are responsible for the design or selection, implementation and performance of their internal rating systems. Accordingly, we also have an internal rating framework developed along with CRISIL, with ratings being assigned to all the customer/portfolio pool – (eligible customers for Ratings) and used extensively in internal decision-making.
- b. It is further specified in the policy that Internal rating/grading/scoring of the borrower/client is at least Investment grade rating as per ABFL's internal credit rating model or valid/live external rating.

### Probability of Default (PD)

PD is calculated basis likelihood that the borrower will default within one year horizon (Basis for Stage 1), for Stage 2 – it is defined as significant increase in credit risk and probability is defined as borrower's probability to default in lifetime.

### Exposure at Default

Gross exposure/potential gross exposure under a facility (i.e., the amount that is legally owed to the lender) at the time of default by a borrower. Exposure at Default gives an estimate of the amount outstanding.

### Loss Given Default (LGD)

LGD is usually shown as the percentage of Exposure at Default that the lender might lose in case the borrower defaults. It depends, among others, on the type of collateral, its value, borrower rating and the expected proceeds from the sale (e.g.; sales proceeds from sales of collaterals/securities) of the assets, NPV net of recovery costs.

### Significant Increase in Credit Risk

- a. There is significant increase in credit risk, when there is deterioration in account performance and expected resolution is not available.
- b. Further, for large borrowers after assessing the following Risks in totality and deterioration in each factor, it is then assessed whether there is a significant increase in credit risk.
  - i. Industry Risk
  - ii. Business Risk
  - iii. Management Risk
  - iv. Financial Risk
  - v. Banking Conduct and Facility-level Conduct.
- c. Significant increase in credit risk is also gauged through Credit Rating. Credit rating is an opinion of capacity of borrower to meet its financial obligations to the depositor or bondholder (i.e., lender of money) on a particular issue or type of instrument (i.e., a domestic or foreign currency: short or medium or long-term, etc.) in a timely manner. The rating measures the relative risk of an issuers ability and willingness to repay both interest and principal over the period of the rated instrument, i.e., rating signifies the risk of default of the borrower that is rated.

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

## Grouping Financial Assets Measured on a Collective Basis

The Group calculates ECLs either on a collective or an individual basis.

Asset classes where the Group calculates ECL on an individual basis include:

1. Corporate Portfolio

Asset classes where the Group calculates ECL on a collective basis include:

1. Retail Portfolio

The ECL methodology allows for individual assessment for corporates and therefore these loans are generally measured individually as each of these exposures have unique characteristics and structuring. For retail exposures and exposures, which can be clubbed in homogenous pools, ECL is measured on a collective basis. This has been arrived at based on common characteristics like nature of product, customer profile, etc.

## Analysis of Risk Concentration

Concentration analysis are presented for portfolio pool, location, top borrower exposures, Group exposures, etc. These are regularly analysed and presented for further review/action.

## D. Financial Risk Management Objectives for Other Businesses:

The Group's principal financial liabilities, other than derivatives, comprise of borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets, other than derivatives, include trade and other receivables, investments, and cash and cash equivalents that arises directly from its operations.

The Group's activities expose it to market risk, liquidity risk and credit risk.

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments, including investments and deposits, foreign currency receivables, payables and borrowings.

The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments, such as foreign exchange forward contracts, foreign currency option contracts, principal only swaps that are entered to hedge foreign currency risk exposure, interest rate swaps to hedge variable interest rate exposure and commodity fixed price swaps to hedge commodity price risks. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

# Notes

## forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

The sources of risks which the Group is exposed to and their management is given below:

Risks	Exposure Arising From	Measurement	Management
<ul style="list-style-type: none"> <li><b>Market Risks:</b></li> </ul>			
<ul style="list-style-type: none"> <li>- Foreign Exchange Risk</li> </ul>	Committed Commercial Transactions, Financial Assets and Liabilities not denominated in INR	Cash Flow Forecasting, Sensitivity Analysis	Forward Foreign Exchange Contracts, Foreign Currency Options Principal Only/ Currency Swaps
<ul style="list-style-type: none"> <li>- Interest Rate Risk</li> </ul>	Long-term Borrowings at variable rates, Investments in Debt Schemes of Mutual Funds and Other Debt Securities	Sensitivity Analysis, Interest Rate Movements	Interest Rate Swaps Portfolio Diversification
<ul style="list-style-type: none"> <li>- Equity Price Risk</li> </ul>	Investments (other than Subsidiaries, Joint Ventures and Associates, which are carried at cost)	Financial Performance of the Investee Companies	Investments are long-term in nature and in companies with sound management with leadership positions in their respective businesses
<ul style="list-style-type: none"> <li><b>Credit Risks</b></li> </ul>	Trade Receivables, Investments, Derivative Financial Instruments, Loans and Bank Balances	Ageing Analysis, Credit Ratings	Diversification of mutual fund investments and portfolio credit monitoring, credit limit and credit worthiness monitoring, criteria-based approval process
<ul style="list-style-type: none"> <li><b>Liquidity Risks</b></li> </ul>	Borrowings and other Liabilities and Liquid Investments	Rolling Cash Flow Forecasts, Broker Quotes	Adequate unused credit lines and borrowing facilities Portfolio Diversification
<ul style="list-style-type: none"> <li><b>Commodity Price Risks</b></li> </ul>	Movement in prices of commodities mainly Imported Thermal Coal and Pet Coke	Sensitivity Analysis, Commodity Price Tracking	Commodity Fixed Prices Swaps/ Options

The Management updates the Audit Committee on a quarterly basis about the implementation of the above policies. It also updates to the Internal Risk Management Committee of the Group on periodical basis about various risks to the business and the status of various activities planned to mitigate such risks.

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Details relating to the risks are provided here below:

### 1. Foreign Exchange Risk:

Foreign exchange risk is the risk of impact related to fair value or future cash flows of an exposure in foreign currency, which fluctuate due to changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates to import of fuels, raw materials and spare parts, plant and equipment, exports, foreign currency borrowings and the Group's net investments in foreign subsidiaries.

The Group evaluates exchange rate exposure arising from foreign currency transactions. The Group follows established risk management policies and standard operating procedures. It uses derivative instruments like forwards to hedge exposure to foreign currency risk.

When a derivative is entered into for the purpose of hedge, the Group negotiates the terms of those derivatives to match the terms of the hedged exposure.

#### (i) Foreign Currency Sensitivity:

The sensitivities are based on financial assets and liabilities held at 31<sup>st</sup> March 2020 are not denominated in Indian Rupees. The sensitivities do not take into account the Company's sales and costs and the results of the sensitivities could change due to other factors, such as changes in the value of financial assets and liabilities as a result of non-foreign exchange influenced factors.

Currency	31 <sup>st</sup> March 2020 ₹ Crore			
	Effect of 5% strengthening of INR on Profit	Effect of 5% strengthening of INR on Equity	Effect of 5% Diminishing of INR on Profit	Effect of 5% Diminishing of INR on Equity
USD	(16.25)	(12.37)	16.25	12.37
EUR	12.96	(0.98)	(12.96)	0.98
GBP	(0.97)	(1.96)	0.97	1.96
JPY	0.39	-	0.39	-
CAD	(2.03)	-	2.03	-
AUD	14.58	1.90	(14.58)	(1.90)
CNY	(5.81)	-	5.81	-
SEK	0.04	-	(0.04)	-
Others*	0.02	0.02	(0.02)	(0.02)
<b>Increase/(Decrease) in Profit/Equity</b>	<b>2.93</b>	<b>(13.39)</b>	<b>(2.93)</b>	<b>13.39</b>

\* Others represents currency in Bangladeshi Taka, British Pound, Kuwaiti Dinar, Mozambique New Metical, Omani Rial, Philippines Peso, Tanzanian Shilingi, etc.

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Currency	31 <sup>st</sup> March 2019 ₹ Crore			
	Effect of 5% strengthening of INR on Profit	Effect of 5% strengthening of INR on Equity	Effect of 5% Diminishing of INR on Profit	Effect of 5% Diminishing of INR on Equity
USD	42.36	(24.32)	(42.36)	24.32
EUR	(5.30)	0.01	5.30	(0.01)
GBP	0.08	-	(0.08)	-
JPY	(0.01)	-	0.01	-
CAD	-	(1.74)	-	1.74
AUD	0.01	-	(0.01)	-
CNY	4.69	-	(4.69)	-
CHF	6.87	-	(6.87)	-
PESO	-	(0.12)	-	0.12
THB	-	(6.02)	-	6.02
Others*	0.11	0.03	(0.11)	(0.03)
<b>Increase/(Decrease) in Profit/Equity</b>	<b>48.87</b>	<b>(32.16)</b>	<b>(48.87)</b>	<b>32.16</b>

\* Others represents currency in Bangladeshi Taka, British Pound, Kuwaiti Dinar, Mozambique New Metical, Omani Rial, Philippines Peso, Tanzanian Shilingi, etc.

### (ii) Hedging Activities and Derivatives:

The Group evaluates exchange rate exposure arising from foreign currency transactions. The Group uses various derivative financial instruments, such as foreign exchange forward contracts, option contracts, future contracts and currency swaps to manage and mitigate its exposure to foreign exchange risk. The Company reports periodically to its Risk Management Committee, the foreign exchange risks and compliance of the policies to manage its foreign exchange risk.

The Group has taken foreign currency floating rate borrowings, which are linked to LIBOR. For managing the foreign currency risk and interest rate risk, arising from changes in LIBOR on such borrowings, the Group has entered into Cross Currency Interest Rate Swap (CCIRS) for the entire loan liability. Under the terms of the CCIRS, the Company pays interest at the fixed rate to the swap counterparty in INR and receives the floating interest payments based on LIBOR in foreign currency.

The Group assesses hedge effectiveness based on the following criteria:

- (i) an economic relationship between the hedged item and the hedging instrument;
- (ii) the effect of credit risk; and
- (iii) assessment of the hedge ratio.

The Group designates the forward exchange contracts to hedge its currency risk, and generally applies a hedge ratio of 1:1. The Group's policy is to match the tenor of the forward exchange contracts with the hedged item.

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### a) Cash Flow Hedges

Details of Foreign Exchange Forward Contracts Outstanding and Interest Rate and Cross Currency Swap Outstanding as on 31<sup>st</sup> March 2020:

Sr. No.	Type of Hedge and Risks	Foreign Currency Amount (₹ in Crore)		Weighted Average Foreign Exchange Rate		Nominal Value (₹ in Crore)		Carrying Amount of Hedging Instrument (₹ in Crore)	
		Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
1)	<b>Foreign Exchange Forward Contracts</b>								
a	USD	7.52	1.14	65.51	73.22	492.57	83.13	81.13	3.32
b	EUR	0.46	0.25	81.18	81.94	37.29	20.33	1.42	0.37
c	CNH	2.13	-	10.55	-	22.47	-	0.78	-
d	JPY								
e	SEK								
f	AUD	0.83	-	45.82	-	37.87	-	0.32	-
g	GBP	-	0.42	-	95.23	-	39.97	-	(0.12)
2)	<b>Cross Currency Interest Rate Swaps</b>								
a	USD	4.08	-	68.53	-	279.62	-	21.92	-

Details of Foreign Exchange Forward Contracts Outstanding and Interest Rate and Cross Currency Swap Outstanding as on 31<sup>st</sup> March 2019:

Sr. No.	Type of Hedge and Risks	Foreign Currency Amount (₹ in Crore)		Weighted Average Foreign Exchange Rate		Nominal Value (₹ in Crore)		Carrying Amount of Hedging Instrument (₹ in Crore)	
		Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
1)	<b>Foreign Exchange Forward Contracts</b>								
a	USD	8.89	9.89	66.21	69.89	588.61	691.20	18.08	(10.46)
b	EUR	0.80	0.68	79.26	85.94	63.11	58.16	1.93	(2.55)
c	CNH	0.66	39.95	10.67	10.84	7.09	433.08	0.21	(17.00)
d	JPY	-	53.94	-	0.67	-	36.17	-	(1.28)
e	SEK	-	0.80	-	7.98	-	6.38	-	(0.04)
f	AUD	0.29	-	50.47	-	14.49	-	-	0.20
g	GBP	-	0.23	-	95.64	-	22.00	0.57	-
2)	<b>Cross Currency Interest Rate Swaps</b>								
a	USD	3.00	-	65.25	-	195.75	-	10.04	-

Interest Rates Outstanding on Receive Floating and Pay Fix Contracts:

Particulars	As at	Average Contracted Fixed Interest Rates*	Nominal Amount USD Crore	Fair Value Assets (Liabilities) ₹ in Crore
Less than 1 year	31 <sup>st</sup> March 2020	0.90%	17.50	3.44
1 to 2 years	31 <sup>st</sup> March 2020	1.04%	3.75	(2.58)
2 to 5 years	31 <sup>st</sup> March 2020	5.29%	11.07	(27.32)
1 to 2 years	31 <sup>st</sup> March 2019	0.90%	18.75	30.32
2 to 5 years	31 <sup>st</sup> March 2019	3.92%	16.32	19.39



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## Cross Currency and Interest Rate Swaps:

Particulars	As at	Average Contracted Fixed Interest Rates*	Average Exchange Rate (USD/INR)	Nominal Amount USD Crore	Fair Value Assets (Liabilities) (₹ in Crore)
2 to 5 years	31 <sup>st</sup> March 2020	7.79%	67.49	7.32	48.02
2 to 5 years	31 <sup>st</sup> March 2019	7.79%	67.49	7.32	2.76

\* Includes weighted average rate for Cross Currency Interest Rate Swaps, Principal Only Swap and Coupon Swaps.

The line item in the Balance Sheet that includes the above Hedging Instruments is "Other Financial Assets"/ "Other Financial Liabilities".

## Recognition of gains/(losses) under forward exchange and interest rates swaps contracts designated under cash flows hedges:

Particulars	(₹ in Crore)			
	31 <sup>st</sup> March 2020		31 <sup>st</sup> March 2019 (Restated)	
	Effective Hedge (OCI)	Ineffective Hedge (Profit and Loss)	Effective Hedge (OCI)	Ineffective Hedge (Profit and Loss)
Gain/(Loss)	(41.33)	-	(78.31)	-

## (b) Fair Value Hedge

### Details of Foreign Exchange Forward Contracts Outstanding as on 31<sup>st</sup> March 2020

Sr. No.	Type of Hedge and Risk	Foreign Currency Amount (₹ in Crore)		Weighted Average Foreign Exchange Rate		Nominal Value (₹ in Crore)		Carrying amount of Hedging Instrument (₹ in Crore)		Maturity Date-Range
		Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	
a	USD	7.71	1.46	73.89	75.06	569.63	109.36	12.87	(3.28)	03-04-2020 to 09-09-2020
b	EUR	2.35	0.11	82.94	81.79	194.73	9.21	(0.16)	(2.89)	03-04-2020 to 25-02-2021
c	GBP	-	0.10	-	93.30	-	9.56	(0.11)	-	09-04-2020 to 25-08-2020
d	JPY	15.36	-	0.68	-	10.48	-	0.28	-	02-04-2020 to 29-05-2020
e	AUD	2.74	-	51.06	-	140.03	-	-	10.56	07-04-2020 to 19-03-2021
f	CNH	1.16	-	10.83	-	12.52	-	(0.05)	0.09	02-04-2020 to 29-05-2020

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### Details of Foreign Exchange Forward Contracts Outstanding as on 31<sup>st</sup> March 2019

Sr. No.	Type of Hedge and Risks	Foreign Currency Amount (₹ in Crore)		Weighted Average Foreign Exchange Rate		Nominal Value (₹ in Crore)		Carrying amount of Hedging Instrument (₹ in Crore)		Maturity Date-Range
		Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	
a	USD	0.84	8.21	71.29	72.98	59.93	599.39	1.25	(26.93)	02-04-2019 to 09-09-2019
b	EUR	1.54	0.44	84.31	82.05	129.52	35.74	1.40	(6.39)	02-04-2019 to 14-02-2020
d	GBP	-	0.13	-	92.82	-	11.81	0.08	-	10-06-2019 to 30-09-2019

### 2. Interest Rate Risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the prevailing market interest rates. The Group's exposure to the risk, due to changes in interest rates, relates primarily to the Group's short-term borrowings (excluding commercial papers) with floating interest rates. For all long-term borrowings in foreign currency with floating rates, the risk of variation in the interest rates is mitigated through interest rate swaps. The Group constantly monitors the credit markets and revisits its financing strategies to achieve an optimal maturity profile and financing cost.

#### Interest Rate Exposure:

(₹ in Crore)

Particulars	Total Borrowings	Floating Rate Borrowings	Fixed Rate Borrowings	Non-Interest Bearing Borrowings
INR	25,585.36	13,539.69	11,295.07	750.60
USD	3,306.95	157.04	3,149.91	-
AED	17.13	17.13	-	-
LKR	11.34	11.34	-	-
<b>Total as at 31<sup>st</sup> March 2020</b>	<b>28,920.78</b>	<b>13,725.20</b>	<b>14,444.98</b>	<b>750.60</b>

Particulars	Total Borrowings	Floating Rate Borrowings	Fixed Rate Borrowings	Non-Interest Bearing Borrowings
INR	25,376.16	16,045.09	8,867.12	463.95
USD	3,814.18	675.89	3,138.29	-
AED	12.29	12.29	-	-
BDT	26.29	26.29	-	-
BHD	0.53	0.53	-	-
<b>Total as at 31<sup>st</sup> March 2019</b>	<b>29,229.45</b>	<b>16,760.09</b>	<b>12,005.41</b>	<b>463.30</b>

Note: Interest rate risk hedged for Foreign Currency borrowings has been shown under Fixed Rate borrowings.

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Interest Rate Sensitivities for Floating Rate Borrowings (impact of increase in 1%):

(₹ in Crore)

Particulars	As at 31 <sup>st</sup> March 2020		As at 31 <sup>st</sup> March 2019	
	Impact on Profit before Tax	Impact on Equity	Impact on Profit before Tax	Impact on Equity
INR	(135.40)	(88.09)	(160.44)	(104.38)
USD	(1.57)	(1.02)	(6.75)	(4.39)
AED	(0.17)	(0.11)	(0.12)	(0.08)
LKR	(0.11)	(0.07)	-	-
BHD	-	-	(0.01)	(0.01)
BDT	-	-	(0.26)	(0.17)

**Note:** If the rate is decreased by 100 bps the Profit Before Tax will increase by an equal amount.

Interest rate sensitivity has been calculated assuming the borrowings outstanding at the reporting date have been outstanding for the entire reporting period. Further, the calculations for the unhedged floating rate borrowings have been done on the notional value of the foreign currency (excluding the revaluation).

### 3. Equity Price Risk:

The Group is exposed to equity price risk arising from Equity Investments (other than Joint Ventures and Associates, which are carried at cost).

#### Equity Price Sensitivity Analysis:

The sensitivity analysis below has been determined based on the exposure to equity price risk at the end of the reporting period.

If equity prices of the quoted investments increase/decrease by 5%, Other Comprehensive Income for the year ended 31<sup>st</sup> March 2020, would increase/decrease by ₹ 169.90 Crore (for the year ended 31<sup>st</sup> March 2019 by ₹ 306.12 Crore).

### 4. Credit Risk:

Credit risk arises when a customer or counterparty does not meet its obligations under a customer contract or financial instrument, leading to a financial loss. The Group is exposed to credit risk from its operating activities primarily trade receivables and from its financing/investing activities, including deposits with banks, mutual fund investments, and investments in debt securities, foreign exchange transactions. The Group has no significant concentration of credit risk with any counterparty.

The carrying amount of financial assets represents the maximum credit risk exposure.

#### a. Trade Receivables:

Trade receivables are consisting of a large number of customers. The Group has credit evaluation policy for each customer and based on the evaluation, credit limit of each customer is defined. Wherever the Group assesses the credit risk as high, the exposure is backed by either bank guarantee/letter of credit or security deposits.

Total Trade receivables as on 31<sup>st</sup> March 2020 is ₹ 5,281.07 Crore (excluding ₹ 370.43 Crore of Insurance and NBFC/HFC Business) {31<sup>st</sup> March 2019: ₹ 6,464.80 Crore (excluding ₹ 217.83 Crore of Insurance and NBFC/HFC Business)}.

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Given the diverse nature of the Group's businesses trade receivables are spread over a number of customers with no significant concentration of credit risk. No single customer accounted for 10% or more of the Group's net sales or for any of the Group's primary businesses during the current year and in the previous year. Therefore, the Group does not expect any material risk on account of non-performance by any of its counter parties.

As per simplified approach, the Group makes provision of expected credit losses on trade receivables using a provision matrix to mitigate the risk of default in payments and makes appropriate provision at each reporting date, wherever outstanding is for longer period and involves higher risk.

The ageing analysis of the receivables (net of provision) has been considered from the date the invoice falls due.

Particulars	Neither Past Due nor impaired	For less than 1 Month	For 1 to 3 Months	For 3 to 6 Months	For more than 6 Months	Total
<b>As at 31<sup>st</sup> March 2020</b>						
Trade Receivables	3,732.00	563.20	327.63	619.55	38.69	5,281.07
Other Financial Assets- Freight Subsidy and Gas Pooling	50.30	19.35	45.55	39.41	40.54	195.15
<b>As at 31<sup>st</sup> March 2019</b>						
Trade Receivables	6,009.54	334.61	73.11	12.96	34.58	6,464.80
Other Financial Assets- Freight Subsidy and Gas Pooling	89.23	9.30	19.74	17.86	2.39	138.52

#### Movement of Loss Allowance:

Particulars	(₹ in Crore)	
	Current Year	Previous Year
Opening Provision:	273.51	129.62
Transferred on acquisition of Cement business of CTIL by UTCL and acquisition of Grasim Premium Fabrics Private Limited	0.09	2.73
Divestment of a Subsidiary Company	-	-
Add: Provided during the year	60.00	151.58
Less: Utilised during the Year	(96.70)	(2.69)
Less: Written back during the year	(56.26)	(8.18)
Effect of Foreign Conversion	0.01	0.45
<b>Closing Provision</b>	<b>180.65</b>	<b>273.51</b>

#### b. Investments, Derivative Instruments, Cash and Cash Equivalents and Bank Deposit:

Credit Risk on cash and cash equivalents, deposits with banks/financial institutions is generally low, as the said deposits have been made with banks/financial institutions, who have been assigned high credit rating by international and domestic rating agencies.

Credit Risk on Derivative Instruments is generally low, as the Group enters into the Derivative Contracts with the reputed banks.

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Investments of surplus funds are made only with approved Financial Institutions/Counterparty. Investments primarily include investments in units of quoted Mutual Funds, quoted Bonds; Non-Convertible Debentures issued by Government/Semi-Government Agencies/PSU Bonds/High Investment grade Corporates, etc. These Mutual Funds and Counterparties have low credit risk.

The Group has standard operating procedures and investment policy for deployment of surplus liquidity, which allows investment in debt securities and mutual fund schemes of debt and arbitrage categories, and restricts the exposure in equity markets.

Compliances of these policies and principles are reviewed by internal auditors on periodical basis.

Total non-current and current investments (excluding Investment of Insurance Business) as on 31<sup>st</sup> March 2020 is ₹ 16,712.42 Crore (31<sup>st</sup> March 2019 ₹ 14,764.20 Crore).

#### Financial Guarantees:

The Group has given corporate guarantees of ₹ 4.00 Crore (Previous Year ₹ 4.00 Crore).

#### 5. Liquidity Risk:

Liquidity risk is defined as the risk that the Group will not be able to settle or meet its obligations on time or at reasonable price. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of credit facilities to meet obligations, when due. The Group's treasury team is responsible for managing liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by the senior management. The Management monitors the Group's liquidity position through rolling forecasts on the basis of expected cash flows.

The table below provides details of financial liabilities and investments at the reporting date based on contractual undiscounted payments.

(₹ in Crore)

As at 31 <sup>st</sup> March 2020	Less than 1 Year	1 to 5 Years	More than 5 Years	Total
<b>Financial Liabilities</b>				
Borrowings (including Current Maturities of Long-term Debts) *	8,238.16	9,618.31	11,693.99	30,842.64
Trade Payables	6,299.55	-	-	6,299.55
Interest Accrued but not Due on Borrowings	345.38	-	-	345.38
Other Financial Liabilities (excluding Derivative Liability)	3,000.83	11.58	3.12	3,015.53
Lease Liability	175.35	638.81	986.16	1,800.32
Derivative Liability	54.51	-	-	54.51
<b>Liquid Financial Assets</b>				
Derivative Asset	24.60	-	-	24.60
Surplus Investments in Mutual Funds, Bonds, Investment in L&T shares, etc.	6,066.61	1,657.71	277.87	8,002.19

\* Contractual amount

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(₹ in Crore)

As at 31 <sup>st</sup> March 2019	Less than 1 Year	1 to 5 Years	More than 5 Years	Total
<b>Financial Liabilities</b>				
Borrowings (including Current Maturities of Long-term Debts)*	8,909.84	8,254.16	14,041.18	31,205.18
Trade Payables	5,674.72	-	-	5,674.72
Interest Accrued but not Due on Borrowings	262.36	-	-	262.36
Other Financial Liabilities (excluding Derivative Liability)	2,809.05	6.78	4.18	2,820.01
Derivative Liability	50.66	-	-	50.66
<b>Liquid Financial Assets</b>				
Surplus Investments in Mutual Funds, Bonds, Investment in L&T Shares, etc.	6,044.86	2,053.15	420.68	8,518.69

\* Contractual amount

### 6. Commodity Price Risk Management:

Commodity price risk for the Group is mainly related to fluctuations in coal and pet coke prices linked to various external factors, which can affect the production cost of the Group. Since the energy costs is one of the primary costs drivers, any fluctuation in fuel prices can lead to drop in operating margin. To manage this risk, the Group enters into forward covers for imported coal, enter into long-term supply agreement for pet coke, identifying new sources of supply, etc. While forward covers are prevailing in the markets for coal, but in case of pet coke no such derivative available; it has to be procured at spot prices. Additionally, processes and policies related to such risks are reviewed and controlled by the senior management and fuel requirements are monitored by the central procurement team.

### 4.11 CAPITAL MANAGEMENT (OTHER THAN FINANCIAL SERVICES SEGMENT) (IND AS 1)

The Group's objectives, when managing capital, are to (a) maximise shareholder value and provide benefits to other stakeholders; and (b) maintain an optimal capital structure to reduce the cost of capital. For the purposes of the Group's capital management, capital includes issued capital, securities premium and all other equity reserves attributable to the equity holders. The Group monitors capital using debt-equity ratio, which is total debt less investments divided by total equity.

(₹ in Crore)

Particulars	As at	As at
	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
Total Debt (Bank and Other Borrowings)	28,920.78	29,229.45
Less: Liquid Investments including Bank Deposits	8,039.74	7,628.75
Net Debt	20,881.04	21,600.70
Equity	90,519.24	85,584.95
<b>Net Debt to Equity</b>	<b>0.23</b>	<b>0.25</b>

In addition, the Group has financial covenants relating to the borrowing facilities that it has taken from the lenders like interest coverage service ratio, Debt to EBITDA, etc., which is maintained by the Group.

# Notes

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## 4.12A.ACQUISITION OF CEMENT BUSINESS OF CENTURY TEXTILES AND INDUSTRIES LIMITED:

- a. The Scheme of Demerger amongst Century Textiles and Industries Limited ("Century" or 'the Demerged Company') and UTCL and their respective shareholders and creditors ("the Scheme") has been made effective by its Board of Directors from 1<sup>st</sup> October 2019 consequent to completion of conditions precedent specified in the Scheme. The National Company Law Tribunal, Mumbai Bench ("NCLT"), had approved the Scheme by its Order dated 3<sup>rd</sup> July 2019 and fixed 20<sup>th</sup> May 2018 as the Appointed Date. Consequently, UTCL has included the financial results/information of the Demerged Undertaking in its financial statements with effect from 20<sup>th</sup> May 2018 (which is deemed to be the acquisition date for purpose of Ind AS 103 – Business Combinations) to include the financial results/information of the acquired Cement Business Division of Century ('the Demerged Undertaking'). **Consequently, the figures for the year ended 31<sup>st</sup> March 2019 have been restated to give impact of the Scheme of Demerger.** Therefore, financial statements for the year ended 31<sup>st</sup> March 2020 are not strictly comparable with the previous year's financial statement.

The assets of the Demerged Undertaking comprising of 3 Integrated Units with a total capacity of 12.6 MTPA and 1 Grinding Unit with a grinding capacity of 2 MTPA have an enterprise valuation of ₹ 8,387.71 Crore. The acquisition of the Demerged Undertaking will support UTCL to strengthen its presence in Eastern and Central markets and extend its footprint in Western and Southern markets. This will also provide synergies in manufacture and distribution process and logistics alignment leading to economies of scale and creation of efficiency by reducing time to market and benefiting customers. The acquisition will also create value for its shareholders by acquiring ready to use assets, which shall create operational efficiencies and reducing time to markets vis-à-vis greenfield projects, which are time consuming due to challenges in acquisition of land and limestone mining leases.

b. **Fair Value of the Consideration Transferred:**

As per Ind AS 103 – Business Combinations, purchase consideration has been allocated on a provisional basis, pending final determination of the fair value of the acquired assets and liabilities by an independent valuer. Costs related to acquisition (including stamp duty on assets transferred) have been charged to the Statement of Profit and Loss on the appointed date.

Against the total enterprise value of ₹ 8,387.71 Crore, the Company has taken over borrowings of ₹ 3,000.00 Crore from Century. After taking these liabilities into account, effective purchase consideration of ₹ 5,387.71 Crore has been discharged on 16<sup>th</sup> October 2019 by issue of 1 (one) Equity Share of the Company of face value ₹ 10/- each for every 8 (eight) equity shares of Century of face value ₹ 10/- each to the shareholders of Century on the record date as per the Scheme. The Fair Value of the Shares issued is ₹ 5,387.71 Crore, which has been determined based on the last closing price prior to the Appointed date.

c. **The Fair Value of identifiable assets acquired and liabilities assumed as on the acquisition date:**

(₹ in Crore)	
Particulars	Amount
Property, Plant and Equipment	6,146.28
Capital Work-In-Progress	11.23
Intangible assets	
Limestone mining reserves	1,054.29
Brand Value	155.21
Others	1.80
Intangible assets under development	0.75
Other non-current financial assets	235.81

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forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

(₹ in Crore)	
Particulars	Amount
Other Non-Current Assets	88.86
Inventories	740.35
Trade and Other receivables	293.06
Cash and Cash Equivalents	12.39
Other bank balances (other than above)	31.94
Other Financial Assets	162.93
Other Current Assets	356.84
<b>Total Assets</b>	<b>9,291.74</b>
Non-Current & Current Borrowings	3,000.00
Non-Current Provisions	6.73
Deferred Tax Liabilities	1,710.25
Trade Payables	506.70
Other Financial Liabilities	375.71
Other Current Provisions	244.20
Other Current Liabilities	269.26
<b>Total Liabilities</b>	<b>6,112.85</b>
<b>Total Fair Value of the Net Assets</b>	<b>3,178.89</b>

d. **Amount recognized as Goodwill:**

(₹ in Crore)	
Particulars	Amount
Fair value of consideration transferred	5,387.71
Less: Fair value of the net assets acquired	3,178.89
<b>Goodwill</b>	<b>2,208.82</b>

This goodwill is attributed to the expected synergies in cement prices and in costs, as described in paragraph (A) above.

e. **Acquired Receivables:**

As on the date of acquisition, gross contractual amount of the acquired Trade and other Receivables was ₹ 293.06 Crore, against which no provision had been considered since fair value of the acquired Receivables were equal to carrying value as on the date of acquisition.

f. **Contingent Liabilities**

UTCL has assumed all the contingent liabilities of the Demerged Undertaking as per the Scheme. Total contingent liability transferred to the Company is ₹ 806.64 Crore.

g. **Acquisition Related Costs**

During the current year, acquisition related costs of ₹ 5.16 Crore has been recognised under Miscellaneous Expenses and Rates and Taxes in the Statement of Profit and Loss. The stamp duty paid/payable on transfer of the assets amounting to ₹ 113.88 Crore has been charged to the Statement of Profit and Loss, and has been shown as an exceptional item during the current year.



## Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

- h. Revenue and Profit/(Loss) of the Demerged Undertaking actually included in the Profit and Loss Account for FY 2018-19 (from Appointed date 20<sup>th</sup> May 2018)

(₹ in Crore)	
Particulars	Amount
Revenue from Operations	4,229.75
<b>Profit/(Loss) After Tax (PAT)*</b>	<b>(48.30)</b>

\* Tax has been applied at the rate applicable to the Company as a whole.

- i. Revenue and Profit/(loss) for the combined entity for FY 2018-19, if the Business Combination had taken place on 1<sup>st</sup> April 2018

(₹ in Crore)			
Particulars	Grasim Consolidated (excl. Demerged Undertaking)	Demerged Un-dertaking	Combined entity
Revenue from Operations	72,970.64	4,799.47	77,770.11
<b>Profit After Tax (PAT)*</b>	<b>2,793.04</b>	<b>(28.85)</b>	<b>2,764.19</b>

\* Tax has been applied at the rate applicable to the Company as a whole.

### B) ACQUISITION OF BINANI CEMENT LIMITED: (IND AS 103)

- a. National Company Law Appellate Tribunal (NCLAT), by its order dated 14<sup>th</sup> November 2018, approved the UTCL's Resolution Plan ("RP") for acquiring Binani Cement Limited ("BCL") under the provisions of the Insolvency and Bankruptcy Code 2016, as amended ("Code"). With effect from 20<sup>th</sup> November 2018, being the Transfer Date, in terms of the Resolution Plan the existing issued, subscribed and paid-up share capital of BCL (including 0.01% non-cumulative redeemable preference shares of ₹ 100/- each) stands cancelled fully, without requiring any further act or deed. Subsequent to the reconstitution of the Board of Directors, taking over the management control and subscribing to the equity and preference share capital, BCL has become a wholly owned subsidiary of the UTCL (100% Voting interest) and has since been renamed UltraTech Nathdwara Cement Limited ("UNCL"), with effect from 13<sup>th</sup> December 2018.

The Consolidated financial statements for the previous year ended 31<sup>st</sup> March 2019 (restated) include the financial results for UNCL w.e.f. 20<sup>th</sup> November 2018. Therefore, financial statements of the year ended 31<sup>st</sup> March 2020 is not strictly comparable with the corresponding previous year's Financial Statements.

UNCL has a capacity of 6.25 MTPA in the State of Rajasthan comprising an integrated cement unit with capacity of 4.85 MTPA and a split grinding unit with capacity of 1.4 MTPA. In addition, UNCL has investments in subsidiaries in China and UAE.

This acquisition will create value for shareholders as the acquisition adds 1/3<sup>rd</sup> additional ready to use capacity in the highly growing North market where the Company was already at high capacity utilisation levels so as to cater to the growing market. This acquisition also provides abundant additional limestone reserves sufficient to cater to even additional capacities at lower prices compared to auctioned prices and creates synergies in logistics and procurement which offers many advantages to the Company.

- b. Consequent to the acquisition, the UTCL subscribed to equity share capital of ₹ 1,500 Crore and 8.75% preference share capital of ₹ 1,900 Crore of UNCL and provided an Inter-Corporate loan of ₹ 1,799.75 Crore to UNCL. Further, UNCL obtained a loan (non-current borrowing) of ₹ 2,700.00 Crore (pursuant

## Notes

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to a corporate guarantee provided by UTCL). Subsequently, the Group paid to financial and operational creditors as per the RP.

**c. Acquired Receivables:**

As on the date of acquisition, gross contractual amount of the acquired Trade Receivables and Other Financial Assets was ₹ 1,159.71 Crore, against which no provision had been considered since the fair value of the acquired Receivables were equal to the carrying value as on the date of acquisition.

**d. The Fair Value of Assets and Liabilities assumed as on the acquisition date:**

Particulars	(₹ in Crore)
Property, Plant and Equipment	2,833.78
Capital Work-in-Progress	9.05
Intangible assets	1,712.50
Non-Current Loans	1,058.85
Non-Current Financial Asset	0.48
Other Non-Current Assets	5.88
Inventories	75.91
Trade and Other receivables	8.77
Cash and Cash Equivalents	38.52
Bank Balances other than above	20.54
Current Loans	57.92
Other Current Financial Assets	1.05
Other Current Assets	30.31
Assets of Disposal Group Held for Sale	1,037.20
<b>Total Assets (A)</b>	<b>6,890.76</b>
Other Non-Current Financial Liabilities	36.84
Non-Current Provision	10.06
Deferred Tax Liabilities*	1,168.59
Current Borrowings	35.13
Trade Payables	510.68
Other Current Financial Liabilities (including current maturities of Non-Current Borrowings)	7,321.14
Other Current Liabilities	242.44
Current Provisions	2.00
Liabilities included in Disposal Group Held for Sale	489.00
<b>Total Liabilities (B)</b>	<b>9,815.88</b>
<b>Goodwill recognised (B-A)</b>	<b>2,925.12</b>

\* Goodwill and deferred tax liabilities include restated impact of ₹ 1,167.42 Crore, being deferred tax liability recognized on difference between fair value and book value of acquired assets.

As per Ind AS 103, purchase consideration has been allocated on the basis of fair valuation determined by an independent Valuer.

Goodwill represents growth potential through brown field expansion at a lower cost compared to a greenfield plant cost by developing and utilising acquired land and limestone reserves.

## Notes

### forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

#### e. Acquisition related costs

Acquisition related costs of ₹ 24.32 Crore on legal fees, due diligence costs, valuation fees, etc., have been recognized under Miscellaneous Expenses and Rates and Taxes in the Statement of Profit and Loss.

f. (i) The Revenue and Profit/(Loss) after Tax of UNCL for the period ended 31<sup>st</sup> March 2019 from the acquisition date are ₹ 485.44 Crore and ₹ (59.63) Crore, respectively, which has been included in the Consolidated Financial Statements of the Company.

(ii) If the acquisition had occurred on 1<sup>st</sup> April 2018, revenue and loss for the year ended 31<sup>st</sup> March 2019 would have been ₹ 1,342.32 Crore and ₹ (164.89) Crore, respectively. The Management has determined these amounts on the basis that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1<sup>st</sup> April 2018.

#### C) ACQUISITION OF CONTROLLING STAKE IN ADITYA BIRLA RENEWABLES LIMITED (ABREL) AND ADITYA BIRLA SOLAR LIMITED (ABSL) W.E.F. 15<sup>TH</sup> MAY 2018 (IND AS 103)

During the previous year, ABREL and ABSL has become subsidiary of the Company w.e.f. 15<sup>th</sup> May 2018 pursuant to the acquisition of controlling stake in the said Companies for a cash consideration of ₹ 34.37 Crore. ABREL and ABSL were joint ventures between the Company and AEIF Mauritius SPV 2 Limited until 14<sup>th</sup> May 2018. Accordingly, the Company has undertaken fair valuation of assets and liabilities of ABREL and ABSL on the acquisition date as per Ind AS 103 - business combination for its consolidation in the Company books as disclosed below.

For the period ended 31<sup>st</sup> March 2019, the said business has contributed revenue of ₹ 69.11 Crore and profit before tax of ₹ 11.56 Crore to the Group results. If the said arrangement had occurred on 1<sup>st</sup> April 2018, the consolidated revenue and profit before tax for the year ended would have been, ₹ 75.50 Crore and ₹ 16.20 Crore, respectively, based on the amounts extrapolated by the management. In determining these amounts, the management has assumed that the fair value adjustments, that arose on the date of arrangement have been the same as if the arrangement occurred on 1<sup>st</sup> April 2018.

#### Identifiable Assets Acquired and Liabilities Assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition

Particulars	(₹ in Crore)
	As on 14 <sup>th</sup> May 2018
Property, Plant and Equipment	432.03
Other Intangible Assets	42.10
Capital Work-in-Progress	10.67
Other Non-Current Assets (Financial and Non-Financial)	8.75
Other Current Assets (Financial and Non-Financial)	2.22
Trade Receivables	23.99
Cash and Cash Equivalents	7.31
Deferred Tax Assets	2.90
<b>Total Assets (A)</b>	<b>529.97</b>

## Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

(₹ in Crore)	
Particulars	As on 14 <sup>th</sup> May 2018
Non-Current Borrowings	346.58
Current Borrowings	8.80
Deferred Tax Liability	1.35
Other Liabilities and Provisions	52.28
<b>Total Liabilities (B)</b>	<b>409.01</b>
<b>Total Identifiable Net Assets Acquired (A-B)</b>	<b>120.96</b>
Less: Investment in ABREL and ABSL (including additional Stake acquired for ₹ 34.37 Crore)	96.16
Less: Non-Controlling Interest	0.77
<b>Capital Reserve</b>	<b>24.03</b>

The gross contractual amounts and fair value of trade and other receivables acquired is ₹ 24.07 Crore. None of the trade and other receivables is credit impaired and it is expected that the full contractual amounts will be recoverable.

### D) ACQUISITION OF GRASIM PREMIUM FABRICS PRIVATE LIMITED (GPFPL) {EARLIER KNOWN AS SOKTAS (INDIA) PRIVATE LIMITED} W.E.F. 29<sup>TH</sup> MARCH, 2019 (IND AS 103)

During the previous year, the Company has acquired 100% equity shareholding of Suktas India Private Limited ("SIPL") (now known as Grasim Premium Fabrics Private Limited) from its current promoters SOKTAS Tekstil Sanayi Ve Ticaret A.S., Turkey for cash consideration of ₹ 135.40 Crore. Consequent to acquisition, SIPL has become a wholly owned Subsidiary of the Company, w.e.f. 29<sup>th</sup> March 2019. SIPL is in the business of manufacturing and distribution of premium cotton fabrics with its manufacturing capacity located at Kolhapur, Maharashtra, having capacity of about 10 Million metres per annum of finished fabrics.

During the current year, the Company has carried out the fair valuation exercise of GPFPL in accordance with Ind AS 103 and realign the assets and liabilities acquired on acquisition and purchase consideration in accordance with fair value as summarised below:

#### Identifiable Assets Acquired and Liabilities Assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition

(₹ in Crore)		
Particulars	As on 29 <sup>th</sup> March 2019 (Provisional)	As on 29 <sup>th</sup> March 2019 (Fair Value)
Property, Plant and Equipment (including CWIP of ₹ 0.07 Crore)	77.65	104.43
Other Intangible Assets	8.80	65.54
Inventories	28.51	28.89
Trade Receivables	25.41	25.41
Cash and Cash Equivalents	0.04	0.08
Other Non-Current Assets (Financial and Non-Financial)	8.11	4.82
Other Current Assets (Financial and Non-Financial)	7.57	7.57
<b>Total Assets (A)</b>	<b>156.09</b>	<b>236.74</b>

## Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

Particulars	(₹ in Crore)	
	As on 29 <sup>th</sup> March 2019 (Provisional)	As on 29 <sup>th</sup> March 2019 (Fair Value)
Non-Current Borrowings	13.98	14.46
Current Borrowings	23.18	21.86
Deferred Tax Liability	-	23.47
Trade Payables, other Liabilities and Provisions	45.08	45.72
<b>Total Liabilities (B)</b>	<b>82.24</b>	<b>105.51</b>
<b>Total Identifiable Net Assets Acquired (A-B)</b>	<b>73.85</b>	<b>131.23</b>
Less: Purchase consideration*	135.40	134.01
<b>Goodwill</b>	<b>61.55</b>	<b>2.78</b>

\*Purchase consideration includes contingent consideration related to realisation of TUFs subsidy from government within the stipulated time as per the purchase agreement. On non-realisation of 75% of TUF subsidy as per the timelines agreed in the agreement, purchase consideration will undergo change. Purchase consideration includes present value of TUF subsidy receivable from government, hence, there is a difference in purchase consideration in provisional and fair value.

The gross contractual amounts and fair value of Trade and other Receivables acquired is ₹ 28.31 Crore. None of the Trade and other Receivables is credit impaired, and it is expected that the full contractual amounts will be recoverable.

During the previous year, the Company has not consolidated profit and loss of SIPL for the period 29<sup>th</sup> March 2019 to 31<sup>st</sup> March 2019 being immaterial for Company's consolidation. The profit and loss of the said period has been consolidated in the current year's profit.

### E) ACQUISITION OF ASSET FROM KPR INDUSTRIES INDIA LIMITED

During the previous year, the Company has acquired the Chlor-Alkali business of KPR Industries India Limited by way of slump sale, for a cash consideration of ₹ 253 Crore. The business consist of an under-construction Chlor-Alkali plant of 200 TPD capacity at Balabhadrapuram, Andhra Pradesh. The Company has taken over the identified assets and identified liabilities associated with the business.

The following table summarises the apportionment of amounts of assets and identified liabilities acquired based on fair valuation on the date of acquisition.

Particulars	(₹ in Crore)	
	As on 19 <sup>th</sup> February 2019	
Property, Plant and Equipment		
Freehold Land	48.83	
Plant and Equipment	0.12	
Furniture and Fixtures	0.06	
Capital Work-in-Progress	201.61	
Other Current Assets (Financial and Non-Financial)	35.51	
<b>Less:</b>		
Trade Payable	0.33	
Other Non-Current Liabilities (Financial and Non-Financial)	0.18	
Other Current Liabilities (Financial and Non-Financial)	32.62	
<b>Total Purchase Consideration</b>	<b>253.00</b>	

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### 4.13 ADDITIONAL INFORMATION AS REQUIRED BY PARAGRAPH 2 OF THE GENERAL INSTRUCTION FOR PREPARATION OF CFS AS PER SCHEDULE III OF THE COMPANIES ACT, 2013

Current Year

(₹ in Crore)

Sr. No.	Name of the Entity	Net Assets (Total Assets minus Total Liabilities)		Share in Profit or Loss		Share in Other Comprehensive Income (OCI)		Share in Total Comprehensive Income	
		As % of Consolidated Net Assets	Amount (₹ in Crore)	As % of Consolidated Profit or Loss	Amount (₹ in Crore)	As % of Consolidated OCI	Amount (₹ in Crore)	As % of Consolidated Total Comprehensive Income	Amount (₹ in Crore)
A	Parent (Holding Company)	17.36%	15,799.38	18.31%	1,222.38	101.42%	(5,071.05)	-229.71%	(3,848.67)
B	Subsidiaries								
	Indian								
1	UltraTech Cement Limited (incl. Subsidiaries)	45.07%	41,005.76	87.03%	5,811.69	0.35%	(17.68)	345.81%	5,794.01
2	Aditya Birla Capital Limited (incl. Subsidiaries)	29.69%	27,010.26	-12.99%	(867.11)	-1.84%	92.09	-46.26%	(775.02)
3	Sun God Trading and Investment Limited	0.01%	5.36	0.00%	0.04	0.01%	(0.38)	-0.02%	(0.34)
4	Samruddhi Swastik Trading and Investment Limited	0.06%	57.12	0.02%	1.36	-	-	0.08%	1.36
5	Grasim Premium Fabrics Private Limited (earlier known as Suktas India Private Limited)	0.14%	129.71	(0.00)	(2.39)	0.00%	(0.74)	(0.00)	(3.13)
6	ABNL Investments Limited	0.13%	119.22	-0.01%	(0.43)	0.01%	(0.42)	-0.05%	(0.85)
7	Aditya Birla Renewables Limited	0.20%	178.63	-0.36%	(24.01)	0.00%	(2.38)	-1.58%	(26.39)
8	Aditya Birla Solar Limited	0.08%	71.64	-0.34%	(22.53)	-0.02%	1.11	-1.28%	(21.42)
9	Aditya Birla Renewables SPV1 Limited	0.06%	50.97	-0.02%	(1.20)	0.03%	(1.56)	-0.16%	(2.76)
10	Aditya Birla Renewables Subsidiary Limited	0.02%	21.62	-0.04%	(2.64)	-	-	-0.16%	(2.64)
11	Aditya Birla Renewables Utkal Limited	0.01%	5.00	0.00%	0.10	-	-	0.01%	0.10
	<b>Subtotal (B)</b>	<b>75.47%</b>	<b>68,655.29</b>	<b>73.25%</b>	<b>4,892.88</b>	<b>-1.40%</b>	<b>70.04</b>	<b>296.20%</b>	<b>4,962.92</b>
C	Associates (Investment as per Equity Method)								
	Indian								
1	Aditya Birla Science & Technology Company Private Limited	0.02%	19.47	0.05%	3.42	0.00%	(0.20)	0.19%	3.22
2	Madanpur (North) Coal Company Limited	0.00%	0.85	0.00%	0.01	0.00%	-	0.00%	0.01
3	Aditya Birla Idea Payment Bank Limited	0.00%	-	-0.19%	(12.94)	0.00%	0.14	-0.76%	(12.80)
4	Waacox Energy Private Limited	0.03%	30.40	0.00%	0.21	-	-	0.01%	0.21
	<b>Subtotal (C)</b>	<b>0.05%</b>	<b>50.72</b>	<b>-0.14%</b>	<b>(9.30)</b>	<b>0.00%</b>	<b>(0.06)</b>	<b>-0.56%</b>	<b>(9.36)</b>

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

(₹ in Crore)

Sr. No.	Name of the Entity	Net Assets (Total Assets minus Total Liabilities)		Share in Profit or Loss		Share in Other Comprehensive Income (OCI)		Share in Total Comprehensive Income	
		As % of Consolidated Net Assets	Amount (₹ in Crore)	As % of Consolidated Profit or Loss	Amount (₹ in Crore)	As % of Consolidated OCI	Amount (₹ in Crore)	As % of Consolidated Total Comprehensive Income	Amount (₹ in Crore)
<b>D</b>	<b>Joint Ventures</b>								
	<b>Indian</b>								
1	Bhubaneswari Coal Mining Limited	0.14%	128.36	0.38%	25.44	0.00%	(0.09)	1.51%	25.35
2	Aditya Birla Sun Life AMC Limited	5.81%	5,282.63	8.76%	584.87	0.00%	(0.09)	34.90%	584.78
3	Aditya Birla Wellness Private Limited	0.02%	9.66	-0.02%	(1.32)	0.00%	(0.03)	-0.08%	(1.35)
4	Aditya Birla Sun Life Trustee Company Private Limited	0.00%	0.57	0.00%	0.09	-	-	0.01%	0.09
5	Bhaskarpara Coal Company Limited	0.01%	6.52	0.00%	0.01	-	-	0.00%	0.01
6	Aditya Birla Power Composite Private Limited	0.00%	-	0.00%	(0.05)	-	-	0.00%	(0.05)
	<b>Foreign</b>								
1	AV Group NB Inc.	0.73%	666.83	0.35%	23.56	-0.13%	6.74	1.81%	30.3
2	Birla Jingwei Fibres Co. Limited	0.07%	64.77	-0.39%	(26.29)	-0.04%	1.95	-1.45%	(24.34)
3	Aditya Birla Elyaf Sanayi Ve Ticaret Anonim Sirketi	0.00%	1.19	0.00%	0.11	0.00%	(0.05)	0.00%	0.06
4	Aditya Group AB	0.34%	321.83	-0.50%	(34.90)	0.15%	(9.36)	-2.64%	(44.26)
5	AV Terrace Bay (AVTB) <sup>§</sup>	-	-	-	-	-	-	-	-
	<b>Sub-Total (D)</b>	<b>7.12%</b>	<b>6,482.36</b>	<b>8.58%</b>	<b>571.52</b>	<b>-0.02%</b>	<b>(0.93)</b>	<b>34.06%</b>	<b>570.59</b>
	<b>TOTAL (A + B + C + D)</b>	<b>100.00%</b>	<b>90,987.75</b>	<b>100.00%</b>	<b>6,677.48</b>	<b>100.00%</b>	<b>(5,002.00)</b>	<b>100.00%</b>	<b>1,675.48</b>

§ AVTB is not consolidated as the Company's share of losses has exceeded the Company's interest in the said investment as per Ind AS 28.

Note: Figures provided above are net of inter-company eliminations.

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forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

Previous Year

(₹ in Crore)

Sr. No.	Name of the Entity	Net Assets (Total Assets minus Total Liabilities)		Share in Profit or Loss		Share in Other Comprehensive Income (OCI)		Share in Total Comprehensive Income	
		As % of Consolidated Net Assets	Amount (₹ in Crore)	As % of Consolidated Profit or Loss	Amount (₹ in Crore)	As % of Consolidated OCI	Amount (₹ in Crore)	As % of Consolidated Total Comprehensive Income	Amount (₹ in Crore)
A	Parent (Holding Company)	21.61%	19,130.66	10.03%	275.25	101.17%	(2,812.58)	6,947.78%	(2,537.33)
B	Subsidiaries								
	Indian								
1	UltraTech Cement Limited (incl. Subsidiaries)	38.11%	33,739.25	87.43%	2,399.84	0.25%	(6.83)	-6,552.60%	2,393.01
2	Aditya Birla Capital Limited (incl. Subsidiaries)	32.63%	28,885.88	5.30%	145.48	-2.23%	62.12	-568.46%	207.60
3	Sun God Trading and Investment Limited	0.01%	5.69	0.00%	0.02	-0.06%	1.70	-4.71%	1.72
4	Samruddhi Swastik Trading and Investment Limited	0.06%	56.21	0.14%	3.81	-	-	-10.43%	3.81
5	Grasim Premium Fabrics Private Limited (earlier known as Suktas India Private Limited)	0.08%	73.85	-	-	-	-	-	-
6	ABNL Investments Limited	0.11%	100.81	0.15%	3.98	-0.02%	0.44	-12.10%	4.42
7	Aditya Birla Renewables Limited	0.10%	92.49	0.05%	1.43	-	-	-3.92%	1.43
8	Aditya Birla Solar Limited	0.10%	92.46	0.06%	1.62	0.04%	(1.12)	-1.37%	0.50
9	Aditya Birla Renewables SPV1 Limited	0.05%	41.05	-0.02%	(0.59)	0.00%	(0.10)	1.89%	(0.69)
10	Aditya Birla Renewables Subsidiary Limited	0.02%	19.46	-0.10%	(2.65)	-	-	7.26%	(2.65)
	Foreign								
1	Aditya Birla Chemicals (Belgium) BVBA (upto 22 <sup>nd</sup> January 2019)	-	-	0.00%	(0.01)	-0.01%	0.34	-0.90%	0.33
	<b>Sub-Total (B)</b>	<b>71.27%</b>	<b>63,107.15</b>	<b>93.01%</b>	<b>2,552.93</b>	<b>-2.03%</b>	<b>56.55</b>	<b>-7,145.34%</b>	<b>2,609.48</b>
C	Associates (Investment as per Equity Method)								
	Indian								
1	Aditya Birla Science & Technology Company Private Limited	0.02%	16.25	0.01%	0.37	0.00%	0.11	-1.31%	0.48
2	Idea Cellular Limited	-	0.00	-12.76%	(350.25)	-0.10%	2.70	951.67%	(347.55)
3	Madanpur (North) Coal Company Limited	0.00%	0.84	0.00%	0.01	0.00%	-	-0.03%	0.01
4	Idea Payment Bank Limited	0.14%	122.13	-2.84%	(77.82)	-0.02%	0.62	211.39%	(77.20)
5	Waacox Energy Private Limited	0.03%	30.19	-0.02%	(0.44)	-	-	1.20%	(0.44)
	<b>Subtotal (C)</b>	<b>0.19%</b>	<b>169.41</b>	<b>-15.59%</b>	<b>(428.13)</b>	<b>-0.12%</b>	<b>3.43</b>	<b>1,162.92%</b>	<b>(424.70)</b>



# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

(₹ in Crore)

Sr. No.	Name of the Entity	Net Assets (Total Assets minus Total Liabilities)		Share in Profit or Loss		Share in Other Comprehensive Income (OCI)		Share in Total Comprehensive Income	
		As % of Consolidated Net Assets	Amount (₹ in Crore)	As % of Consolidated Profit or Loss	Amount (₹ in Crore)	As % of Consolidated OCI	Amount (₹ in Crore)	As % of Consolidated Total Comprehensive Income	Amount (₹ in Crore)
<b>D</b>	<b>Joint Ventures</b>								
	<b>Indian</b>								
1	Bhubaneswari Coal Mining Limited	0.12%	103.01	0.53%	14.58	0.00%	0.06	-40.09%	14.64
2	Aditya Birla Solar Limited (upto 14 <sup>th</sup> May 2018)	-	-	0.04%	1.17	-0.02%	0.42	-4.35%	1.59
3	Aditya Birla Renewables Limited (upto 14 <sup>th</sup> May 2018)	-	-	0.03%	0.84	-	-	-2.30%	0.84
4	Aditya Birla Renewable SPV1 Limited (upto 14 <sup>th</sup> May 2018)	-	-	0.01%	0.17	0.00%	0.02	-0.52%	0.19
5	Aditya Birla SunLife AMC Limited	5.54%	4,902.23	7.70%	211.46	-0.03%	0.73	-581.02%	212.19
6	Aditya Birla Wellness Private Limited	0.02%	11.01	-0.09%	(2.51)	0.00%	0.05	6.74%	(2.46)
7	Aditya Birla Sun Life Trustee Company Private Limited	0.00%	0.48	0.00%	0.11	-	-	-0.30%	0.11
8	Bhaskarpara Coal Company Limited	0.01%	6.51	0.00%	0.01	-	-	-0.03%	0.01
	<b>Foreign</b>								
1	AV Group NB Inc.	0.72%	635.25	4.03%	110.61	-0.08%	2.16	-308.79%	112.77
2	Birla Jingwei Fibres Co. Limited	0.10%	89.11	0.25%	6.95	0.02%	(0.44)	-17.83%	6.51
3	Birla Lao Pulp & Plantations Company Limited (upto 18 <sup>th</sup> September, 2018)	-	-	-0.08%	(1.89)	-0.34%	9.34	-20.40%	7.45
4	Aditya Birla Elyaf Sanayi Ve Ticaret Anonim Sirketi	0.00%	1.19	0.01%	0.15	0.00%	(0.09)	-0.16%	0.06
5	Aditya Group AB	0.42%	366.09	0.12%	3.04	1.43%	(40.91)	103.69%	(37.87)
6	AVTerrace Bay (AVTB) §	-	-	-	-	-	-	-	-
	<b>Sub-Total (D)</b>	<b>6.93%</b>	<b>6,114.88</b>	<b>12.55%</b>	<b>344.69</b>	<b>0.98%</b>	<b>(28.66)</b>	<b>-865.36%</b>	<b>316.03</b>
	<b>TOTAL (A + B + C + D)</b>	<b>100.00%</b>	<b>88,522.10</b>	<b>100.00%</b>	<b>2,744.74</b>	<b>100.00%</b>	<b>(2,781.26)</b>	<b>100.00%</b>	<b>(36.52)</b>

§ AVTB is not consolidated as the Company's share of losses has exceeded the Company's interest in the said investment as per Ind AS 28.

Note: Figures provided above are net of inter-company eliminations.

## Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

### 4.14 RECLASSIFICATION NOTE:

The figures for the corresponding previous year have been regrouped/reclassified wherever necessary, to make them comparable.

### 4.15 COVID-19 (GLOBAL PANDEMIC)

- a. As per the directives of the Central and State Governments in the wake of COVID-19 pandemic, the Group had suspended operations across various locations, except for Fertiliser business, w.e.f. 25<sup>th</sup> March 2020, which adversely impacting the businesses during the quarter. Operations have since been resumed at all the plants of the Group, except plant located at Harihar, taking cognizance of the Governments' views around resuming manufacturing activities with controlled entry and exit facilities, and after obtaining necessary permissions in this behalf.

The Group has been taking various precautionary measures to protect employees and their families from COVID-19 apart from contributing towards various measures of the local authorities at the plant locations for countering COVID-19 impact on the local communities.

The Group believes that the pandemic is not likely to impact the recoverability of the carrying value of its assets. The Group is closely monitoring the developments and possible effects that may result from the current pandemic on its financial condition, liquidity and operations and is actively working to minimize the impact of this unprecedented situation. As the situation is continuously evolving, the eventual impact may be different from the estimates made as of the date of approval of these financial statements.

- b. **Estimation uncertainty relating to COVID-19 global health pandemic in Aditya Birla Capital Limited (ABCL), a subsidiary of the Company:**

In estimating the expected credit loss (ECL) allowance, obligation on account of policy liabilities and recoverability of intangible assets (including Goodwill), the Group has taken into consideration internal and certain sources of external information, including credit reports, economic forecasts and industry reports upto the date of approval of these financial results. The Group has also performed sensitivity analysis on the inputs and assumptions used in estimating the ECL allowance, policy liabilities and recoverability of intangible assets (including Goodwill) and embedded in its ECL allowance and policy liabilities, the adjustments arising from such macroeconomic factors. Based on the Group's expectations of future economic conditions, it expects to recover the carrying amount of its loan assets and investments. Given the uncertainty over the potential macro-economic condition, the ultimate outcome of impact of the said global health pandemic may be different from those estimated as on the date of approval of these financial results.

- c. **Moratorium in accordance with the Reserve Bank of India (RBI) guidelines in ABCL:**

The outbreak of COVID-19 pandemic across the globe and India has contributed to a significant decline and volatility in the global and Indian financial markets, and slowdown in the economic activities. The RBI has issued guidelines relating to COVID-19 Regulatory Package dated 27<sup>th</sup> March 2020 and 17<sup>th</sup> April 2020 and in accordance therewith, the Group has proposed to offer a moratorium of three months on the payment of instalments falling due between 1<sup>st</sup> March 2020 and 31<sup>st</sup> May 2020, which have been further extended till 31<sup>st</sup> August 2020, vide RBI circular dated 23<sup>rd</sup> May 2020, to the eligible borrowers classified as standard, even if the said amounts were overdue on 29<sup>th</sup> February 2020, excluding the collections already made in the month of March 2020. For all such accounts, where the moratorium is granted, the asset classification will remain standstill during the moratorium period (i.e., the number of days past due shall exclude the moratorium period for the purposes of asset classification as per the policy).

# Notes

## forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2020

**4.16** Figures less than ₹ 50,000 have been shown at actual, wherever statutorily required to be disclosed, as the figures have been rounded off to the nearest lakh.

### 4.17 AUTHORISATION OF FINANCIAL STATEMENTS:

The financial statements for the year ended 31<sup>st</sup> March 2020 were approved by the Board of Directors on 13<sup>th</sup> June 2020.

Signatures to Notes '1' to '4'

For **B S R & Co. LLP**  
Chartered Accountants  
Firm Registration No.: 101248W/W-100022

**Vikas R Kasat**  
Partner  
Membership No.: 105317

Mumbai  
Dated: 13<sup>th</sup> June 2020

For **S R B C & CO LLP**  
Chartered Accountants  
Firm Registration No.: 324982E/E300003

**Vijay Maniar**  
Partner  
Membership No.: 36738

**Dilip Gaur**  
Managing Director  
DIN: 02071393

**Ashish Adukia**  
Chief Financial Officer

Mumbai  
Dated: 13<sup>th</sup> June 2020

For **GRASIM INDUSTRIES LIMITED**  
CIN-L17124MP1947PLC000410

**Shailendra K Jain**  
Non-Executive Director  
DIN: 00022454

**Hutokshi Wadia**  
Company Secretary  
Membership No.: 5761



### GRASIM INDUSTRIES LIMITED

Registered Office: Birlagram, Nagda-456 331, Dist. Ujjain (M.P.), India

CIN: L17124MP1947PLC000410

Tel. No.: 07366-246760/66; Fax No.: 07366-244114/246024

E-mail: [grasim.secretarial@adityabirla.com](mailto:grasim.secretarial@adityabirla.com); Website: [www.grasim.com](http://www.grasim.com)

## NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the 73<sup>rd</sup> Annual General Meeting of **GRASIM INDUSTRIES LIMITED** will be held on Monday, 14<sup>th</sup> September 2020 at 3.00 p.m. (IST) through video conference ('VC')/other audio-visual means ('OAVM') to transact the items of following business:

### ORDINARY BUSINESS:

- To receive, consider and adopt the Audited Financial Statement (including the Audited Consolidated Financial Statement) of the Company for the financial year ended 31<sup>st</sup> March 2020, and the Reports of the Board and the Auditors thereon.
- To declare dividend on the equity shares of the Company for the financial year ended 31<sup>st</sup> March 2020.
- To appoint a Director in place of Mrs. Rajashree Birla (DIN: 00022995), who retires from office by rotation and being eligible, offers herself for re-appointment.
- To appoint a Director in place of Mr. Shailendra K. Jain (DIN: 00022454), who retires from office by rotation and being eligible, offers himself for re-appointment and in this behalf to consider and, if thought fit, to pass the following Resolution as a **Special Resolution**:

**"RESOLVED THAT** Mr. Shailendra K. Jain (DIN: 00022454), Non-Executive Director on the Board of Directors of the Company, who retires from office by rotation and being eligible offers himself for re-appointment, be and is hereby re-appointed as a Director of the Company with the consent of the members of the Company accorded pursuant to the provisions of regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as

amended from time to time and under section 152 and other applicable provisions of the Companies Act, 2013."

### SPECIAL BUSINESS:

- Alteration of the Object Clause of the Memorandum of Association of the Company**

To consider and, if thought fit, to pass the following Resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of sections 4, 13 and other applicable provisions, if any, of the Companies Act, 2013 read with applicable rules and regulations made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and subject to such other requisite approvals, if any, required from appropriate authorities, consent of the members of the Company be and is hereby accorded for alteration of the Object Clause of the Memorandum of Association ('MOA') of the Company such that the existing Clause 4.L of the MOA of the Company be replaced by and substituted with the following clause:

4.L To manufacture, produce refine, process, formulate, mix or prepare, mine or otherwise acquire, buy, sell, exchange, distributes, trade, deal in, import and export any and all kinds of chemicals, including heavy chemicals of all grades and organic and inorganic chemicals, *food processing aids or food processing chemicals*, fertilisers, linden, pesticides, manures their mixtures and formulation and any and all classes and kinds of chemicals, sources, chemical auxiliaries and analytical chemicals, mixtures, natural and synthetic and other

derivatives and compounds and by-products thereof and any and all kinds of products of which any of the foregoing constitutes any ingredient or in the production of which any of the foregoing is used, including acids, alkalies, fertilisers and agricultural and industrial chemicals of all kinds and industrial and other preparation of, or products arising from or required in the manufacturing, refining of any kind of fertiliser, their mixture and formulation.

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including any Committee thereof) be and is hereby authorised to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

6. **Alteration to the Articles of Association of the Company**

To consider and, if thought fit, to pass the following Resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of section 14 and other applicable provisions, if any, of the Companies Act, 2013 read with applicable rules and regulations made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and subject to such other requisite approvals, if any, required from appropriate authorities, consent of the members of the Company be and is hereby accorded for alteration to the Articles of Association of the Company (AOA) by deleting Articles 63A to 63D, appearing immediately after Article 63 of the AOA, as set out in the Explanatory Statement, forming part of the Notice of this Annual General Meeting.

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including any Committee thereof) be and is hereby authorised to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

7. **Appointment of Dr. Santrupt Misra as a Non-Executive Director of the Company**

To consider and, if thought fit, to pass the following Resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of section 152 and other applicable provisions of the Companies Act, 2013 (the 'Act'), the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended from time to time, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements)

Regulations, 2015, and the Articles of Association of the Company, Dr. Santrupt Misra (DIN: 00013625), who was appointed by the Board of Directors of the Company, as an Additional Director of the Company, with effect from 13<sup>th</sup> June 2020, be and is hereby appointed as a Non-Executive Director of the Company, whose office shall be liable to retirement by rotation.”

8. **Appointment of Mr. Vipin Anand as a Non-Executive Director of the Company**

To consider and, if thought fit, to pass the following Resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of section 152 and other applicable provisions of the Companies Act, 2013 (the 'Act'), the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended from time to time, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and the Articles of Association of the Company, Mr. Vipin Anand (DIN: 05190124), who was appointed by the Board of Directors of the Company, as an Additional Director of the Company with effect from 13<sup>th</sup> August 2020, be and is hereby appointed as a Non-Executive Director of the Company, whose office shall be liable to retirement by rotation.”

9. **Continuation of Mrs. Rajashree Birla as a Non-Executive Director of the Company**

To consider and, if thought fit, to pass the following Resolution as a **Special Resolution**:

“**RESOLVED THAT** on the re-appointment of Mrs. Rajashree Birla (DIN: 00022995) as a Non-Executive Director of the Company as provided in the resolution at Item No. 3 above, consent of the Members of the Company be and is hereby accorded, pursuant to the Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and other applicable Regulations, as amended from time to time and applicable provisions of the Companies Act, 2013, as amended from time to time for the continuation of holding of the office of Non-Executive Director of the Company by Mrs. Rajashree Birla after her completing the age of 75 (seventy five) years.”

10. **Ratification of the remuneration of Cost Auditors**

To consider and, if thought fit, to pass the following Resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the Company hereby ratifies the remuneration not exceeding ₹ 15.00 Lakh, plus applicable taxes and reimbursement of out-of-pocket expenses payable to M/s. D.C. Dave & Co., Cost Accountants, Mumbai (Registration No. 000611) and remuneration not exceeding ₹ 2.20 Lakh plus applicable taxes and reimbursement of out-of-pocket expenses payable to M/s. M. R. Dudani & Co., Cost Accountants, Mumbai (Registration No. FRN-104041), who have been appointed by the Board of Directors on the recommendation of the Audit Committee, as the Cost Auditors of the Company, to conduct the audit of cost records of the Company as prescribed under the Companies (Cost Records and Audit) Rules, 2014, as amended, for the financial year ending 31<sup>st</sup> March 2021.

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including any Committee thereof) be and is hereby authorised to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By Order of the Board



Hutokshi R. Wadia  
President & Company Secretary  
Membership No.: A5761

Place: Mumbai

Date: 13<sup>th</sup> August 2020

### NOTES FOR MEMBERS' ATTENTION:

- The relevant Explanatory Statement pursuant to section 102 of the Companies Act, 2013 ('the Act'), in respect of the business, set out at Item Nos. 4 to 10 of the Notice, is annexed hereto. The Board of Directors have considered and decided to include Item Nos. 5 to 10 as special business as they are unavoidable in nature. Additional information, pursuant to regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 ('Listing Regulations') and Secretarial Standards on General Meetings, in respect of the Directors seeking appointment/re-appointment at the AGM, is furnished as Annexure to the Notice.
- In view of the continuing restrictions on the movement of people at several places in the country, due to outbreak of COVID-19, the Ministry of Corporate Affairs, Government of India ('MCA'), and the Securities and Exchange Board of India ('SEBI'), have allowed companies to conduct Annual General Meetings ('AGM') through Video Conference ('VC')/Other Audio Visual Means ('OAVM') during the calendar year 2020, without the physical presence of Members.  
  
This AGM is being convened in compliance with applicable provisions of the Act and the rules made thereunder; provisions of the Listing Regulations; the provisions of General Circular No. 20/2020 dated 5<sup>th</sup> May 2020 read with General Circular No. 14/2020 dated 8<sup>th</sup> April 2020; General Circular No.17/2020 dated 13<sup>th</sup> April 2020 issued by the MCA and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12<sup>th</sup> May 2020 issued by SEBI ('MCA and SEBI Circulars').
- In accordance with the Secretarial Standard - 2 on General Meetings issued by the Institute of Company Secretaries of India ('ICSI') read with Clarification/Guidance on applicability of Secretarial Standards - 1 and 2 dated 15<sup>th</sup> April 2020 issued by the ICSI, the proceedings of the AGM will be deemed to be conducted at the Registered Office of the Company at Grasim Staff Club, Birlagram, Nagda-456 331, Dist. Ujjain (Madhya Pradesh), India. Since the AGM will be held through VC/OAVM, the route map of the venue of the Meeting is not annexed hereto.
- Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under section 103 of the Act.
- A member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA and SEBI Circulars through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
- The Company's Statutory Auditors B S R & Co. LLP, Chartered Accountants (Firm Registration no. 101248W/W-100022) and S R B C & Co. LLP, Chartered Accountants (Firm Registration no. 324982E/E300003), were appointed as the Joint Statutory Auditors of

the Company for a period of 5 years, at the AGM of the Company held on 23<sup>rd</sup> September 2016 and 22<sup>nd</sup> September 2017, respectively. Their appointment was subject to ratification by the Members at every subsequent AGM, post their appointment.

Pursuant to the Companies (Amendment) Act, 2017, effective from 7<sup>th</sup> May 2018, the requirement of seeking ratification of the Members for the appointment of the Statutory Auditors has been withdrawn from section 139 of the Act.

In view of the above, no resolution is proposed for ratification of appointment of the Joint Statutory Auditors. The Statutory Auditors have given a confirmation to the effect that they are eligible to continue with their appointment and that they have not been disqualified in any manner from continuing as the Statutory Auditors.

7. KFin Technologies Private Limited ('KFinTech'), the Company's Registrar and Transfer Agent will provide the facility for voting through remote e-voting, for participating in the AGM through VC/OAVM and e-voting during the AGM (Insta Poll).

#### 8. Dispatch of Annual Report through electronic mode

- i. In compliance with the aforesaid MCA and SEBI Circulars, Notice of the AGM along with the Annual Report for the FY 2019-20 is being sent only through electronic mode to those Members whose email ID are registered with KFinTech/Depositories. Members may note that the Notice and Annual Report for the FY 2019-20 will be available on the Company's website [www.grasim.com](http://www.grasim.com), website of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively, and on the website of KFinTech at <https://evoting.karvy.com>.
- ii. Members who have still not registered their email ID are requested to update at the earliest:
  - a) Members holding shares in physical mode and who have not registered/updated their email ID with the Company are requested to register/update their email ID with KFinTech by sending requests at [inward.ris@kfintech.com](mailto:inward.ris@kfintech.com), with details of folio number and attaching a self-attested copy of PAN card or by logging onto [https://ris.kfintech.com/email\\_registration/](https://ris.kfintech.com/email_registration/).

- b) Members holding shares in dematerialised mode are requested to register/update their email ID with the relevant Depository Participant.

- iii. The Audited Accounts of the Company and its subsidiary companies are available on the Company's website, [www.grasim.com](http://www.grasim.com).

#### 9. Procedure for Inspection of Documents

During the AGM, the Register of Directors and Key Managerial Personnel and their Shareholding maintained under section 170 of the Act, the Register of Contracts or arrangements in which Directors are interested under section 189 of the Act and the Certificate from Auditors of the Company certifying that the ESOP Schemes of the Company are being implemented in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, will be available for inspection through electronic mode.

#### 10. Procedure for Joining the AGM through VC/OAVM

- a) Members will be able to attend the AGM through VC/OAVM or view the live webcast of the AGM at <https://emeetings.kfintech.com> by using their remote e-voting login credentials and selecting the 'EVENT' for the Company's AGM.

Members are requested to follow the procedure given below:

- i. Launch internet browser (chrome/firefox/safari) by typing the URL: <https://emeetings.kfintech.com>
  - ii. Enter the login credentials (i.e., User ID and password for e-voting)
  - iii. After logging in, click on 'Video Conference' option
  - iv. Then click on camera icon appearing against AGM EVENT of Grasim Industries Limited, to attend the Meeting
- b) Members who do not have User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the procedure given in the e-voting instructions. Further, Members can also use the OTP based login for logging into the e-voting system.
  - c) Members may join the AGM through Laptops, Smartphones, Tablets or iPads for better experience. Further, Members will be required

to use internet with a good speed to avoid any disturbance during the AGM. Members will need the latest version of Chrome, Safari, Internet Explorer 11, MS Edge or Mozilla Firefox.

Please note that participants connecting from Mobile Devices or Tablets or through Laptops connecting via mobile hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any glitches. Members will be required to grant access to the web-cam to enable two-way video conferencing.

- d) Facility to join the meeting will be opened thirty minutes before the scheduled time of the AGM and will be kept open throughout the proceedings of the AGM.
- e) Members will be allowed to participate in the AGM through VC/OAVM on first come, first served basis. Large Members (i.e. Members holding 2% or more shareholding), promoters, institutional investors, directors, key managerial personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee, Auditors, etc. will not be subject to the aforesaid restriction of first-come-first-serve basis.
- f) Members who would like to express their views or ask questions during the AGM may register themselves as speakers by logging on to <https://emeetings.kfintech.com> and clicking on the 'Speaker Registration' option available on the screen after log in. The Speaker Registration will be open during Tuesday, 8<sup>th</sup> September 2020 (9:00 a.m. IST) to Thursday, 10<sup>th</sup> September 2020 (5:00 p.m. IST). Only those members who are registered as Speakers will be allowed to express their views or ask questions. The Company reserves the right to restrict the number of questions and number of Speakers, depending upon availability of time as appropriate for smooth conduct of the AGM.

Alternatively, members may also visit <https://emeetings.kfintech.com> and click on the tab 'Post Your Queries' and post their queries/views/questions in the window provided, by mentioning their name, demat account number/

folio number, email ID and mobile number. The window will be closed on Thursday, 10<sup>th</sup> September 2020 (5:00 p.m. IST).

- g) Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on or before 10<sup>th</sup> September 2020 through email on [grasim.secretarial@adityabirla.com](mailto:grasim.secretarial@adityabirla.com). The same will be replied by the Company suitably.
- h) Members who need assistance before or during the AGM, may contact KFinTech at [evoting@kfintech.com](mailto:evoting@kfintech.com) or call on toll free numbers 1800-345-4001.

In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote at the AGM.

Institutional/Corporate Shareholders (i.e. other than individuals/HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its board or governing body resolution/authorization etc., authorizing its representative to attend the AGM through VC/OAVM on its behalf and to vote through remote e-voting. The scanned image of the abovementioned documents should be in the name format 'Corporate Name\_EVENT NO.' The said resolution/authorization shall be sent to the Scrutinizer by email through its registered email ID address to [scrutinizer.grasim@adityabirla.com](mailto:scrutinizer.grasim@adityabirla.com) with a copy marked to [evoting@kfintech.com](mailto:evoting@kfintech.com) and [grasim.secretarial@adityabirla.com](mailto:grasim.secretarial@adityabirla.com).

#### 11. Instructions for remote e-voting and e-voting at the AGM

- i. In compliance with the provisions of section 108 of the Act, read with rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015 and regulation 44 of the Listing Regulations the Company is pleased to provide to its Members facility to exercise their right to vote on resolutions proposed to be considered at the AGM by electronic means and the business may be transacted through e-voting services arranged by KFinTech. The Members may cast their votes remotely, using an electronic voting system ('remote e-voting') on the dates mentioned herein below.



- ii. Those Members, who will be present in the AGM through VC/OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting facility (Insta Poll) during the AGM.
- iii. The Members who have cast their vote by remote e-voting prior to the AGM may also join the AGM through VC/OAVM, but shall not be entitled to cast their vote again. A member can opt for only single mode of voting per EVEN, i.e., through remote e-voting or e-voting at the Meeting. If a member casts vote(s) by both modes, then voting done through remote e-voting shall prevail and vote(s) cast at the Meeting shall be treated as 'INVALID'.
- iv. The remote e-voting period commences on Friday, 11<sup>th</sup> September 2020 (9.00 a.m. IST) and ends on Sunday, 13<sup>th</sup> September 2020 (5.00 p.m. IST). During this period, Members of the Company holding shares either in physical form or in dematerialised form, as on Monday, 7<sup>th</sup> September 2020, i.e., Cut-Off Date, may cast their vote by remote e-voting. A person who is not a Member as on the Cut-Off Date should treat this Notice for information purpose only. The remote e-voting module will be disabled by KFinTech for voting thereafter. Once the vote on a resolution is cast by the Member, he will not be allowed to change it subsequently.
- v. Mr. Ashish Garg, Practicing Company Secretary (FCS 5181 & C.P. No. 4423), has been appointed as the Scrutinizer to scrutinize the e-voting (Insta Poll) during the AGM and remote e-voting process in a fair and transparent manner.
- iii. After entering these details appropriately, Click on 'LOGIN'.
- iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password should comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc., on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
- v. You need to login again with the new credentials.
- vi. On successful login, the system will prompt you to select the 'EVENT', i.e., Grasim Industries Limited.
- vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-Off Date under 'FOR/AGAINST' or, alternatively, you may partially enter any number in 'FOR' and partially in 'AGAINST', but the total number in 'FOR/AGAINST' taken together should not exceed your total shareholding as mentioned hereinabove. You may also choose the option 'ABSTAIN'. If you do not indicate either 'FOR' or 'AGAINST' it will be treated as 'ABSTAIN' and the shares held will not be counted under either head.
- viii. Members holding multiple folios/demat accounts may choose the voting process separately for each folio/demat accounts.
- ix. Voting has to be done for each item of the Notice separately. In case, you do not desire to cast your vote on any specific item, it will be treated as abstained.
- x. You may then cast your vote by selecting an appropriate option and click on 'Submit'.
- xi. A confirmation box will be displayed. Click 'OK' to confirm else 'CANCEL' to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, you can login any number of times till you have voted on the Resolution(s).

**The process and manner for remote e-voting is as under:**

**A. In case a Member receives an email from KFinTech (for Members whose email addresses are registered with the Company/Depository Participants):**

- i. Launch internet browser by typing the URL: <https://evoting.karvy.com>.
- ii. Enter the login credentials (i.e., User ID and Password). Your Folio No./DP ID-Client ID will be your User ID. However, if you are already registered with KFinTech for e-voting, you can use your existing User ID and Password for casting your vote.

**B. In case, a Member whose email IDs are not registered with the Company/Depository Participant, then such Member is requested to register/update their email ID with the Depository Participant (in case of shares held in dematerialised form) or inform KFinTech at the email ID [evoting@kfintech.com](mailto:evoting@kfintech.com) (in case of shares held in physical form):**

- i. Upon registration, Member will receive an email from KFinTech which includes details of e-Voting Event Number (EVEN), User ID and Password.
- ii. Please follow all steps from Note. No. A(i) to (xi) above to cast the vote by electronic means.

**C. Other Instructions:**

- I. The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on Cut-Off Date, i.e., Monday, 7<sup>th</sup> September 2020.
- II. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the Cut-Off Date only shall be entitled to avail the facility of remote e-voting as well as e-voting (Insta Poll) at the AGM.
- III. Any person, who acquires shares of the Company and becomes a Member of the Company after dispatch of the Notice of the AGM and holding shares as of the Cut-Off Date, i.e., Monday, 7<sup>th</sup> September 2020, may obtain User ID and Password in the manner as mentioned below:
  - a. If the mobile number of the member is registered against Folio No./DP ID-Client ID, the member may send SMS: MYEPWD<SPACE>e-voting Event Number + Folio No. or DP ID-Client ID to +91 9212993399.

Example for NSDL:

MYEPWD<SPACE>IN12345612345678

Example for CDSL:

MYEPWD<SPACE>1402345612345678

Example for Physical:

MYEPWD<SPACE>XXX1234567890

- b. If email address of the Member is registered against Folio No./DP ID-Client ID, then on the home page of <https://evoting.karvy.com>, the

member may click 'Forgot Password' and enter Folio No. or DP ID-Client ID and PAN to generate a password.

- c. Members may send an e-mail request to [evoting@kfintech.com](mailto:evoting@kfintech.com). If the Member is already registered with the KFinTech's e-voting platform, then such member can use his/her existing User ID and Password for casting the vote through remote e-voting.
- d. In case of any queries, please visit Help and FAQs section available at KFinTech website <https://evoting.karvy.com>. For any grievances related to e-voting, please contact Mr. Birender Singh Thakur, Deputy General Manager, KFin Technologies Private Limited, Selenium Tower B, Plot Nos. 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad - 500 032 at [evoting@kfintech.com](mailto:evoting@kfintech.com), Toll Free No. 1800-3454-001.

**12. Information and instructions for e-voting facility (Insta Poll) at AGM**

- i. Facility to cast vote through e-voting (Insta Poll) at AGM will be made available on the Video Conference screen and will be activated once the e-voting (Insta Poll) is announced at the Meeting.
- ii. Those Members, who will be present in the AGM through VC/OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting facility (Insta Poll) during the AGM.
- iii. The procedure for e-voting (Insta Poll) during the AGM is same as the instructions mentioned above for remote e-voting since the AGM is being held through VC/OAVM. The e-voting window shall be activated upon instructions of the Chairman of the AGM during the AGM. E-voting (Insta Poll) during the AGM is integrated with the VC/OAVM platform and no separate login is required for the same.
- iv. The Scrutiniser will, after the conclusion of e-voting at the Meeting, scrutinise the votes cast at the Meeting and votes cast through remote e-voting, make a consolidated Scrutiniser's Report and submit the same to the Chairman. The result of e-voting along with the consolidated Scrutiniser's Report, will be displayed at the Registered Office of the Company and will

be placed on the website of the Company: [www.grasim.com](http://www.grasim.com) and on the website of KFinTech at: <https://evoting.karvy.com>. The result will simultaneously be communicated to the stock exchanges.

### 13. Book Closure

The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 28<sup>th</sup> August 2020 to Monday, 14<sup>th</sup> September 2020 (both days inclusive) for the purpose of payment of dividend, if any, approved by the Members at the AGM.

### 14. Dividend related Information

i. Subject to the provisions of the Act, dividend as recommended by the Board and subject to deduction of tax at source, if approved at the Meeting, will be paid to those Members or their mandates, whose names are registered in the Company's Register of Members:

- a) as Beneficial Owners as at the end of the business hours on 27<sup>th</sup> August 2020, as per the lists to be furnished by National Securities Depository Limited ('NSDL') and Central Depository Services (India) Limited ('CDSL') in respect of the equity shares held in electronic form;
- b) after giving effect to valid request(s) of transfer of shares in physical form (re-lodgment cases i.e. requests for transfer(s) which were received prior to 1<sup>st</sup> April 2019 and returned due to deficiency in the documents) lodged with the Company or its Registrar & Transfer Agent ('RTA'), KFinTech, on or before 27<sup>th</sup> August 2020; and
- c) equity shares that may be allotted upon exercise of stock options granted under the Employee Stock Option Scheme-2006, Employee Stock Option Scheme-2013, before the book closure date shall rank pari passu with the existing equity shares and shall also be entitled to receive dividend, if approved at the Meeting.

ii. The Finance Act, 2020 has abolished dividend distribution tax (DDT). The Company has by email dated 3<sup>rd</sup> July 2020, informed Members about the deduction of tax at source on dividend, a copy of which is also uploaded on the website of the Company viz.

<https://www.grasim.com/investors/tds-on-dividend>. Members are requested to refer to the same for further details.

- iii. a) The Company will make the payment of dividend to those Members directly in their bank accounts whose bank account details are available with the Company and those who have given their mandate for receiving dividends directly in their bank accounts through the Electronic Clearing Service ('ECS')/National Electronic Clearing Service ('NECS').
- b) In terms of the MCA and SEBI Circulars, in case, the Company is unable to pay dividend to any Member by the electronic mode, due to non-availability of the details of the bank account, the Company shall upon normalisation of the postal services dispatch the dividend warrant to such Member by post.
- c) Members are advised to avail of the facility for receipt of dividend through ECS. Members holding shares in dematerialized mode are requested to contact their respective Depository Participants ('DPs') for availing ECS facility/updating their bank account details. Members holding shares in physical form are requested to download the ECS mandate form from the website of the Company at [https://www.grasim.com/upload/pdf/ECS\\_mandate\\_form\\_new01.pdf](https://www.grasim.com/upload/pdf/ECS_mandate_form_new01.pdf), and send the duly filled up form, along with a photo copy of a cancelled cheque, to the Company's RTA i.e. KFinTech.
- i. To avoid the incidence of fraudulent encashment of dividend warrants, Members are requested to intimate the Company's RTA under the signature of the Sole/First Joint holder, the following information, so that the bank account number, and name and address of the bank can be printed on dividend warrants:
  - 1) Name of the Sole/First Joint holder and Folio No.
  - 2) Particulars of the bank account, viz.:
    - i) Name of the bank,
    - ii) Name of the branch with IFS Code,

- iii) Complete address of the bank with Pin Code Number,
  - iv) Account type, whether savings (SB) or current account (CA), and
  - v) Bank account number allotted by the bank
- ii. Members are requested to contact KFinTech for encashing the unclaimed dividend. The detailed dividend history and due dates for transfer to IEPF are available on 'Investor Centre' page on the website of the Company, <https://www.grasim.com/investors/unpaid-and-unclaimed-dividend-iepf>.

#### 15. IEPF related Information

Pursuant to section 124 and other applicable provisions, if any, of the Act, all dividend remaining unpaid and unclaimed for a period of 7 (seven) years from the date of declaration will be transferred to Investor Education and Protection Fund (IEPF), established by the Central Government. Accordingly, unpaid and unclaimed dividend for the financial year 2011-12, has been transferred to the said Account/Fund.

In terms of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), equity shares in respect of which dividend has not been paid or claimed for 7 (seven) consecutive years or more from the date of declaration will also be transferred to IEPF Suspense Account, operated by the IEPF Authority, pursuant to the IEPF rules.

In compliance with the aforesaid rules, the Company has transferred equity shares pertaining to the financial year 2011-12 to the IEPF Suspense Account, after providing necessary intimations to the relevant members. Details of unpaid/unclaimed dividend and equity shares for the financial year 2012-13 are uploaded on the website of the Company, as well as that of MCA. No claim shall lie against the Company in respect of unclaimed dividend amount and equity shares transferred to the IEPF and IEPF Suspense Account, respectively, pursuant to the IEPF rules. Members can, however, claim both the unclaimed dividend amount and the equity shares from the IEPF Authority by making applications in the manner provided in the IEPF rules.

Members, who have so far not encashed the dividend warrant(s) for the FY 2012-13, are requested to make their claims to the Company's RTA on or before 31<sup>st</sup> August 2020, failing which the unpaid/unclaimed dividend and the equity shares relating thereto for FY 2012-13 will be transferred to the IEPF. The Company, is in compliance with the aforesaid IEPF rules, has sent individual notices to those members whose shares are liable to be transferred to IEPF Suspense Account and has also published notice in the newspapers. The Company has also uploaded full details of such unclaimed/unpaid dividend and the related shares due for transfer on the website of the Company, <https://www.grasim.com/investors/unpaid-and-unclaimed-dividend-iepf>. Members are requested to verify the details and lodge their claims with the Company to avoid transfer of dividend and related shares to IEPF Account.

The Members can, however, claim both, the unclaimed dividend amount and the equity shares transferred to IEPF Suspense Account, from the IEPF Authority by making an application in the manner specified under the IEPF rules.

#### 16. Other Information

- i. Members are requested to read the 'Shareholder Information' section of the Annual Report for useful information.
- ii. SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are requested to submit their PAN to their DPs, and those holding shares in physical form are requested to submit their PAN to the Company's Registrar and Transfer Agent.
- iii. If there is any change in the e-mail address already registered with the Company, Members are requested to immediately notify such change to the Company's Registrar and Transfer Agent, in respect of shares held in physical form, and to their DPs in respect of shares held in electronic form.
- iv. In terms of the amendments to the Listing Regulations, with effect from 1<sup>st</sup> April 2019, requests for effecting transfer of securities in physical form shall not be processed unless the securities are held in dematerialised form with the depository, i.e., NSDL and CDSL. Members

are, therefore, requested to demat their physical holding for any further transfer. Members can, however, continue to make request for transmission or transposition of securities held in physical form.

- v. Members who hold shares in the dematerialised form and desire a change/correction in the bank account details, should intimate the same to their concerned DPs and not to the Company's RTA. Members are also requested to give the MICR Code of their banks to their DPs. The Company/Company's RTA will not entertain any direct request from such Members for change of address, transposition of names, deletion of name of deceased joint holder and change in the bank account details. The said details will be considered as will be furnished by the DPs to the Company.
- vi. Members may utilise the facility extended by the Registrar and Transfer Agent for redressal of queries. Members may visit <http://karisma.kfintech.com> and click on INVESTOR option for query registration through free identity registration process.
- vii. KPRISM- Mobile service application by KFinTech:  
  
Members are requested to note that KFinTech has launched a mobile application - KPRISM and website <https://kprism.kfintech.com/app/> for online service to Members. Members can download the mobile application, register themselves (one time) for availing host of services viz., consolidated portfolio view serviced by KFinTech, dividend status and send requests for change of address, change/update bank mandate. Through the mobile application, Members can download annual reports, standard forms and keep track of upcoming general meetings and dividend disbursements. The mobile application is available for download from Android Play Store.
- viii. As per the provisions of section 72 of the Act, facility for making nominations is now available to Individuals holding shares in the Company. Members holding shares in physical form may obtain the Nomination Form from the Company's Secretarial Department at its Registered Office or its RTA or can download the form from the

Company's website, viz., [https://www.grasim.com/upload/pdf/nomination\\_form\\_new01.pdf](https://www.grasim.com/upload/pdf/nomination_form_new01.pdf). Members holding shares in electronic form have to approach their DPs for completing the nomination formalities.

- ix. Non-resident Indian Members are requested to inform the Company or KFinTech or to the concerned DPs, as the case may be, immediately:
  - (a) the change in the residential status on return to India for permanent settlement.
  - (b) the particulars of the NRE Account with a Bank in India, if not furnished earlier.
  - (c) Members are requested to make all correspondence in connection with shares held by them by addressing letters directly to the Company or KFinTech quoting their Folio number or their Client ID number with DP ID number, as the case may be.
- x. Members who are holding shares in identical order of names in more than one folio are requested to consider consolidating the different folios into one. Post consolidation, the number of shares would remain the same.

To enable the Company, consolidate the folios, kindly send the following, under a covering letter, addressed to KFinTech:

- share certificate(s)
- copy of Pan Card(s) of all the Members
- Member's email ID and mobile number

Upon receipt of the above documents, the Company will consolidate the holdings and return the share certificate(s) with necessary endorsements on the reverse thereof. The Member's email ID, mobile number and bank account will be updated in the Company's record. This will not only facilitate speedy communication but also result in faster disbursement of future dividend. Moreover, the possibility of loss/misplacement of dividend warrants will also be eliminated.

As a subsequent step, it is also recommended that Members consider migrating their shareholding to the electronic mode.

## ANNEXURE TO THE NOTICE

### EXPLANATORY STATEMENT SETTING OUT MATERIAL FACTS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

#### Item No. 4

In terms of the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, with effect from 1<sup>st</sup> April 2019, no listed company shall appoint or continue the appointment of a non-executive director who has attained the age of 75 years, unless a special resolution is passed to that effect. Mr. Shailendra K. Jain (DIN: 00022454), has attained the age of 75 years in December 2018, and his continuation as a Non-Executive Director for the current term was approved by the members at the Annual General Meeting held on 14<sup>th</sup> September 2018. In terms of provisions of the Companies Act 2013, Mr. Shailendra K. Jain is liable to retire by rotation and being eligible has offered himself for re-appointment. Mr. Shailendra K. Jain is in good health and of sound and alert mind. The Board is also confident about him being able to function and discharge his duties in an able and competent manner.

Considering Mr. Jain's seniority, expertise and vast experience, which has immensely benefited the Company, the Board, based on the recommendation of the Nomination and Remuneration Committee, considered and approved Mr. Jain's re-appointment and continuation as Non-Executive Director of the Company. Approval of Members is therefore required by way of special resolution for his re-appointment and continuation as Director.

A brief profile of Mr. Shailendra K. Jain is given below:

Academically, Mr. Shailendra K. Jain is a B.Sc. (gold medalist) from Vikram University, Ujjain, and a B.E. Hons. (gold medalist) from the University of Mumbai and S. M. from Massachusetts Institute of Technology, U.S.A. Mr. Shailendra K. Jain joined the Company at its SFD, Nagda in 1965. He became the President of the Company in December 1993 and was appointed as a Whole-time Director in 2001. He was also the Chairman of Business Review Council of Aditya Birla Group. Besides being a Director of Pulp and Fibre business of Aditya Birla Group covering Grasim Industries and its subsidiaries, Mr. Jain is also the Chairman of Aditya Birla Cellulosic (Egypt) Co. SAE and a Commissioner at PT Sunrise in Indonesia. For his contribution, he has been honoured with the ABG Ratna Award in 2017. He has received many honour and accolades in his professional journey. He was the first Indian to chair a TAPPI session in USA. He has authored several articles based on his practical and research experience in the field of environment, forestation, productivity, rayon fibre and wood pulp.

The disclosures relating to Mr. Shailendra K. Jain, as required under the provisions of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, are set out as an Annexure to the Notice.

The Board commends the Special Resolution set out at Item No. 4 of the Notice for the approval by the Members.

Except, Mr. Shailendra K. Jain and his relatives, none of the other Directors, Key Managerial Personnel or their respective relatives are, in any way, concerned or interested, in the resolution set out at Item No. 4 of the Notice.

#### Item No. 5

The Company is a leading manufacturer of viscose staple fibre (VSF) and Chemicals (Chlor Alkali) in India. The Company manufactures various chemicals like Caustic Soda, Calcium Hypochlorite (35% & 65%), Polyaluminium Chloride, Aluminium Chlorohydrate, Chlorinated Paraffin, Phosphoric Acid, Sodium Hypochlorite, Aluminium Chloride (Anhydrous), which are, *inter-alia* used as food processing aids in food processing industries.

In order to meet the registration requirements of Food Safety and Standards Authority of India in respect of these food processing aids or food processing chemicals, Clause 4.L of the Memorandum of Association ('MOA') needs to be amended to, *inter-alia* include Food processing aids or Food processing chemicals as stated in the Notice of the Annual General Meeting of the Company.

Pursuant to the provisions of sections 13 and 4 the Companies Act, 2013 read with applicable rules and regulations made thereunder, alteration of the Object Clause of the MOA of the Company requires approval of the members by means of a Special Resolution.

Copy of the MOA of the Company together with the proposed alteration is available to the Members for inspection without any fee from the date of circulation of this Notice up to the date of Annual General Meeting. Members seeking to inspect such documents can send an email at [grasim.secretarial@adityabirla.com](mailto:grasim.secretarial@adityabirla.com).

The Board commends the Special Resolution set out at Item No. 5 of the Notice for the approval by the Members.

None of the Directors, Key Managerial Personnel or their respective relatives are, in any way, concerned or interested, in the resolution set out at Item No. 5 of the Notice.

#### Item No. 6

Aditya Birla Idea Payments Bank Limited (ABIPBL), now a subsidiary of the Company, was granted a license to

operate Payments Bank by Reserve Bank of India in April 2017.

In order to comply with one of the conditions of the license, the members at 70<sup>th</sup> Annual General Meeting held on 22<sup>nd</sup> September 2017, approved alteration to the Articles of Association (AOA) by inserting new articles 63A to 63D, after the existing article 63 of the AOA of the Company as mentioned below:

**63A** No change of shareholding by person/group of persons, except Promoters/Persons comprising the Promoter Group

No change of shareholding by any person/group of persons, except Promoters/Persons comprising the Promoter Groups/Person acting in concert with the Promoters and Promoter Group of the Company, by way of fresh issue or transfer of shares, to the extent of 5% or more in the Company shall be without the prior approval of RBI, which shall be obtained by such person/group of persons.

**63B** Shareholding of the Company shall be held by residents

Not less than 51% of the shareholding of the Company shall be held by residents;

**63C** Power to appoint majority of directors

Resident shareholders shall have the power to appoint majority of directors on the Board of the Company; and

**63D** Conflict of provisions in 63A, 63B and 63C shall stand void

Any action taken, or any amendments of the Articles of the Company that would be in conflict of the provisions in 63A, 63B and 63C shall stand void.

Due to unanticipated developments in the business landscape leading to a seemingly unviable business model, the Board of Directors and shareholders of ABIPBL, subject to receipt of requisite regulatory consents and approvals, approved the voluntary winding up of ABIPBL.

The Company has now been informed that RBI has cancelled the Payments Bank license of ABIPBL w.e.f. 28<sup>th</sup> July 2020. Since the License has been cancelled it is proposed to obtain consent of the members for deleting article 63A to 63D from the AOA of the Company, in terms of the provisions of section 14 of the Companies Act, 2013 read with applicable rules and regulations made thereunder.

Copy of the AOA of the Company together with the proposed alteration is available to the Members for inspection without any fee from the date of circulation of this Notice up to the date of Annual General Meeting. Members seeking to inspect such documents can send an email at [grasim.secretarial@adityabirla.com](mailto:grasim.secretarial@adityabirla.com).

The Board commends the Special Resolution set out at Item No. 6 of the Notice for the approval by the Members.

None of the Directors, Key Managerial Personnel or their respective relatives are, in any way, concerned or interested, in the resolution set out at Item No. 6 of the Notice.

#### **Item No. 7**

As recommended by the Nomination and Remuneration Committee, the Board of Directors at its meeting held on 13<sup>th</sup> June 2020 appointed Dr. Sanrupt Misra (DIN: 00013625) as an Additional Director (Non-Executive and Non-Independent) of the Company, with effect from 13<sup>th</sup> June 2020. As an Additional Director, Dr. Sanrupt Misra holds office up to the date of this Annual General Meeting and is eligible to be appointed as a Director of the Company. Dr. Sanrupt Misra has consented to act as a Director of the Company.

Dr. Sanrupt Misra is not related to any other Director of the Company. The disclosures relating to Dr. Sanrupt Misra as required under the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, are set out as an Annexure to the Notice. Considering his vast experience and knowledge in diverse areas, the Board recommends the Resolution, pertaining to the appointment of Dr. Sanrupt Misra as a Director (Non-Executive and Non-Independent), for the approval by the Members of the Company by way of an Ordinary Resolution.

A brief profile of Dr. Sanrupt Misra is given below:

Dr. Sanrupt Misra is associated with Aditya Birla Group for around 24 years. Dr. Sanrupt Misra has a professional standing of over 30 years and is as an HR professional and a business leader of very high calibre. Dr. Sanrupt Misra is very well respected and regarded in the business fraternity. He has been a major player in the transforming the Aditya Birla Group in the last 24 years. Dr. Sanrupt Misra is currently the CEO, Birla Carbon; Director, Chemicals; and Director, Group Human Resources for the Aditya Birla Group. Dr. Misra has also worked at Board level for close to two decades as Non-Executive Director and Executive Director in publicly listed companies, unlisted companies, and Not

for Profit Organisations both in India and overseas. He is a Director in several companies of the Aditya Birla Group including Aditya Birla Capital Ltd., and other professional bodies. He is the Chairperson of the Board of Governors of the National Institute of Technology, Rourkela, and was an Independent Director on the Board of the Oil and Natural Gas Corporation Ltd., a leading Government of India enterprise, for a period of 3 years.

Dr. Santrupt Misra holds two Post Graduate degrees in Political Science and in Personnel Management & Industrial Relations, respectively. In addition, also holds two PhDs, from India & UK, in Public Administration and Industrial Relations, respectively & an honorary D.Sc degree from Aston University, UK. He is a Fellow of the National Academy of Human Resources (NAHR), USA; Hon. Fellow of the Coaching Federation of India; also an Eisenhower Fellow, an Aston Business School Fellow, an AIMA Fellow and a Commonwealth Scholar. He has been awarded several professional recognitions for his contribution to Business and Human Resources over the past decades.

Except Dr. Santrupt Misra being an appointee and his relatives, none of the other Directors, Key Managerial Personnel or their respective relatives are, in any way, concerned or interested, in the resolution set out at Item No. 7 of the Notice.

#### Item No. 8

As recommended by the Nomination and Remuneration Committee, the Board of Directors at its meeting held on 13<sup>th</sup> August 2020 appointed Mr. Vipin Anand (DIN:05190124) as an Additional Director (Non-Executive and Non-Independent) of the Company, w.e.f. 13<sup>th</sup> August 2020. As an Additional Director, Mr. Vipin Anand holds office up to the date of this Annual General Meeting and is eligible to be appointed as a Director of the Company. Mr. Vipin Anand has consented to act as a Director of the Company.

Mr. Vipin Anand is not related to any other Director of the Company. The disclosures relating to Mr. Vipin Anand, as required under the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, are set out as an Annexure to the Notice. Considering his vast experience and knowledge in the field of Insurance, finance and investment, the Board recommends the resolution, pertaining to the appointment of Mr. Vipin Anand as a Director (Non-Executive and Non-Independent), for approval by the Members of the Company by way of an Ordinary Resolution.

A brief profile of Mr. Vipin Anand is given below:

Mr. Vipin Anand is the Managing Director of Life Insurance Corporation of India (LIC). He has been with LIC for more than 35 years. Mr. Vipin Anand has handled several important assignments in various capacities and departments, ranging from Information Technology, Marketing, and Personnel & Industrial Relations to Corporate Communications and International Operations, across different geographical locations of the country. He was also a member of the IRDAI committee for framing Regulations on Digital Marketing and is currently a member of the CII Committee on Insurance and Pensions. Mr. Vipin Anand was awarded 'Top Rankers Excellence Award for Outstanding Leadership' in January 2020.

Mr. Vipin Anand is a Science graduate and has received training from INSEAD Singapore, FALIA, Stephen Covey Institute, ISB Hyderabad, IIM Ahmedabad, IIM Lucknow, Institute of Public Administration- (RTI) Bangalore and National Insurance Academy.

Mr. Vipin Anand also serves on the boards of LIC Cards Services Limited, LIC Bangladesh Limited, LIC (International) B.S.C., Bahrain and LIC Housing Finance Limited.

Except Mr. Vipin Anand, being an appointee and his relatives, none of the other Directors, Key Managerial Personnel or their respective relatives are, in any way, concerned or interested, in the resolution set out at Item No. 8 of the Notice.

#### Item No. 9

In terms of the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, with effect from 1<sup>st</sup> April 2019, no listed company shall appoint or continue the appointment of a non-executive director who has attained the age of 75 years, unless a special resolution is passed to that effect. The Nomination and Remuneration Committee has considered and recommended the continuation of Mrs. Rajashree Birla (DIN: 00022995) as Director as she will be attaining the age of 75 years. Approval of Members is sought by way of Special Resolution for continuation of Mrs. Rajashree Birla as a Non-Executive Director of the Company on her attaining the age of 75 years on 15<sup>th</sup> September 2020.

A brief profile of Mrs. Rajashree Birla is given below:

Mrs. Rajashree Birla is an exemplar in the area of community initiatives and rural development. Mrs. Birla spearheads the Aditya Birla Centre for Community Initiatives and Rural Development, the Group's apex body responsible for development projects. She oversees the Group's social and welfare driven work



across 40 companies. The footprint of the Centre's work straddles over 5,000 villages, reaching out to 7.5 million people. Furthermore, Mrs. Birla is the Chairperson of the FICCI – Aditya Birla CSR Centre for Excellence, Habitat for Humanity (India) and is on the Board of the Asia Pacific Committee as well as Habitat's Global Committee. She is the Chairperson of FICCI's first ever Expert Committee on CSR. She serves on the Board of Director's CSR Committee of State Bank of India. She is Member on the Advisory Board of 'The Research Society for the Care, Treatment and Training of Children in Need of Special Care', Mumbai, and of BAIF Development Research Foundation, Pune. As a patron of arts and culture, she heads the 'Sangit Kala Kendra', a Centre for performing arts, as its President.

In recognition of the exemplary work done by Mrs. Birla, leading national and international organisations have showered accolades upon her. **Among these the most outstanding ones have been that of the Government of India's 'Padma Bhushan' Award in 2011 in the area of 'Social Work', The Economic Times 'Corporate Citizen of the Year Award' twice over, in 2002 and 2012, besides the 'Global Golden Peacock Award for CSR' presented by Dr. Ola Ullsten, the Former Prime Minister of Sweden, in Portugal in 2010.** The Institute of Directors ('IOD') Distinguished Fellowship Award, and FICCI FLO's Lifetime Achievement Award, are among the many other distinctions received by her.

Apart from your Company, Mrs. Birla is a Director on the Boards of UltraTech Cement Limited, Hindalco Industries Limited, Century Textiles and Industries Limited, Century Enka Limited and Piani Investment and Industries Corporation Limited. She is also on the Board of the Group's international companies spanning Thailand, Indonesia, Philippines and Egypt.

At her current age also, she travels to remote parts of the country for the various social projects to help the masses to manage their livelihood, health, education and other basic needs. **CSR and sustainability are the key thrust areas for your Company as part of the ESG initiatives. Mrs. Rajashree Birla is the CSR ambassador for the Company and champions all our CSR initiatives and adds significant value to the Company.** Considering Mrs. Birla's seniority, expertise, vast experience and her past significant contribution to the Company, which has immensely benefited the Company, the Board, based on the recommendation of the Nomination and Remuneration Committee, considered and approved Mrs. Birla's continuation as Non-Executive Director of the Company.

The disclosures relating to Mrs. Rajashree Birla, as required under the provisions of Securities Exchange Board of India (Listing Obligations and Disclosure

Requirements) Regulations, 2015, are set out as an Annexure to the Notice.

The Board commends the Special Resolution set out at Item No. 9 of the Notice for the approval by the Members.

Except, Mrs. Rajashree Birla, Mr. Kumar Mangalam Birla and their relatives, none of the other Directors, Key Managerial Personnel or their respective relatives are, in any way, concerned or interested, in the resolution set out at Item No. 9 of the Notice.

#### Item No. 10

The Board of Directors, on the recommendation of the Audit Committee, approved the appointment and remuneration of the following Cost Accountants to conduct the audit of the cost records of the Company for the financial year ending 31<sup>st</sup> March 2021 as per the following details:

Name of the Cost Auditor	Division of the Company	Remuneration
M/s. D. C. Dave & Co., Cost Accountants, Mumbai (Registration No. 000611)	All Divisions of the Company, except Viscose Filament Yarn - Century Rayon Division	Not exceeding ₹ 15.00 Lakh plus applicable taxes and reimbursement of out-of-pocket expenses
M/s. M. R. Dudani & Co., Cost Accountants, Mumbai (Registration No. FRN-104041)	Viscose Filament Yarn - Century Rayon Division	Not exceeding ₹ 2.20 Lakh plus applicable taxes and reimbursement of out-of-pocket expenses

In accordance with the provisions of section 148 of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, remuneration payable to the Cost Auditors needs to be ratified by the Members of the Company. Accordingly, consent of the Members is sought for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31<sup>st</sup> March 2021.

The Board commends the Ordinary Resolution set out at Item No. 10 of the Notice for the approval by the Members.

None of the Directors, Key Managerial Personnel or their respective relatives are, in any way, concerned or interested, in the resolution set out at Item No. 10 of the Notice.

By Order of the Board



Hutokshi R. Wadia  
President & Company Secretary  
Membership No.: A5761

Place: Mumbai  
Date: 13<sup>th</sup> August 2020

**A. DISCLOSURES RELATING TO DIRECTORS PURSUANT TO REGULATION 36(3) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015, AND SECRETARIAL STANDARD ON GENERAL MEETINGS:**

Name of the Director	Mr. Rajashree Birla	Mr. Shailendra K. Jain	Dr. Sanjiv Misra	Mr. Vipin Anand
Date of Birth/Age	15.09.1945/74 years	04.12.1943/76 years	15.08.1965/54 years	25.07.1961/59 years
Date of First Appointment	14.03.1996	01.04.2010	13.06.2020	13.08.2020
Expertise in specific functional areas	Industrialist	Management	Human Resource Development and Personnel Management and General Management	Insurance sector and Managing Director of Life Insurance Corporation of India
Qualification	B.A.	B.Sc, B.E. (Hons.) SM (MIT)	<ul style="list-style-type: none"> <li>• Post graduate degrees in: <ul style="list-style-type: none"> <li>- Political Science and Personnel Management &amp; Industrial Relations</li> </ul> </li> <li>• PhDs in: <ul style="list-style-type: none"> <li>- Public Administration from India and</li> <li>- Industrial Relations from U.K.</li> </ul> </li> <li>• Honorary D.Sc degree from Aston University, U.K.</li> <li>• Fellow of the National Academy of Human Resources (NAHR), USA</li> <li>• Hon. Fellow of the Coaching Federation of India</li> <li>• Fellow of Eisenhower</li> <li>• Fellow of Aston Business School</li> <li>• Fellow of AIMA</li> <li>• Commonwealth Scholar</li> </ul>	B.Sc
Shareholding in the Company	5,52,850 shares	65,430 shares	-	-
Number of Board meetings attended during FY 2020	3	7	Not Applicable	Not Applicable
List of outside Company Directorships held in Indian Public Limited Companies	<ol style="list-style-type: none"> <li>1. Pilani Investment and Industries Corporation Limited</li> <li>2. Hindalco Industries Limited</li> <li>3. Aditya Birla Health Services Limited</li> <li>4. UltraTech Cement Limited</li> <li>5. Century Enka Limited</li> <li>6. Century Textiles and Industries Limited</li> </ol>	<ol style="list-style-type: none"> <li>1. Samruddhi Swastik Trading and Investments Limited</li> <li>2. Sun God Trading and Investment Limited</li> </ol>	<ol style="list-style-type: none"> <li>1. Birla Management Centre Services Limited</li> <li>2. Aditya Birla Capital Limited</li> </ol>	<ol style="list-style-type: none"> <li>1. LIC Cards Services Limited</li> <li>2. LIC Housing Finance Limited</li> </ol>
Chairman/Member of the Committee of the Board of Directors of the Company	-	-	-	-
Chairman/Member of the Committees of the Board of Directors of other Public Limited Companies in which he/she is a Director	-	-	-	-
a. Audit Committee	-	-	-	-
b. Stakeholders' Relationship Committee	-	-	1. Aditya Birla Capital Limited - Member	-
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Mother of Mr. Kumar Mangalam Birla	None	None	None

Note: Pursuant to regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, only two committees, viz. Audit Committee and Stakeholders' Relationship Committee have been considered.

For ease of participation by Members, provided below are key details regarding the AGM for reference:

Sr. No	Particulars	Details of access
1	Link for live webcast of the AGM and for participation through VC/OAVM	<a href="https://emeetings.kfintech.com">https://emeetings.kfintech.com</a> by using e-voting credentials and clicking on video conference
2	Link for posting AGM queries and speaker registration and period of registration	<a href="https://emeetings.kfintech.com">https://emeetings.kfintech.com</a> by using e-voting credentials and clicking on 'Speaker registration'. Period of registration: Tuesday, 8 <sup>th</sup> September 2020 (9:00 a.m. IST) to Thursday, 10 <sup>th</sup> September 2020 (5:00 p.m. IST)  <a href="https://emeetings.kfintech.com">https://emeetings.kfintech.com</a> by using e-voting credentials and clicking on 'Post Your Queries'. The window will close on Thursday, 10 <sup>th</sup> September 2020 (5:00 p.m. IST).
3	Link for remote e-voting	<a href="https://evoting.karvy.com">https://evoting.karvy.com</a>
4	Username and password for VC	Members may attend the AGM through VC by accessing the link <a href="https://emeetings.kfintech.com">https://emeetings.kfintech.com</a> by using the remote e-voting credentials. Please refer the instructions provided in the Notice.
5	Helpline number for VC participation and e-voting	Contact KFin Technologies Private Limited at 1-800-3454-001 or write to them at <a href="mailto:evoting@kfintech.com">evoting@kfintech.com</a>
6	Cut-off date for e-voting	Monday, 7 <sup>th</sup> September 2020
7	Time period for remote e-voting	Commences on Friday, 11 <sup>th</sup> September 2020 (9.00 a.m. IST) and ends on Sunday, 13 <sup>th</sup> September 2020 (5.00 p.m. IST)
8	Book closure dates	Friday, 28 <sup>th</sup> August 2020 to Monday, 14 <sup>th</sup> September 2020 (both days inclusive)
9	Link for Members to update email ID (for physical shareholders)	<a href="https://ris.kfintech.com/email_registration/">https://ris.kfintech.com/email_registration/</a> or send email on <a href="mailto:einward.ris@kfintech.com">einward.ris@kfintech.com</a>
10	Registrar and Transfer Agent - Contact details	KFin Technologies Private Limited Selenium Tower B, Plot Nos. 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500 032 Tel: 1-800-5724-001 <a href="http://www.kfintech.com">www.kfintech.com</a>
11	Grasim Industries Limited – Contact details	A-2 Aditya Birla Centre, S.K. Ahire Marg, Worli, Mumbai 400 030 Email: <a href="mailto:grasim.secretarial@adityabirla.com">grasim.secretarial@adityabirla.com</a>





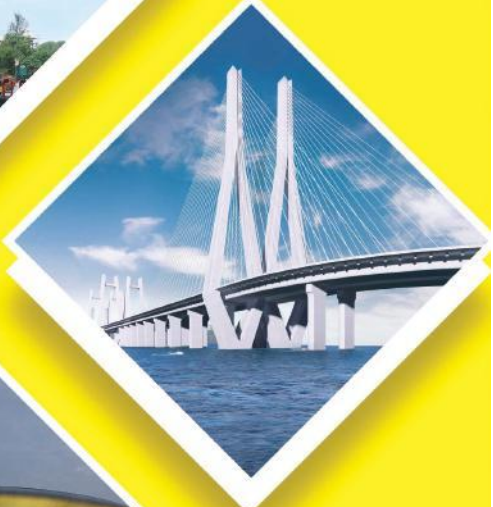
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Grasim Industries Limited



INFORMATION UNDER SECTION 197 OF THE COMPANIES ACT 2013 READ WITH RULE 5(2) & (3) OF THE COMPANIES (APPOINTMENT & REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 AND FORMING PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH 2020

SL.NO	NAME	AGE (Completed Yrs. As on 31.03.20)	QUALIFICATION	DESIGNATION	NATURE OF EMPLOYMENT (CONTRACTUAL OR OTHERWISE)	DATE OF COMMENCEMENT OF EMPLOYMENT IN GRASIM	EXPERIENCE (Years)	GROSS REMUNERATION	PARTICULARS OF LAST EMPLOYMENT, EMPLOYER, LAST POST, NO.OF YRS.	WHETHER EMPLOYEE IS A RELATIVE OF ANY DIRECTOR (YES/NO) (IF YES, PLS. STATE THE RELATIONSHIP & THE NAME OF THE DIRECTOR)
1	Agarwal Hari Krishna	60	B. Com, CA, MBA	Group Executive President and Business Head	Permanent	16-04-2015	37	6,69,72,218	Aditya Birla Chemicals (Thailand) Ltd., President, 7 years	No
2	Agarwal Uday Shankar	57	Doctorate	President	Permanent	19-03-2014	31	1,38,75,978	Reliance Industries Limited, Sr. Vice President, 10 years	No
3	Agrawal Mukul	50	Bachelor of Engineering (Chem), PG Bus Mgmt	President	Permanent	16-08-2018	28	1,12,48,482	PT Indo Bharat Rayon, Joint President, 5 years	No
4	Bahirwani Sura	42	Doctorate	President	Permanent	01-04-2018	18	1,48,18,571	Pantaloons HO, Chief Operating Officer, 2 years	No
5	Bhattachajee Chandra	52	Bsc. PGD in PM&IR	Chief Human Resource Officer	Permanent	01-11-2016	29	1,42,35,559	ABMCPIL, Joint President, 12 years	No
6	Chand Digvijay	56	Bachelor of Engineering	President	Permanent	01-07-2017	29	1,34,46,845	Aditya Birla Nuvo Ltd., President, 8 years	No
7	Chokhi Rakesh	50	Bachelor of Engineering (Mechanical)	Joint President	Permanent	01-03-2011	28	1,04,42,830	Jubilant Organosys, Jubilant, Manager, 2 years	No
8	Dad Suresh	61	B.Com, LLB, CS, PG Diploma in Personnel Management & Industrial Relations	Joint President	Permanent	01-09-2016	32	1,22,85,173	Swiss Singapore India Pvt. Ltd., Head, 2 years	No
9	Dixit Bhargunath Banke	57	Mechanical Engineer	President	Permanent	01-05-2017	34	1,07,59,349	Aditya Birla Chemicals (India) Ltd. President, 2 years	No
10	Dubey Pradip Kumar	55	Master in Technology (Plastic & Fibre Technology)	Senior President	Permanent	25-09-2017	31	2,67,07,341	Aditya Birla Chemicals (Thailand) Ltd., 15 years	No
11	Dwivedi Ashish	50	Bachelor of Engineering, MBA (IT)	President	Permanent	01-07-2013	26	1,45,55,857	ABMCPIL, Vice President, Principal EA to Group Chairman, 6 years	No
12	Garg Ashish	50	B. Tech, MBA	Senior President	Permanent	01-12-2016	27	1,35,87,575	Birla Jingwei Fibres Co Ltd, President, 2 years	No
13	Gaur Dilip	62	Bachelor of Engineering	Managing Director	Permanent	01-04-2016	44	7,47,50,066	Ultratech Cement Limited, Managing Director, 2 years	No
14	Ghosh Satyaki	48	B.Sc, MBA	Chief Executive Officer	Permanent	01-12-2016	24	3,05,67,823	L'Oréal, Global Sales Director, 4 years	No
15	Gopal Rajeev	59	Bachelor of Engineering (Mech)	Chief Marketing Officer	Permanent	05-04-2011	38	2,84,89,407	ITC Limited, Chief Executive Officer, 29 years	No
16	Gupta Ajay Kumar	54	Master in Engineering	Senior President	Permanent	20-11-2017	33	1,73,08,792	RGE Group, Business Unit Head, 1 year	No
17	Gupta Madhurima	60	Masters in Science & MBA	President	Permanent	01-08-2016	37	1,32,79,537	SKT Carbon Black (India) Pvt Ltd, Chief Sourcing Officer, 3 years	No
18	Jain Lalit Kumar	59	Bachelor of Engineering	Joint President	Permanent	18-10-2010	36	1,02,56,712	PT IRR, General Manager, 14 years	No
19	Jain Pavan Kumar	56	B.Com, CA, CS	Senior President	Permanent	15-08-2004	35	2,02,12,312	Aditya Birla Nuvo Limited, Vice President, 5 years	No
20	Jaisoo Ashish	43	BBA, MBA (Mktg)	President	Permanent	04-04-2018	19	1,40,69,805	Lifestyle Brands, Vice President, 2 years	No
21	K. Suresh	56	Master in Engineering	Senior President	Permanent	01-02-2011	33	1,30,73,675	Aditya Birla Chemicals, Thailand, Senior Vice President Thailand, 3 years	No
22	Kadell Hernant Kumar	51	B.Com., FCA, PG Diploma in Strategic Finance & Control	Senior President	Permanent	01-04-2000	29	1,68,52,896	Aditya Birla Nuvo Limited, Deputy General Manager, 7 years	No
23	Kapadia Himanshu	49	B.Com	Senior Vice President	Permanent	01-09-2017	29	1,05,17,284	Adfactors Public Relations P L, Sr. Vice President, 5 years	No
24	Kedia Manoj	54	CA	CFO - Chemical Sector	Permanent	01-07-2017	31	1,59,94,491	Pantaloons, CFO, 1 year	No
25	Khattry Sanjay Kumar Amit	49	CA, CS, ICWA	CFO - Chemical Sector	Permanent	01-06-2015	23	1,45,59,350	ABMCPIL, Mumbai, Sr. Vice President, 5 years	No
26	Kumar Amit	49	Bachelor of Engineering (Mechanical)	President	Permanent	12-09-2018	26	2,24,92,544	General Electric, Vice President SCM, 9 years	No
27	Laddha Ashwin	45	MBA	Joint President	Permanent	29-07-2013	23	1,39,09,426	Sterilite Technologies, Head of Global Sales & Mktg, 12 years	No
28	Madabhushi Kalyan Ram	52	MBA, BE ( Mech,Engg)	Business Head - CFI Sector	Permanent	01-02-2018	29	4,34,34,274	Shell Eastern Chemicals, Singapore, 21 years	No
29	Peranjipe Parag	54	BA (Eco), Masters of Personnel Mgt and Industrial Relations	Chief Human Resources Officer	Permanent	01-02-2016	31	2,25,99,245	Essel Mining & Industries Limited, Chief Human Resource Officer, 1 year	No
30	Pareek Ashu	62	B.Tech	President	Permanent	05-10-2012	41	1,42,99,073	Alexandria Fibre Company, Joint President, 8 years	No
31	Pareek Shashank	51	CA	Joint President	Permanent	06-06-2011	29	1,15,00,600	Aditya Birla Nuvo Limited, Sr. Vice President (F&C), 8 years	No

32	Patel Aspi	65	Doctorate	Chief Technology Officer	Permanent	05-12-2011	33	6,59,24,453	Invista, Global Technology Director, 6 years	No
33	Pathak Rohit	44	Bachelor of Engineering (Hons),	President & CEO	Permanent	01-07-2017	23	1,62,79,460	ABMCP, Pricipal EA to Chairman, 4 years	No
34	Patti Parag	43	Bachelor of Engineering, MS,	Vice President	Permanent	01-04-2019	22	1,04,61,272	Huntsman Industries Limited, Sr Tech Scientist, 1 year	No
35	Pundir Rakesh	49	B. Tech, Master of Mgmt Studies	Joint President	Permanent	02-04-2019	27	1,17,17,567	Idea Cellular Limited, Sr Vice President, 14 years	No
36	Puri Prashant	61	M. Sc, Doctorate	President (R & D)	Permanent	01-07-2017	34	1,48,11,349	ABSTC -Head -Crop Marketing SPEC-Crops South Asia, 8 years	No
37	Rustogi Anil	54	B. Com, CA, ICWA	Chief Financial Officer	Permanent	01-09-2013	35	2,04,37,443	Aditya Birla Nuvo Limited- CFD President, 11 years	No
38	Saboo S.K.	77	CA	Advisor	Permanent	01-10-1966	53	4,31,79,391	Century Spinning & Manufacturing Company Ltd., Salesman, 5 years	No
39	Samuel Manohar	59	B. Tech, Master of Textile Technology	Senior President	Permanent	01-06-1999	35	1,66,93,253	Indo Rama Synthetics (India) Ltd, Deputy General Manager (Mkg), 3 years	No
40	Sanjiv Rajendra	56	B.E., M.E (Chem Engg), MBA	President	Permanent	01-07-2017	33	1,08,81,205	Deepak Fertilizers, AVP, 24 years	No
41	Singh Manmohan	49	Diploma, B.Tech., MBA	President & Unit Head	Permanent	06-12-2014	30	1,35,93,556	Trident Limited, CEO, 6 months	No
42	Sodani Suresh	53	CA, ICWA	President	Permanent	09-12-1991	28	1,64,08,240	Aditya Birla Chemicals (India) Ltd., President, 2 years	No
43	Srirangarajan V. S.	56	Master in Computer Application	Chief Information Officer	Permanent	01-02-2014	33	1,54,26,584	Aditya Birla Management Corporation Private Limited, Joint President, 8 years	No
44	Srivastava Sunilkumar	64	Bachelor of Engineering (Chemical)	Unit Head	Permanent	15-05-2018	40	1,08,78,557	Birla Jingweil Fibres Co Ltd, President, 7 years	No
45	Tiwari Prem	56	MBA (Finance)	Joint President	Permanent	10-11-2014	36	1,09,41,126	Aditya Birla Chemicals Thailand, Senior Vice President, 26 years	No
46	Tulisan G.K.	83	Bsc., FCA & MBIM (London)	Executive President	Permanent	16-06-1983	55	4,09,43,362	Thai Rayon Co. Ltd, Vice President(Comm), 3 years	No
47	Varghese Thomas	59	B.Tech. (Textile)	Business Head (Textiles)	Permanent	01-04-2014	38	5,67,99,999	Grasim Bhiwani Textile Ltd Business Head -Textiles, 2 years	No
48	Venkataram Balakrishnan	48	Doctorate	Joint President	Permanent	17-06-2014	26	1,08,50,603	Ashland, Regional Sales Director- Asia Pacific, 6 years	No
49	Venketachalam K H	52	Diploma, B.Com, Master of PMIR	Chief Human Resource Officer	Permanent	21-10-2018	30	1,85,30,000	Swiss Singapore, CHRO, 3 years	No
50	Verma Sanjay Kumar	54	B.Tech, Textile, MBA-Marketing & Finance	Senior President	Permanent	27-09-2000	29	1,72,78,027	P.T. Polyshindo, Indonesia, General Manager, 3 years	No
51	Wadia Hutokshi	60	B.Com, CA, CS	President & Company Secretary	Permanent	01-03-2015	40	1,02,35,865	Aditya Birla Nuvo Limited, Vice President, 2 years	No

( B ) EMPLOYED FOR PART OF THE FINANCIAL YEAR UNDER REVIEW AND WERE IN RECEIPT OF REMUNERATION AT THE RATE OF NOT LESS THAN RS. 8,50,000/- PER MONTH

SL.NO	NAME	AGE (Completed Yrs. As on 31.03.20)	QUALIFICATION	DESIGNATION	NATURE OF EMPLOYMENT (CONTRACTUAL OR OTHERWISE)	DATE OF COMMENCEMENT OF EMPLOYMENT IN (GRASIM)	EXPERIENCE (Years)	GROSS REMUNERATION	PARTICULARS OF LAST EMPLOYMENT, EMPLOYER, LAST POST, NO.OF YRS.	WHETHER EMPLOYEE IS A RELATIVE OF ANY DIRECTOR (YES/NO) (IF YES, PLS. STATE THE RELATIONSHIP & THE NAME OF THE DIRECTOR)
1	Adukia Ashish	44	B.Com, CA, MBA	Chief Financial Officer	Permanent	01-07-2019	17	1,64,61,427	ABMCP, Sr President, 6 years	No
2	Agarwal Sushil	56	M.Com, CA	CFO & Whole Time Director	Permanent	01-07-2015	31	3,80,71,793	Aditya Birla Nuvo Limited, Whole Time Director & Chief Financial Officer, 6 years	No
3	Dua Jayant	55	PGPIM, B.Tech (Chemicals)	Chief Executive Officer	Permanent	01-10-2019	33	1,56,39,402	Century Textiles & Industries Ltd., Chief Executive Officer, 4 years	No
4	E R Raj Narayanan	58	BE Tech Chemical , PGDM (Mktng & Int Business)	Group Executive President	Permanent	01-07-2017	36	1,99,92,418	Aditya Birla Nuvo Limited, Senior President, 2 years	No
5	Gupta Krishna	61	B.Sc, M.Sc	Vice President	Permanent	01-07-2007	37	1,09,48,312	-	No
6	Jagekya Shiram	51	CA	Executive President	Permanent	01-07-2017	28	72,47,425	Aditya Birla Nuvo Ltd., President, 8 years	No
7	Kohli Rahul	62	B.Sc. , MBA-IIM	Chief Executive Officer	Permanent	01-07-2017	36	1,51,76,501	SKI Carbon ,Chief Marketing Officer, 7 years	No
8	Kulwal Sunil	59	CA, CS	Chief Executive Officer	Permanent	01-07-2019	36	1,29,37,982	Birla White , CEO , 3 years	No
9	Machher Ashok	52	CA	Chief Financial Officer	Permanent	01-07-2019	26	1,97,36,278	Hindalco Industries Ltd., Head Corporate Affairs, 8 Years	No
10	Patil Neela	60	CA, CS	Senior President	Permanent	01-03-2017	37	74,07,322	Hindalco Industries Limited	No
11	Singh surya Kumar	60	B.Tech, LL.B, MBA, PGD, MSc, Doctorate	Senior Vice President	Permanent	01-08-2008	38	1,17,63,704	Grasim Staple Fibre Division, Sr. Vice President, 9 years	No
12	Sitani Shalindra	61	B.Com, CA	Joint President	Permanent	11-10-2010	37	1,38,37,799	Birla Lao Pulp & Plantation, Joint President, 5 years	No
13	Thacker Parsh	59	B.Com, LL.B, CS	President	Permanent	06-05-2019	32	1,35,46,623	Ultratech Cement, President, 2 years	No

Date: 13th August 2020  
Place: Mumbai





**INDEPENDENT AUDITORS' REPORT**

To the Members of Indorama India Private Limited

Report on the Audit of the Financial Statements

**Opinion**

We have audited the accompanying financial statements of **Indorama India Private Limited (Formerly known as IRC Agrochemicals Private Limited)** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss, including Other Comprehensive Income, the Statement of Cashflows and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013, as amended ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

**Emphasis of Matter**

We draw attention to the following notes of the Financial Statements:

- Note 49 regarding carry forward of unutilized input credit of Goods and Services Tax ('GST') amounting to Rs.4,464.84 lakhs on input services recognized by the Company based on its assessment of subsequent utilization;
- Note 50 regarding non provision and payment of Integrated Goods & Service Tax on reverse charge basis on Ocean Freight amounting to Rs.991.92 lakhs from April 1, 2019 till March 31, 2020 based on legal opinion obtained and a writ petition has been filed by the Company;



- Note 51 regarding Goods and Services Tax ('GST') input credit amounting to Rs.2,649.09 lakhs recognized on inputs transferred on the acquisition of business from Tata Chemicals Limited on June 1<sup>st</sup>, 2018 based on a legal opinion obtained and the matter is sub-judice;
- Note 55 in respect of Scheme of Arrangement between the company and Indorama Industries Limited (IIL) wherein the spandex business of IIL shall be transferred to the Company with effect from appointed date 1<sup>st</sup> October, 2019 subject to obtaining of necessary approvals, as more fully described therein. Pending such approvals, no adjustment has been made in these financial statements in respect to such scheme.

Our opinion is not modified in respect of the above matters.

#### **Information Other than the Financial Statements and Auditors' Report Thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Company's Director's Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), changes in equity and cashflows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are also responsible for overseeing the Company's financial reporting process.



## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

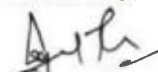


## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015 as amended;
  - e) The matters described in the Emphasis of Matter paragraph above, in the event of being decided unfavorably, in our opinion, may not have an adverse effect on the functioning of the Company;
  - f) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
  - g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
  - h) In our opinion and according to the information and explanations given to us, the provisions of Section 197 of the Act are not applicable to the Company.
  - i) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements -Refer Note 50,51 and 52 to the Financial Statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.



For Singhi & Co.  
Chartered Accountants  
Firm's Registration No. 302049E

  
(Gopal Jain)

Partner

Membership No. 059147  
UDIN :20059147AAAACP8826

Place: Kolkata

Date: August 24, 2020

**Annexure - A to the Independent Auditor's Report**

(Referred to in paragraph 1 with the heading 'Report on Other Legal and Regulatory Requirements' section of our report of even date in respect to Statutory Audit of Indorama India Private Limited (formerly Known as IRC Agrochemicals Private Limited) for the year ended March 31, 2020)

We report that:

- i. In respect of its fixed assets:
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) As explained to us, property, plant and equipment have been physically verified during the year by the management in a phased manner in accordance with a planned programme of verifying them once in three years and no material discrepancies have been noticed on such physical verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
  - c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties included in property, plant and equipment are held in the name of the company except office building of Rs.718.80 lakhs whose registration in the Company's name is in process as on 31st March, 2020.
- ii. In respect of inventories, physical verification has been conducted by the management at reasonable intervals during the year and in our opinion the frequency of verification is reasonable. According to the information and explanation given to us, no material discrepancies were noticed on physical verification of inventories as compared to the book records except as referred in note no. 53 of the financial statements and the same has been properly dealt with in the books of accounts. Inventories lying with outside parties have been confirmed by them at the year end.
- iii. The Company has not granted any loan to parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, clause 3 (iii) of the order is not applicable to the company.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Act, with respect to the investments made during the year. In our opinion and according to the information and explanations given to us, there are no loans, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable.
- v. The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.



- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is regular in depositing undisputed statutory dues including provident fund, employee's state insurance, income tax, goods and service tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, goods and service tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues were in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.
- (b) According to the information and explanation given to us, there are no dues of sales tax, income tax, duty of customs, duty of excise, service tax and value added tax which have not been deposited on account of any dispute as on March 31, 2020. The particulars of dues of goods and service tax as at March 31, 2020 which have not been deposited on account of a dispute, are as follows:-

Name of the statute	Nature of dues	Amount(Rs. In Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Goods and Service Tax Act, 2017	GST	991.92	F.Y.-2019-20	Hon'ble High Court of Kolkata
<b>Total</b>		<b>991.92</b>		

- viii. According to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to banks. There were no loans taken from financial institutions and no debentures were outstanding at any time during the year.
- ix. In our opinion, and according to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) and has not taken any term loan during the year.
- x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- xi. According to the information and explanations given to us, the Company being a Private Limited Company, the provisions of section 197 read with Schedule V to the Companies Act, 2013 are not applicable to the Company.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3 (xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.



- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3 (xiv) of the order is not applicable to the company.
- xv. According to the information and explanations given to us and as represented to us by the management and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Singhi & Co.  
Chartered Accountants  
Firm's Registration No. 302049E



  
(Gopal Jain)  
Partner

Membership No. 059147  
UDIN : 20059147AAAACP8826

Place: Kolkata  
Date: August 24, 2020

**ANNEXURE - B TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 2(f) with the heading 'Report on Other Legal and Regulatory Requirements' section of our report of even date in respect to Statutory Audit of Indorama India Private Limited (formerly known as IRC Agrochemicals Private Limited) for the year ended March 31, 2020)

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to financial statements of Indorama India Private Limited (formerly known as IRC Agrochemicals Private Limited) ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal financial control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.





**MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS**

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS**

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**OPINION**

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at March 31, 2020, based on the internal financial control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. However certain controls in respect of the materials lying at a godown located at dockside near the port have been further strengthened during the year as elaborated in detail in note - 53.



For Singhi & Co.  
Chartered Accountants  
Firm's Registration No. 302049E

(Gopal Jain)  
Partner

Membership No. 059147  
UDIN : 20059147AAAACP8826

Place: Kolkata  
Date: August 24, 2020

Indorama India Private Limited (Formerly known as IRC Agrochemicals Private Limited)  
Balance Sheet as at 31 March 2020

All amount in Rs. Lakhs, unless otherwise stated

Sl. No.	Particulars	Note	As at 31 March 2020	As at 31 March 2019
<b>ASSETS:</b>				
<b>I. Non-current Assets</b>				
	Property, Plant and Equipment	5 A	25,685.28	43,208.76
	Capital Work-in-Progress	5 C	5,488.15	503.06
	Right-of-use assets	5 D	20,613.58	-
	Intangible Assets	5 B	4,368.02	4,385.69
	Financial Assets			
	(i) Loans	6	462.01	365.19
	Non-Current Tax Assets (Net)	7	11.98	11.98
	Other Non Current Assets	8	797.71	964.69
	<b>Total Non-Current Assets</b>		<b>57,426.73</b>	<b>49,439.37</b>
<b>Current Assets</b>				
	Inventories	9	29,290.23	49,638.04
	Financial Assets			
	(i) Investments	10	5,500.07	-
	(ii) Trade Receivables	11	1,06,528.99	1,26,311.15
	(iii) Cash and Cash Equivalents	12	1,658.37	1,898.56
	(iv) Others Financial Assets	13	3,583.69	479.48
	Other Current Assets	14	9,624.53	9,468.59
	Asset Held for Disposal	15	-	350.90
	<b>Total Current Assets</b>		<b>1,56,185.88</b>	<b>1,88,146.72</b>
	<b>TOTAL ASSETS</b>		<b>2,13,612.61</b>	<b>2,37,586.09</b>
<b>II. EQUITY AND LIABILITIES:</b>				
<b>Equity</b>				
	Equity Share Capital	16 A	29,995.14	29,995.14
	Other Equity	16 B	36,634.10	26,958.92
			<b>66,629.24</b>	<b>56,954.06</b>
<b>Liabilities</b>				
<b>Non-Current Liabilities</b>				
<b>Financial Liabilities</b>				
	(i) Borrowings	17A	-	15,074.80
	(ii) Lease Liabilities	17B	20,437.99	-
	(iii) Other Financial Liabilities	18	886.21	764.30
	Provisions	19	1,090.28	775.01
	Deferred tax liabilities (Net)	20	3,999.82	5,960.85
	<b>Total Non Current Liabilities</b>		<b>26,414.30</b>	<b>22,574.96</b>
<b>Current Liabilities</b>				
<b>Financial Liabilities</b>				
	(i) Borrowings	21	85,391.57	1,12,161.31
	(ii) Lease Liabilities	17B	1,053.25	-
	(iii) Trade Payables	22		
	(a) total outstanding dues of micro enterprises and small enterprises; and		199.58	8.67
	(b) total outstanding dues of creditors other than micro enterprises and small enterprises		25,187.97	36,011.52
	(iv) Other Financial Liabilities	23	1,556.29	6,263.10
	Other Current Liabilities	24	5,432.63	3,526.00
	Provisions	25	87.83	86.47
	Current Tax Liabilities (net)	26	1,659.95	-
	<b>Total Current Liabilities</b>		<b>1,20,569.07</b>	<b>1,58,057.07</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,13,612.61</b>	<b>2,37,586.09</b>

The accompanying Notes form an integral part of these Financial Statements.

This is the Balance Sheet referred to in our report of even date.

For Singhi & Co.  
Chartered Accountants  
Firm Registration Number - 302049E



(Gopal Jain)  
Partner  
Membership Number: 059147

Place: Kolkata  
Date: 24.08.2020




For and on behalf of the Board of Indorama India  
Private Limited



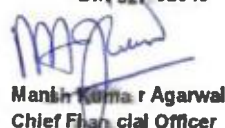
Vishwajit Kumar Sinha  
Director

DIN 027 02645

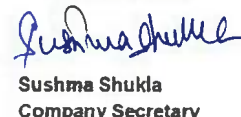


Ashvini Hiran  
MD and CEO

DIN: 07484872



Manish Kumar Agarwal  
Chief Financial Officer



Sushma Shukla  
Company Secretary

ACC 26825

Indorama India Private Limited (Formerly known as IRC Agrochemicals Private Limited)  
Statement of Profit and Loss for the year ended 31 March 2020

All amount in Rs. Lakhs, unless otherwise stated

Sl. No.	Particulars	Note	Year ended 31 March 2020	Year ended 31 March 2019
<b>INCOME</b>				
I	Revenue from Operations	27	3,40,086.54	3,62,353.87
II	Other Income	28	1,659.83	546.26
III	<b>Total Income</b>		<b>3,41,746.37</b>	<b>3,62,900.13</b>
<b>IV EXPENSES</b>				
	Cost of Materials Consumed	29	1,66,824.51	1,64,947.31
	Purchases of Stock-in-Trade	30	96,499.74	1,38,945.31
	Changes in Inventories of Finished Goods and Stock-in-Trade	31	9,953.51	(3,814.07)
	Employee Benefit Expense	32	4,747.17	3,621.96
	Finance Costs	33	11,063.53	5,160.52
	Depreciation and Amortization Expense	34	5,541.91	4,633.63
	Other Expenses	35	35,276.54	37,895.51
	<b>Total Expenses</b>		<b>3,29,906.91</b>	<b>3,51,390.17</b>
V	<b>Profit/(Loss) before Exceptional Items and Tax</b>		<b>11,839.46</b>	<b>11,509.96</b>
VI	Exceptional items		-	-
VII	<b>Profit/(Loss) before Tax</b>		<b>11,839.46</b>	<b>11,509.96</b>
VIII	<b>Tax Expenses</b>	36		
	1) Current Tax		3,976.96	5,939.87
	2) Deferred Tax		316.76	(1,997.03)
	<b>Total Tax Expenses</b>		<b>4,293.72</b>	<b>3,942.84</b>
IX	<b>Profit (Loss) for the year</b>		<b>7,545.74</b>	<b>7,567.12</b>
X	<b>Other comprehensive income</b>			
A(i)	Items that will not be reclassified to profit or loss	37		
	Gain on Business Combination		-	19,597.11
	Re-measurement of Defined benefit plans		(148.35)	(144.64)
A(ii)	Income tax relating to items that will not be reclassified to profit or loss		37.34	50.54
B(i)	Items that will be reclassified to profit or loss (net of tax)		-	-
XI	<b>Total Comprehensive Income for the year</b>		<b>7,434.73</b>	<b>27,070.13</b>
XII	<b>Earnings/(Loss) per Equity Share (in Rs.)(Face value of Rs.10 per Share)</b>			
	1) Basic	38	2.52	2.98
	2) Diluted		2.52	2.98

The accompanying Notes form an integral part of these Financial Statements.

This is the Statement of Profit and Loss referred to in our report of even date.

For Singhi & Co.  
Chartered Accountants  
Firm Registration Number -302049E

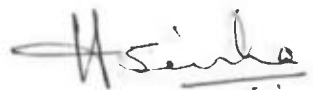


(Gopal Jain)  
Partner  
Membership Number: 059147

Place: Kolkata  
Date: 24.08.2020



For and on behalf of the Board of Indorama India Private Limited

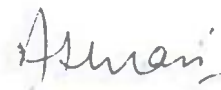


Vishwajit Kumar Sinha  
Director

DIN: 02702645

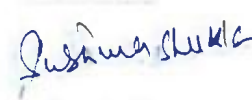


Manish Kumar Agarwal  
Chief Financial Officer



Ashvini Hiran  
MD and CEO

DIN: 07484872



Sushma Shukla  
Company Secretary

ACS 26825



Indorama India Private Limited (Formerly known as IRC Agrochemicals Private Limited)  
Statement of Cash Flow for the year ended 31 March 2020

All amount in Rs. Lakhs, unless otherwise stated

	Year ended 31 March 2020	Year ended 31 March 2019
<b>A. Cash Flow from Operating Activities</b>		
Profit before tax for the Year	11,839.46	11,509.96
Adjustments for :		
Depreciation and amortization expenses	5,541.91	4,633.63
Finance Costs	11,063.53	5,160.52
Interest Income	(26.58)	(9.10)
Liabilities no longer required written back	(988.06)	(13.65)
Provision for expected credit loss	400.48	-
Property, Plant and Equipment Written Off	40.06	-
Interest Income on Financial Assets measured at amortised cost	(16.45)	(12.88)
Unrealised Forex Loss / (Gain) (Net)	5,186.32	(2,346.71)
(Gain)/Loss in Fair Value of Derivatives	(3,583.69)	4,576.95
(Gain)/Loss in Fair Value of Investment	(0.07)	-
Profit on Sale of Investments	(91.23)	(492.77)
<b>Operating Profit/ (Loss) before Working Capital Changes</b>	<b>29,365.68</b>	<b>23,005.95</b>
<b>Changes in Working Capital:</b>		
(Increase) in Trade Receivables	19,381.68	(1,03,249.74)
Change in other Financial/Non Financial Assets	(3,809.56)	(7,927.00)
(Increase) in Inventories	20,347.82	(20,895.02)
Increase/(Decrease) in Trade payables	(14,830.90)	33,645.42
Change in Financial/Non-Financial Liabilities	10,914.61	2,189.77
<b>Cash (used in) Operations</b>	<b>61,369.33</b>	<b>(73,230.62)</b>
Direct Taxes (paid)/ refund	(2,354.54)	(5,951.86)
<b>Net Cash (used in) Operating Activities</b>	<b>59,014.79</b>	<b>(79,182.48)</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of property, plant and equipment/Capital Work in Progress	(6,096.78)	(1,090.24)
Sale of property, plant and equipment	0.32	-
Acquisition of new business	-	(56,839.00)
(Purchase)/Sale of Current Investment (net)	(5,408.77)	492.76
Interest received	26.58	9.10
<b>Net Cash from Investing Activities</b>	<b>(11,478.65)</b>	<b>(57,427.40)</b>
<b>C. Cash Flow from Financing Activities</b>		
Net Proceeds from issuance of shares	-	29,600.00
Principal payment of lease Liabilities (31st March 2019: Principal payment of Finance lease obligation)	(990.51)	(511.38)
Proceeds/(Repayment) of Short term borrowings to Banks	(35,614.19)	1,14,112.25
Finance Cost on leases	(1,964.33)	(1,217.15)
Finance Cost paid	(9,207.30)	(3,728.94)
<b>Net Cash from / (used in) Financing Activities</b>	<b>(47,776.33)</b>	<b>1,38,254.80</b>
Net increase in Cash and cash equivalents (A+B+C) (A+B+C)	<b>(240.19)</b>	<b>1,644.92</b>
<b>D. Cash and cash equivalents</b>		
Net Increase in Cash and Cash Equivalents	(240.19)	1,644.92
<b>Cash and cash equivalents at the Beginning</b>	<b>1,898.56</b>	<b>253.64</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>1,658.37</b>	<b>1,898.56</b>

(1) Cash and cash equivalents consist of cash on hand and balance with banks and deposits with banks.

(i) Balance with Banks in		
Current Account	1,657.27	1,897.59
Deposit accounts (with original maturity less than 3 months)	-	-
(ii) Cash on hand	1.10	0.97
Cash and cash equivalents as at 31 March (Refer Note 12)	<b>1,658.37</b>	<b>1,898.56</b>

(2) The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Indian Accounting Standard on 'Statement of Cash Flows (Ind AS-7)' as prescribed under The Indian Accounting Standard Rules 2015.



(3) Reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities

Item	Balance as on 1 April 2019	Cash Flow	Non cash changes			Balance as on 31 March 2020
			Expenses	Classification	Fair Value Adjustment	
Short term Borrowings	1,12,161.31	(35,614.19)	-	-	8,844.45	85,391.58
Lease Liability	15,911.42	(990.51)	-	6,570.33	-	21,491.24
Interest	214.44	(11,171.63)	11,024.41	-	-	67.21
<b>Total Liability from financing Activities</b>	<b>1,28,287.17</b>	<b>(47,776.33)</b>	<b>11,024.41</b>	<b>6,570.33</b>	<b>8,844.45</b>	<b>1,06,950.03</b>

Item	Balance as on 1 April 2018	Cash Flow	Non cash changes			Balance as on 31 March 2019
			Expenses	Classification	Fair Value Adjustment	
Short term Borrowings	-	1,14,12.25	-	-	(1,950.94)	1,12,161.31
Lease Liability	-	(51.38)	-	16,481.77	(58.97)	15,911.42
Interest	-	(4,946.58)	5,160.52	-	-	214.44
<b>Total Liability from financing Activities</b>	<b>-</b>	<b>1,08,654.79</b>	<b>5,160.52</b>	<b>16,481.77</b>	<b>(2,009.91)</b>	<b>1,28,287.17</b>

The accompanying Notes form an integral part of these Financial Statements.

This is the Statement of Cash flow referred to in our report of even date.

For Singhi & Co.  
Chartered Accountants  
Firm Registration Number -302049E



(Gopal Jain)  
Partner  
Membership Number: 059147

Place: Kolkata  
Date: 24.08.2020



For and on behalf of the Board of Indorama India Private Limited



Vishwajit Kumar Sinha  
Director  
DIN: 0270264



Manish Kumar Agarwal  
Chief Financial Officer



Ashvini Hiran  
MD and CEO  
DIN: 07484872



Sushma Shukla  
Company Secretary  
ACS 26825



**Indorama India Private Limited (Formerly known as IRC Agrochemicals Private Limited)**  
**Statement of Changes in Equity for the year ended 31 March 2020**

All amount in Rs. Lakhs, unless otherwise stated

**(a) Equity Share Capital**

Particulars	Note	
Balance as on 31 March 2018		395.14
Issued during the year		29,600.00
Balance as on 31 March 2019	16A	29,995.14
Issued during the year		-
Balance as on 31 March 2020		29,995.14

**(b) Other Equity**

Particulars	Note	Reserves and Surplus		Other Reserves		Total
		Capital Reserve on Business Combination	Retained Earnings	Other Comprehensive Income		
				Gain on Business Combination	Re-measurement of Defined Benefit Obligation	
Balance as at 31 March 2018		-	(111.21)	-	-	(111.21)
Profit for the year		-	7,567.12	-	-	7,567.12
Total Comprehensive income for the year :						
Gain from Business Combination				19,597.11		19,597.11
Gain from Business Combination transferred to Capital Reserve	16B	19,597.11		(19,597.11)		-
Remeasurements Gain/ (Loss) of defined benefit Plan (net of tax)		-	-	-	(94.10)	(94.10)
Transfer to retained earnings			(94.10)		94.10	
Balance as at 31 March 2019		19,597.11	7,361.81	-	-	26,958.92
Profit for the year		-	7,545.74	-	-	7,545.74
Total Comprehensive income for the year :						
Adjustment for Remeasurement of Deferred Tax on adoption of new tax regime (refer note-56)	16B	2,240.45		-	-	2,240.45
Remeasurements Gain/ (Loss) of defined benefit Plan (net of tax)		-	-	-	(111.01)	(111.01)
Transfer to retained earnings			(111.01)		111.01	
Balance as at 31 March 2020		21,837.56	14,796.54	-	-	36,634.10

The accompanying Notes form an integral part of these Financial Statements.  
 This is the Statement of Changes in Equity referred to in our report of even date.

For Singhi & Co.  
 Chartered Accountants  
 Firm Registration Number -302049E

For and on behalf of the Board of Indorama India  
 Private Limited



(Gopal Jain)  
 Partner  
 Membership Number: 059147





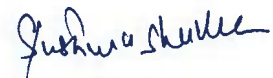
Vishwajit Kumar Sinha  
 Director  
 DIN: 02702645



Ashvini Hiran  
 MD and CEO  
 DIN: 07484872



Manish Kumar Agarwal  
 Chief Financial Officer



Sushma Shukla  
 Company Secretary  
 ACS 26825



Place: Kolkata  
 Date: 24.08.2020

5A Property, Plant & Equipment

Particulars	Gross Carrying Value					Depreciation					Net Carrying Value		
	As at 1 April 2019	Additions during the year	Reclassified as Right of use Assets	Disposal/ adjustments during the Year	Reclassified as assets held for sale	As at 31 March 2020	As at 1 April 2019	For the year	Reclassified as Right of use Assets	Disposal/ adjustments during the Year	As at 31 March 2020	As at 31 March 2020	As at 31 March 2019
<b>Owne</b>													
Land- Freehold	159.25	-		-	-	159.25	-		-	-	-	159.25	159.25
Buildings	6,209.13	792.11		53.70	-	6,947.54	383.87	415.98	-	3.65	796.20	6,151.34	5,825.26
Plant & Machinery	24,669.71	232.41		53.65	-	24,848.27	2,715.31	3,015.70	-	15.37	5,715.64	19,132.63	21,954.40
Computers	93.40	41.65		0.52	-	134.53	70.75	19.38	-	0.51	89.62	44.91	22.65
Office Equipment	99.57	9.31		0.25	-	108.63	30.08	27.77	-	0.24	57.61	51.02	69.49
Furniture & Fixtures	98.69	5.37		-	-	104.06	17.22	12.65	-	-	29.87	74.19	81.47
Vehicles	13.09	64.80		-	-	77.89	1.86	4.09	-	-	5.95	71.94	11.23
<b>Under Finance Lease</b>													
Plant & Machinery-Finance Lease	16,481.77	-	16,481.77	-	-	-	1,396.76	-	1,396.76	-	-	-	15,085.01
<b>Total</b>	<b>47,824.61</b>	<b>1,145.65</b>	<b>16,481.77</b>	<b>108.32</b>	<b>-</b>	<b>32,380.17</b>	<b>4,615.85</b>	<b>3,495.57</b>	<b>1,396.76</b>	<b>19.77</b>	<b>6,694.89</b>	<b>25,685.28</b>	<b>43,208.76</b>

Property, Plant & Equipment

Particulars	Gross Carrying Value					Depreciation					Net Carrying Value	
	As at 1 April 2018	Additions during the year	Added on Business Combination during the year	Disposal/ adjustments during the Year	Reclassified as assets held for sale	As at 31 March 2019	As at 1 April 2018	For the year	Disposal/ adjustments during the Year	As at 31 March 2019	As at 31 March 2019	As at 31 March 2018
<b>Owne</b>												
Land- Freehold			159.25			159.25					159.25	-
Buildings		256.49	5,983.10		30.46	6,209.13		383.87		383.87	5,825.26	-
Plant & Machinery		320.97	24,747.00	5.71	392.56	24,669.71		2,715.53	0.22	2,715.31	21,954.40	-
Computers	1.15	1.75	90.56		0.06	93.40	0.02	70.73		70.75	22.65	11.13
Office Equipment		9.43	90.14		-	99.57		30.08		30.08	69.49	-
Furniture & Fixtures		4.03	94.81		0.15	98.69		17.22		17.22	81.47	-
Vehicles		-	13.09		-	13.09		1.86		1.86	11.23	-
<b>Under Finance Lease</b>												
Plant & Machinery-Finance Lease		16,481.77				16,481.77		1,396.76		1,396.76	15,085.01	-
<b>Total</b>	<b>1.15</b>	<b>17,074.44</b>	<b>31,177.95</b>	<b>5.70</b>	<b>423.23</b>	<b>47,824.61</b>	<b>0.02</b>	<b>4,616.05</b>	<b>0.22</b>	<b>4,615.85</b>	<b>43,208.76</b>	<b>11.13</b>

i Property, Plant and equipment taken on finance lease in earlier year has been reclassified to right of use assets as on 01st April 2019 on implementation of Ind As 116. (Refer Note-40)

ii For Capital expenditures contracted but not incurred, refer Note-42.

iii None of the above Property, Plant and equipment are pledged and hypothecated against Borrowings.

iv Building includes Rs.718.74 lakhs (net off depreciation) (31st March 2019: Nil) in respect of a Office Building whose registration in the Company's name is pending.



5B Intangible Assets

Particulars	Gross Carrying Value					Depreciation					Net Carrying Value	
	As at 1 April 2019	Additions during the year	Added on Business Combination during the year	Disposal/ adjustments during the Year	Reclassified as assets held for sale	As at 31 March 2020	As at 1 April 2019	For the year	Disposal/ adjustments during the Year	As at 31 March 2020	As at 31 March 2020	As at 31 March 2019
Computer Software	53.45	-	-	-	-	53.45	17.76	17.67	-	35.78	18.02	36.9
Trademarks	4,403.45	-	-	-	-	4,403.00	-	-	-	4,368.00	4,360.00	4,360.00
<b>Total</b>	<b>4,403.45</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,403.45</b>	<b>17.76</b>	<b>17.67</b>	<b>-</b>	<b>35.43</b>	<b>4,368.02</b>	<b>4,385.69</b>

5B Intangible Assets

Particulars	Gross Carrying Value					Depreciation					Net Carrying Value	
	As at 1 April 2018	Additions during the year	Added on Business Combination during the year	Disposal/ adjustments during the Year	Reclassified as assets held for sale	As at 31 March 2019	As at 1 April 2018	For the year	Disposal/ adjustments during the Year	As at 31 March 2019	As at 31 March 2019	As at 31 March 2018
Computer Software	52.00	-	1.45	-	-	53.45	0.18	17.56	-	35.89	35.69	51.62
Trademarks	4,350.00	-	-	-	-	4,350.00	-	-	-	4,350.00	4,350.00	-
<b>Total</b>	<b>4,402.00</b>	<b>-</b>	<b>1.45</b>	<b>-</b>	<b>-</b>	<b>4,403.45</b>	<b>0.18</b>	<b>17.56</b>	<b>-</b>	<b>35.89</b>	<b>4,385.69</b>	<b>51.62</b>

5C Capital Work-in-Progress

	As at 31 March 2020	As at 31 March 2019
Opening	503.06	-
Additions	6,009.61	1,095.73
Transferred to Property, Plant & Equipment/ Adjustments	1,024.52	592.67
<b>Closing*</b>	<b>5,486.15</b>	<b>503.06</b>

\* Represents mainly plant and machinery which are under construction

\* Addition includes Rs 18.18 lakhs (Previous year : Nil) on account of borrowing cost capitalization.

5D Right-of-use assets

	Land	Plant and Machinery	Total
Reclassified on Account of adoption of Ind As 116 as on 01.04.2019	-	16,481.77	16,481.77
On adoption of Ind As 116	7,557.24	-	7,557.24
<b>At 31st March 2020</b>	<b>7,557.24</b>	<b>16,481.77</b>	<b>24,039.01</b>
<b>Accumulated Depreciation</b>			
Reclassified on Account of adoption of Ind As 116 as on 01.04.2019	-	1,396.76	1,396.76
Depreciation charge for the year	352.56	1,676.11	2,028.67
<b>At 31st March 2020</b>	<b>352.56</b>	<b>3,072.87</b>	<b>3,425.43</b>
<b>Net Book Value</b>			
At 31st March 2020	-	-	-
<b>At 31st March 2020</b>	<b>7,204.68</b>	<b>13,408.90</b>	<b>20,613.58</b>

Note: Additions to the right-of-use assets during the 2019-20 financial year in respect to Land were Rs. 7,557.24 lakhs. Regrouped from finance lease of Rs. 15,085.01 lakhs as on 01.04.2019





All amount in Rs. Lakhs, unless otherwise stated

	As at 31 March 2020	As at 31 March 2019
<b>6 Non-Current - Loans</b>		
Unsecured, considered good		
Security Deposits*	462.01	365.19
	<b>462.01</b>	<b>365.19</b>
*Security Deposit are hypothecated to secure Short -term borrowings (Refer Note-21).		
<b>7 Non-Current Tax Assets (Net)</b>		
Advance Payment of Income Tax (net)	11.98	11.98
	<b>11.98</b>	<b>11.98</b>
<b>8 Other Non Current Assets</b>		
Capital Advances (refer note (b) below)		
Considered Good	783.75	-
Prepaid Expenses	13.96	14.44
Deferred Rent Expenses (refer note (a) below)	-	950.25
	<b>797.71</b>	<b>964.69</b>
(a) Non-current part of Deferred rent in the previous year is against Security deposit given. During the current financial year the same has been transferred to Right of Use on adoption of Ind As 116		
(b) Capital Advance are hypothecated to secure Short - term borrowings (Refer Note-21).		
<b>9 Inventories: (at lower of cost or net realizable value)</b>		
Raw Materials	23,238.28	33,546.13
Finished Goods	3,015.37	7,829.69
Stock-in-Trade	1,965.67	7,104.86
Stores and Spares ( c)	892.33	943.76
Packing Material	178.58	213.60
	<b>29,290.23</b>	<b>49,638.04</b>

- (a) Inventories are hypothecated to secure Short -term borrowings (Refer Note-21).  
(b) Raw Material includes material on transit Rs.13,500.93 lakhs (31st March 2019 Rs.19,545.94 lakhs).  
(c) Stores & Spares balance is after providing of obsolescence amounting to Rs. - Rs.830.00 lakhs (31st March 2019: Rs. 883.10 lakhs).  
(d) Write downs of value of Raw Material and Finished Goods at net realizable value amounted to Rs. 337.44 lakhs (Previous year: nil). These were recognized as expenses during the year and included in "cost of raw material consumed" and "change in value of inventories of finished goods" in the Statement of Profit & Loss.

**10 Current Investments**

Particulars	Face Value per share / unit (₹)	As at 31 <sup>st</sup> March 2020		As at 31 <sup>st</sup> March 2019	
		Shares/Units	Amount	Shares/Units	Amount
<b>(fully paid-up unless otherwise stated)</b>					
<b>INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS</b>					
<b>Investments in Mutual Funds (Quoted)</b>					
AXIS Overnight Fund Direct Growth	1,000	5,21,077.934	5,500.07		
			<b>5,500.07</b>		
<b>Aggregate Book Value of Quoted Investments</b>			<b>5,500.07</b>		
<b>Aggregate Fair Value of Quoted Investments</b>			<b>5,500.07</b>		



All amount in Rs. Lakhs, unless otherwise stated

	As at 31 March 2020	As at 31 March 2019
<b>11 Current - Trade Receivables</b>		
Secured, Considered good	-	-
Unsecured, Considered Good (Including Subsidy receivable from Govt. Rs. 80,479.18 Lakhs (31st March'2019: Rs. 81,899.11 Lakhs))	1,06,528.99	1,26,311.15
Trade Receivables which have significant increase in Credit Risk	-	-
Unsecured, Credit impaired	400.48	-
Less: Allowance for expected credit loss	(400.48)	-
	<b>1,06,528.99</b>	<b>1,26,311.15</b>

**Movement of Impairment allowances for doubtful debts**

Particulars	As at 31 March 2020	As at 31 March 2019
Balance at the beginning of the year	-	-
Recognized during the year	(400.48)	-
Reversal during the year	-	-
Balance at the end of the year	<b>(400.48)</b>	<b>-</b>

- (a) Trade receivables are hypothecated to secure Short-term borrowings (Refer Note-21).  
No trade or other receivables are due from directors or other officers of the company either severally or jointly with any other person.  
(b) Further, no trade or other receivable are due from firms or private companies respectively in which any director is a partner, or  
(c) There is no amount receivable from related parties as on March 31, 2020 and 31st March'2019.

**12 Cash and cash equivalents**

Balance with Banks (In Current Account & Cash Credit Account)	1,657.27	1,897.59
Cash on hand	1.10	0.97
	<b>1,658.37</b>	<b>1,898.56</b>

- (a) There is no repatriation restriction with regard to cash and cash equivalents at the end of reporting period and prior periods.

**13 Other Current Financial Assets**

Derivative Assets at fair value through profit and loss	3,583.69	-
Receivable from Acquiree Company (a)	-	479.48
	<b>3,583.69</b>	<b>479.48</b>

- (a) Receivable from Acquiree Company represents receivable from Tata Chemicals Limited.

**14 Other Current Assets**

**Advances other than Capital Advances**

Advance payments to Vendor	224.45	1,090.54
Other Advances		
Employee Advance	18.32	0.56
Prepaid Expenses	228.99	268.75
Recoverable taxes from government authorities (also refer note no:49, 51 & 52)	9,152.77	7,693.74
Deferred Rent Expenses (a)	-	42.17
Others	-	372.83
	<b>9,624.53</b>	<b>9,468.59</b>

- (a) Current part of Deferred rent in the previous year is against Security deposit given. During the current financial year same has been transferred to ROU on adoption of Ind As 116  
(b) Other Advance are hypothecated to secure Short-term borrowings (Refer Note-21).

**15 Asset Held for Disposal\***

Property, plant and equipment - Reclassified as Asset held for disposal.	350.90	423.23
Less: Sold during the year	(350.90)	(72.33)
	<b>-</b>	<b>350.90</b>

- (a) \*During the year 2018-19, the company had entered into an agreement with external unrelated vendor to sell certain parts of the Phosphoric Acid Plant at Haldia which were not used by the company and the same has been sold during the current year.



	As at 31 March 2020	As at 31 March 2019
<b>16 Equity Share Capital and Other Equity</b>		
<b>A Equity Share Capital</b>		
<b>Authorised</b>		
100,00,00,000 Equity Shares (31st March 2019: 100,00,00,000) of Rs.10/- each	1,00,000.00	1,00,000.00
<b>Issued, Subscribed and Paid-up</b>		
29,99,51,427 Equity Shares (31st March 2019 : 29,99,51,427) of Rs.10/- each fully paid up	29,995.14	29,995.14

**(a) Reconciliation of shares outstanding at the beginning and at the end of the reporting period:**

	As at 31 March 2020		As at 31 March 2019	
	Number of Shares	Amount	Number of Shares	Amount
Equity shares outstanding at the beginning of the period	29,99,51,427	29,995.14	39,51,427	395.14
Add : Shares allotted	-	-	29,60,00,000	29,600.00
Equity shares outstanding at the end of the period	<b>29,99,51,427</b>	<b>29,995.14</b>	<b>29,99,51,427</b>	<b>29,995.14</b>

**(b) Details of shareholders holding more than 5% Equity shares in the Company and shares held by Holding Company on reporting date:**

	As at 31 March, 2020		As at 31 March, 2019	
	Number of Shares Held	Percentage of Holding	Number of Shares Held	Percentage of Holding
M/s Indorama Holdings B.V.	29,99,51,426	99.99	29,99,51,426	99.99

- c) The Company has one class of issued shares i.e., equity shares having par value of ₹ 10 per share. Each holder of ordinary shares is entitled to one vote per share. The dividend proposed by Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company in proportion to the number of equity shares held.
- d) The Holding Company is M/s Indorama Holdings B.V. and Ultimate Holding Company is Indorama Corporation Pte. Ltd
- e) The Company has been incorporated on 26th September, 2017 and no shares have been bought back since then.
- f) No shares have been reserved for issue under options and contracts / commitments for the sale of shares / disinvestment as at the balance sheet date.
- g) No convertible securities have been issued by the Company during the year.
- h) No calls are unpaid by any Director and officer of the Company during the year.

**B Other Equity****Reserves and Surplus**

Capital Reserve	21,837.56	19,597.11
Retained Earnings	14,796.54	7,361.81
<b>Total</b>	<b>36,634.10</b>	<b>26,958.92</b>

**Capital Reserve [Refer (a) below]**

Balance at the beginning of the year	19,597.11	-
Add: Arisen on Business Combination	-	19,597.11
Add: Adjustment for Remeasurement of Deferred Tax on adoption of new tax regime (refer note-56)	2,240.45	-
<b>Balance at the end of the year</b>	<b>21,837.56</b>	<b>19,597.11</b>

**Retained Earnings**

Balance at the beginning of the year	7,361.81	(111.21)
Add : Net (Loss) / Profit after Tax transferred from Statement of Profit and Loss	7,545.74	7,567.12
Less: Remeasurement Gain/ (Loss) of defined benefit Plan (net of tax)	(111.01)	(94.10)
Net Surplus	14,796.54	7,361.81
Balance as at the end of the year	<b>14,796.54</b>	<b>7,361.81</b>

**Total**

<b>36,634.10</b>	<b>26,958.92</b>
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**Nature and purpose of Reserves**

(a) Capital Reserve represents amount arisen pursuant to Business Combination in the financial year 2018-19 and consequent impact on the adoption of new tax regime.

(b) Retained earnings generally represents undistributed profit/amount of accumulated earnings of the Company.



17A Borrowings-Non Current

	Non-current Portion		Current Maturities*		Total	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
<b>Secured</b>						
Finance Lease Obligation*	-	15,074.80	-	836.62	-	15,911.42
	<b>-</b>	<b>15,074.80</b>	<b>-</b>	<b>836.62</b>	<b>-</b>	<b>15,911.42</b>

\*Current Maturities on non current borrowings has been disclosed under "Other Financial Liabilities, Current".  
Secured against Plant & equipment taken on lease.

17B Lease Liabilities

	Non-current		Current		Total	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Lease Obligation	20,437.99	-	1,053.25	-	21,491.24	-
	<b>20,437.99</b>	<b>-</b>	<b>1,053.25</b>	<b>-</b>	<b>21,491.24</b>	<b>-</b>

Note: Previous year comparative numbers have been disclosed under the heads of non-current borrowings and current financial liabilities as per the disclosure requirements of Ind As compliant Schedule-III.

18 Other Financial Liabilities

Security Deposit Received						
From Vendor					107.60	78.65
From Customer					778.61	685.65
					<b>886.21</b>	<b>764.30</b>

19 Non Current Provisions

Provision for Employee Benefits						
Leave					624.42	491.10
Gratuity					414.31	239.45
Long Service Award					51.55	44.46
					<b>1,090.28</b>	<b>775.01</b>

20 Deferred tax assets and liabilities (net)

Particulars	As at 1 April 2019	Charge/ (Credit) recognised due to adoption of New Tax Regime with effect from 01.04.2019		Charge/ (Credit) recognised in Profit or Loss*	Charge/ (Credit) recognised in other comprehensive income	As at 31 March 2020
		Transferred to Capital Reserve	Profit & Loss			
<b>Deferred tax liabilities</b>						
Property, plant and equipments including intangible assets	7,312.39	(2,299.33)	253.60	(493.80)	-	4,772.86
<b>Total</b>	<b>7,312.39</b>	<b>(2,299.33)</b>	<b>253.60</b>	<b>(493.80)</b>		<b>4,772.86</b>
<b>Deferred tax assets</b>						
Derivatives Instruments designated at fair value through Profit & Loss	(779.34)	-	218.03	627.84	-	66.53
Lease obligation	(288.78)	-	80.79	(250.96)	-	(458.95)
Provisions - employee benefits U/s 43B of Income Tax Act	(283.42)	58.88	20.41	(38.36)	(37.34)	(279.83)
Provision for Doubtful Debt	-	-	-	(100.79)	-	(100.79)
<b>Total</b>	<b>(1,351.54)</b>	<b>58.88</b>	<b>319.23</b>	<b>237.73</b>	<b>(37.34)</b>	<b>(773.04)</b>
<b>Net deferred tax liabilities / (assets)</b>	<b>5,960.85</b>	<b>(2,240.45)</b>	<b>572.83</b>	<b>(256.07)</b>	<b>(37.34)</b>	<b>3,999.82</b>

\* Includes Rs.511.75 lakhs related to earlier years

Particulars	As at 01 April 2018	Recognised on business combination	Charge/ (Credit) recognised in Profit or Loss	Charge/ (Credit) recognised in other comprehensive income	31 March 2019
<b>Deferred tax liabilities</b>					
Property, plant and equipments including intangible assets	-	8,218.88	(906.49)	-	7,312.39
<b>Total</b>	<b>-</b>	<b>8,218.88</b>	<b>(906.49)</b>	<b>-</b>	<b>7,312.39</b>
<b>Deferred tax assets</b>					
Derivatives Instruments designated at fair value through Profit & Loss	-	-	(779.34)	-	(779.34)
Lease obligation	-	-	(288.78)	-	(288.78)
Provisions - employee benefits U/s 43B of Income Tax Act	-	(210.46)	(22.42)	(50.54)	(283.42)
<b>Total</b>	<b>-</b>	<b>(210.46)</b>	<b>(1,090.54)</b>	<b>(50.54)</b>	<b>(1,351.54)</b>
<b>Net deferred tax liabilities / (assets)</b>	<b>-</b>	<b>8,008.42</b>	<b>(1,997.03)</b>	<b>(50.54)</b>	<b>5,960.85</b>



	As at 31 March 2020	As at 31 March 2019
<b>21 Current - Borrowings</b>		
<b>Secured - From Banks</b>		
(i) Short Term Loan	-	15,000.00
(ii) Buyer's credit	48,492.25	80,002.64
(iii) Supplier's credit	13,499.32	-
(iii) Working Capital Demand Loans	23,400.00	-
(iii) Loan against Subsidy Receivable	-	17,158.67
	<b>85,391.57</b>	<b>1,12,161.31</b>

**Term and Security for Working capital**

The above loan carry an interest rate of 7.15% to 8.00% p.a. and are secured by (a) first ranking pari passu charge over current assets (both present and future) of the Company, including without limitation its inventory, receivables and all other current assets of the Company, (b) unconditional and irrevocable Corporate Guarantee of the Ultimate Holding Company, Indorama Corporation Pte. Ltd., Singapore. These are repayable on demand.

**Term and Security for Buyer's credit**

The above loan carry an interest of 1.26% to 2.68% p.a. and are secured by unconditional and irrevocable Corporate Guarantee of the Ultimate Holding Company, Indorama Corporation Pte. Ltd., Singapore. Buyer's credit are due within 180 days from the year end 31st March 2020.

**Security for suppliers' Credit**

(a) The above loan carry an interest of 0.95% to 2.00% p.a. and are secured by first ranking pari passu charge over current assets (both present and future) of the Company, including without limitation its inventory, receivables and all other current assets of the Company.

(b) Unconditional and irrevocable Corporate Guarantee of Ultimate Holding Company, Indorama Corporation Pte. Ltd., Singapore.

(c) Supplier's credit are due within 180 days from the year end 31st March 2020.

**22 Current - Trade Payables****Payable for Goods & Services**

Dues to Micro and Small Enterprises	199.58	8.67
Dues to other than Micro and Small Enterprises (including dues to related party of Rs. 5,323.87 lakhs (31st March 2019: Rs. 19,484.01 lakhs)-refer note-48)	25,187.97	36,011.52
	<b>25,387.55</b>	<b>36,020.19</b>

Note : Trade Payable includes acceptances Rs. 1,70,95.01 Lakhs ( Previous year 235,94.04 Lakhs)

**Details of dues to Micro and Small enterprises (MSMED):**

	31 March 2020		31 March 2019	
	Principal	Interest	Principal	Interest
(i) The amount remaining unpaid to any supplier as at the end of the accounting year :- Principal	177.26	-	8.27	-
(ii) the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during accounting year;	-	-	-	-
(iii) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;	-	0.31	-	-
(iv) the amount of interest accrued and remaining unpaid at the end of accounting year; and	-	0.01	-	-
(v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure under section 23.	-	-	-	-

The above information has been compiled in respect of parties to the extent to which they could be identified as Micro and Small Enterprises under Micro, Small and Medium Enterprises Development Act, 2006 on the basis of information available with the Company.

**23 Other Financial Liabilities, Current**

Current Maturities of Lease Obligations (Refer note no-17A)	-	836.62
Derivative Instruments at fair value through Profit & Loss	-	4,576.95
Employees related liabilities	645.56	609.28
Interest accrued but not due on borrowings	67.22	214.45
Payable to Capital Creditor	843.51	25.80
	<b>1,556.29</b>	<b>6,263.10</b>

**24 Other Current Liabilities**

Customer refund liability (a)	4,842.95	2,756.82
Contract Liabilities - Advance from Customers	334.21	561.93
Statutory Liabilities (includes Tax Deducted at Source, Provident Fund, Employee State Insurance, etc.)	255.47	207.25
	<b>5,432.63</b>	<b>3,526.00</b>

(a) Customer refund liability are in the nature of discount payable to the Customers under various schemes.

**25 Current-Provisions**

Provision for Employee Benefits		
Leave	73.13	80.53
Long Service Award	14.70	5.94
	<b>87.83</b>	<b>86.47</b>

**26 Current Tax Liabilities (Net)**

Current Tax Liabilities (Net)	1,659.95	-
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	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>27 Revenue from Operations</b>		
<b>(a) Sale of Products*</b>		
Manufactured Goods	2,16,032.29	2,02,444.48
Traded Goods	1,23,796.03	1,59,757.49
<b>Total</b>	<b>3,39,828.32</b>	<b>3,62,201.97</b>
<b>(b) Other Operating Revenues</b>		
Market Development Fees	225.66	107.23
Scrap Sales	32.56	44.67
<b>Total</b>	<b>258.22</b>	<b>151.90</b>
<b>Total revenue from operations (a+b)</b>	<b>3,40,086.54</b>	<b>3,62,353.87</b>

\*Revenue from operations includes subsidy income of Rs. 1,05,870.73 lakhs (31st March'2019: Rs. 1,07,213.34 lakhs)

#### Disaggregated revenue information

The disaggregation of the Company's revenue from contracts with customers is as under:

<b>i) Sales Channel</b>		
Direct to Customers	5,688.74	6,351.82
Through Intermediaries	3,34,172.14	3,55,894.82
	<b>3,39,860.88</b>	<b>3,62,246.64</b>
<b>ii) Reconciliation of revenue recognised with contract price.</b>		
Contract Price	3,60,830.36	3,72,975.00
Less: Adjustment for Discount/Schemes	(20,969.48)	(10,728.36)
Revenue from Contract with Customers	<b>3,39,860.88</b>	<b>3,62,246.64</b>

The Company presented disaggregated revenue based on the type of goods sold to customers and sales channel. Further the Company's sales are made within India only and revenue is recognised for goods transferred at a point of time. The Company believes that the revenue disaggregation best depicts point in time.

#### 28 Other Income

<b>(a) Interest Income</b>		
On Bank Deposits	-	9.10
On Financial Assets measured at amortised cost	16.45	12.88
Others	26.58	-
<b>(b) Other Non-Operating Income</b>		
Gain/ (Loss) on Current Investments measured at FVTPL (Net)		
- On Sale of Investment (i)	91.23	492.77
- On change of Fair Value of Financial Assets	0.07	-
Service Charges	422.27	16.15
Liabilities no longer required written back	988.06	13.65
Others (ii)	115.17	1.71
	<b>1,659.83</b>	<b>546.26</b>

(i) Profit on sale of current investment is related to gain against sale of Debt instruments-Mutual Fund. (Refer Note-39)

(ii) Other Non-Operating Income-Others includes mainly amount of Rs.97.31 lakhs (31st March'2019: Nil) related to Duty Scrips benefits.

#### 29 Cost of Materials Consumed

Raw Materials Consumed	1,66,824.51	1,64,947.31
	<b>1,66,824.51</b>	<b>1,64,947.31</b>

#### 30 Purchases of Stock-in-Trade

Purchase of Traded Goods	96,499.74	1,38,945.31
	<b>96,499.74</b>	<b>1,38,945.31</b>



	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>31 Changes In Inventories of Finished Goods and Stock-In-Trade</b>		
Opening Stock (Transferred from Business Combination)	-	11,120.48
Finished Goods	7,829.69	
Stock-In-Trade	7,104.86	
	<b>14,934.55</b>	<b>11,120.48</b>
<b>Less : Closing Stock</b>		
Finished Goods	3,015.37	7,829.69
Stock-In-Trade	1,965.67	7,104.86
	<b>4,981.04</b>	<b>14,934.55</b>
<b>(Increase)/ Decrease in Stock</b>	<b>9,953.51</b>	<b>(3,814.07)</b>

Details of inventories under broad

	Finished Goods		Stock-In-Trade		Total	
	As at		As at		As at	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Di Ammonium Phosphate	225.15	795.27			225.15	795.27
NPK	2,145.17	6,625.55			2,145.17	6,625.55
Single Super Phosphate	442.81	130.10			442.81	130.10
Sulphuric Acid	202.24	278.77			202.24	278.77
Imported Di Ammonium Phosphate			868.96	802.29	868.96	802.29
Murates of Potash			562.46	5,323.03	562.46	5,323.03
Speciality Fertiliser			534.25	979.54	534.25	979.54
	<b>3,015.37</b>	<b>7,829.69</b>	<b>1,965.67</b>	<b>7,104.86</b>	<b>4,981.04</b>	<b>14,934.55</b>

**32 Employee benefit expenses**

Salaries and Wages	4,057.71	3,083.13
Contribution to Provident and Other Funds	286.44	244.64
Staff Welfare Expenses	403.02	294.19
	<b>4,747.17</b>	<b>3,621.96</b>



All amount in Rs. Lakhs, unless otherwise stated

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>33 Finance Costs</b>		
Borrowing Cost relating to:		
Banks	4,769.43	3,834.07
Lease	1,964.33	1,217.15
Interest on Income Tax	39.12	-
Applicable loss on foreign currency transaction and translation	4,290.65	-
Other Borrowing Costs	-	109.30
	<b>11,063.53</b>	<b>5,160.52</b>
Note: Borrowing cost capitalised during the year is Rs. 18.18 lakhs (previous year Nil). Rate of capitalisation considered 7.82 %		
<b>34 Depreciation and amortisation expense</b>		
Depreciation Expense on Property, Plant and Equipment	3,495.57	4,616.05
Amortisation Expense on Intangible Assets	17.67	17.58
Depreciation Expense on Right-of-use assets	2,028.67	-
	<b>5,541.91</b>	<b>4,633.63</b>
<b>35 Other Expenses</b>		
Consumption of Stores and Spare Parts	850.57	1,022.82
Consumption of Packing Materials	3,316.72	3,774.55
Power and Fuel	2,965.64	2,581.94
Rent		
Godown & Warehouse	1,973.35	1,310.34
Leasehold Land	69.06	761.14
Machinery & Equipment Hire	222.36	133.97
Charges		
Office	53.34	41.87
Repair & Maintenance		
Buildings	0.63	1.89
Machinery	967.60	1,121.46
Others	0.49	-
Insurance Expenses	356.44	171.77
Rates and Taxes, Excluding Taxes on Income	156.21	208.71
Bank Charges	303.20	247.71
Material Handling Expenses	829.52	650.68
Freight and Selling Expenses	20,793.45	20,752.30
Sales promotion expenses	644.28	537.67
(Gain)Loss on Foreign Currency transaction and translation	2,357.17	(2,433.62)
Provision for expected credit loss	400.48	-
(Gain)Loss on Fair Value of Derivatives Instruments Through Profit & Loss	(3,583.69)	4,576.95
Payment to Auditors - (a)	86.53	84.15
Legal & professional charges	263.32	215.92
ROC Filing Fees	0.31	244.57
House keeping & security expenses	308.83	233.74
Travelling expenses including director's travelling	329.67	253.80
Agronomists expenses	278.14	175.44
Corporate Social Responsibility expenses	74.41	-
Miscellaneous Expenses	1,258.51	1,225.74
	<b>35,276.54</b>	<b>37,895.51</b>

(a) Details to payment to Auditors are given below:

**Statutory Auditors:**

Statutory Audit Fees	33.00	30.00
Tax Audit	4.00	4.00
Certification Charges*	48.18	49.45
Reimbursement of Out-of-pocket Expenses	1.35	0.70
	<b>86.53</b>	<b>84.15</b>

\*Includes Rs 21 lakhs (P.Y. - Rs.21 lakhs) on account of IFRS Group reporting to ultimate holding Company.

(b) During the year, the company has incurred Rs. 74.41 lakhs (previous year NIL) on account of Corporate Social Responsibility (CSR) included under Other Expenses.





Particulars	For the year	For the year
	ended	ended
	31 March 2020	31 March 2019
(a) Gross amount required to be spent by the company during the	131.53	-
(b) Amount spent during the year	-	-
(i) Construction / acquisition of any In Cash	-	-
Yet to be paid In Cash	-	-
<b>Total</b>	-	-
(ii) On purpose other than (i) above In Cash	74.41	-
Yet to be paid in Cash	74.41	-
<b>Total</b>	74.41	-
c) Shortfall(if any)	57.12	-
<b>36 Tax Expenses</b>		
Current tax	3,976.96	5,939.87
Deferred tax expenses/ (credit)		
In respect of Current year	(767.82)	(1,997.03)
In respect of earlier year	511.75	-
Changes due to adoption of new tax regime	572.83	-
	316.76	(1,997.03)
<b>Total</b>	<b>4,293.72</b>	<b>3,942.84</b>

**Reconciliation of tax expense and accounting profit multiplied by Indian domestic tax rate**

Particulars	For the year	For the year
	ended	ended
	31 March 2020	31 March 2019
Profit before tax from operations	11,839.46	11,509.96
Tax using the Company's domestic tax rate 25.168% (31st March 2019: 34.944%)	2,979.75	4,022.04
Tax effect of :-		
Adjustment for Remeasurement of Deferred Tax on adoption of new tax regime	572.83	-
Deferred tax of earlier year	511.75	-
Due to other adjustments	229.39	(79.20)
<b>Tax Expense recognised in profit or loss</b>	<b>4,293.72</b>	<b>3,942.84</b>

37 Other Comprehensive Income Items that will not be reclassified to profit or loss	For the year	For the year
	ended	ended
	31 March 2020	31 March 2019
Profit on Business Combination	-	19,597.11
Remeasurements of the Defined Benefit Plans (net of tax)	(111.01)	(94.10)
	(111.01)	19,503.01



All amount in Rs. Lakhs, unless otherwise stated

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>38 Earning / (Loss) Per Equity Share</b>		
<b>(I) Basic</b>		
a. (Loss) / Profit After Tax (Rs. In lakhs)	7,545.74	7,567.12
b. (i) Number of Equity Shares at the Beginning of the Year	29,99,51,427	39,51,427
(ii) Number of Equity Shares at the End of the Year	29,99,51,427	29,99,51,427
(iii) Weighted Average Number of Equity Shares Outstanding During the Year	29,99,51,427	25,40,00,742
(iv) Face Value of each Equity Share (Rs.)	10	10
c. Basic Earning / (Loss) per Share [a / (b)(iii)] (Rs.)	2.52	2.98
<b>(II) Diluted</b>		
a. Dilutive Potential Equity Shares		
b. Weighted Average number of Equity Shares for computing Dilutive Earning / (Loss) per Share	29,99,51,427	25,40,00,742
c. Diluted Earning / (Loss) per Share [same as (I)(c) above] (Rs.)	2.52	2.98

**39 Investments - purchased and sold**

Sl no	Investment in Mutual Fund	For the year ended 31 March 2020			For the year ended 31 March 2019		
		Units	NAV	Amt. (Rs. In lakhs)	Units	NAV	Amt. (Rs. In lakhs)
(i)	<b>SBI Magnum USD Fund Dir.Gr.</b>						
	Particulars						
	Opening	-	-	-	-	-	-
	Addition	-	-	-	2,90,725.30	3,886.83	11,300.00
	Sale	-	-	-	(2,90,725.30)	(3,902.64)	(11,345.97)
	Closing	-	-	-	-	-	-
(ii)	<b>SBI Liquid Fund Dir.Gr.</b>						
	Particulars						
	Opening	-	-	-	-	-	-
	Addition	6,22,673	2,996	18,655.00	57,13,325.12	2,827.78	1,61,560.00
	Sale	(6,22,673)	2,998	(18,665.23)	(57,13,325.12)	(2,835.60)	(1,62,006.79)
	Closing	-	-	-	-	-	-
(iii)	<b>SBI Overnight Fund Dir. Gr.</b>						
	Particulars						
	Opening	-	-	-	-	-	-
	Addition	3,06,754.71	3,195	9,800.00	-	-	-
	Sale	(3,06,754.71)	3,197	(9,805.83)	-	-	-
	Closing	-	-	-	-	-	-
(iv)	<b>AXIS Liquid Fund Dir.Gr.</b>						
	Particulars						
	Opening	-	-	-	-	-	-
	Addition	14,82,568.30	2,158.42	32,000.00	-	-	-
	Sale	(14,82,568.30)	(2,161.35)	(32,043.43)	-	-	-
	Closing	-	-	-	-	-	-
(v)	<b>AXIS Overnight Fund Dir. Gr.</b>						
	Particulars						
	Opening	-	-	-	-	-	-
	Addition	76,86,719.60	1,043.49	80,210.00	-	-	-
	Sale	(71,65,641.66)	1,043.06	(74,741.75)	-	-	-
	Closing	5,21,077.93	1,055.50	5,500.07	-	-	-



**Indorama India Private Limited (Formerly known as IRC Agrochemicals Private Limited)**  
**Notes to Financial Statements as at and for the year ended 31 March, 2020**

**40 Leases**

**Lease commitments**

- (a) The Company has lease contracts for certain items of plant and machinery and land. The Company's obligations under leases are secured by the lessor's title to the leased assets. Future minimum lease payments ('MLP') under lease contracts together with the present value of the net minimum lease payments are, as follows:

Particulars	All amount in Rs. Lakhs, unless otherwise stated			
	For the year ended 31 March 2020		For the year ended 31 March 2019	
	MLP	Present value of MLP	MLP	Present value of MLP
	Rs	Rs		
Within one year	2,932.04	2,806.05	2,234.70	2,129.47
After one year but not more than five years	12,742.78	9,764.18	9,920.30	7,558.02
More than five years	22,571.74	8,921.01	11,693.50	6,223.93
<b>Total minimum lease payments</b>	<b>38,246.56</b>	<b>21,491.24</b>	<b>23,848.50</b>	<b>15,911.42</b>
Less : amounts representing finance charges	16,755.32		7,937.07	
<b>Present value of minimum lease payments</b>	<b>21,491.24</b>		<b>15,911.43</b>	
Included in the financial statements as:				
<b>Lease Obligations:</b>				
Non-current		20,437.99		15,074.80
Current		1,053.25		836.62
		<b>21,491.24</b>		<b>15,911.42</b>

- (b) **Movement in lease liabilities during the year ended March 31, 2020**

Particulars	As at 31 March 2020
<b>Balance at the beginning</b>	15,911.42
Additions	6,570.33
Interest cost accrued during the year	1,964.33
Deletions	-
Payment of lease liabilities	2,954.84
<b>Balance at the end</b>	<b>21,491.24</b>

- (c) **Amount recognized in Profit or Loss**

Particulars	As at 31 March 2020
Interest expense on lease liabilities	1,964.33
Depreciation expense of right-of-use assets	2,028.67
<b>Total</b>	<b>3,993.00</b>

- (d) Effective April 1, 2019, the Company adopted IND AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method along with the transition option to recognize Right-of-Use (ROU) at an amount equal to the lease liability. However the comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted.

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of Rs.2,26,42.25 lakhs and a lease liabilities of Rs.2,24,81.75 lakhs. The effect of this adoption is insignificant on the operating profit, net profit for the period and earnings per share. IND AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date
2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, IND AS 116 is applied only to contracts that were previously identified as leases under IND AS 17.

- (e) The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 9%.



**Indorama India Private Limited (Formerly known as IRC Agrochemicals Private Limited)**  
**Notes to Financial Statements as at and for the year ended 31 March, 2020**

**41 Capital management**

The capital structure of the Company consists of net debt and total equity of the Company. The Company manages its capital to ensure that the Company will be able to continue as going concern while maximising the return to stakeholders through an optimum mix of debt and equity within the overall capital structure. The Company's risk management committee reviews the capital structure of the Company considering the cost of capital and the risks associated with each class of capital.

Particulars	For the year	For the year
	ended	ended
	31 March 2020	31 March 2019
Borrowings (including interest accrued thereon)	85,458.79	1,12,375.76
Less: Cash and cash equivalents	1,658.37	1,898.56
<b>Net debt</b>	<b>83,800.42</b>	<b>1,10,477.20</b>
Equity Share Capital	29,995.14	29,995.14
Other equity	36,634.10	26,958.92
<b>Total capital</b>	<b>66,629.24</b>	<b>56,954.06</b>
<b>Capital and net debt</b>	<b>1,50,429.66</b>	<b>1,67,431.26</b>
<b>Gearing ratio</b>	<b>55.71%</b>	<b>65.98%</b>

**42 Commitments**

Particulars	For the year	For the year
	ended	ended
	31 March 2020	31 March 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	2,364.43	96.50

**43 Contingent liabilities and assets**

- a) The Management has done proper assessment for contingent liability as on balance sheet date. Based on their assessment there is no contingent liability.
- b) The Hon'ble Supreme Court of India ("SC") by their order dated February 28, 2019, in the case of Surya Roshani Limited v/s EPFO, set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Subsequently, a review petition against this decision has been filed and is pending before the SC for disposal. The Company is awaiting the outcome of the review petition, and also directions from EPFO, if any, to assess any potential impact on the Company and consequently no adjustments have been made in the books of account."

**44 Segment Information**

The company is into manufacturing and trading of Fertilizer & Chemical and the management reviews the performance of the Company as a single operating segment "Fertilizer & Chemical" in accordance with Ind AS 108 "Operating Segments" notified pursuant to Companies (Accounting Standards) Rule, 2015. Accordingly, in accordance with paragraph 4 of Ind AS 108 no separate segment information has been furnished herewith.

No customer individually accounted for more than 10% of the revenues from external customers during the year.



**Indorama India Private Limited (Formerly known as IRC Agrochemicals Private Limited)**  
**Notes to Financial Statements as at and for the year ended 31 March, 2020**

**45. Derivative financial instruments**

(a) The details of the gross amounts of derivative financial instruments outstanding are given in the table below:

Derivative Instruments	Underlying	For the year ended 31 March 2020 (USD in lakhs)	For the year ended 31 March 2019 (USD in lakhs)
Forward contracts*	USD/INR	1,488.78	2,212.72
	EURO/INR	-	-

\*Includes contracts entered into by the Company towards firm commitment also.

**(b) Derivatives financial assets and liabilities**

The company follows established risk management policies, including the use of derivatives to hedge its exposure to foreign currency fluctuations on foreign currency assets/liabilities. The counter party in these derivatives are banks and the company considers the risks of non-performing by the counterparty as non-material

(i) The following tables present the aggregate contracted principal amounts of the Company's derivative contracts outstanding:

Underlying Purpose	Category	Figures in USD Lakhs			
		As at 31 March, 2020		As at 31 March, 2019	
		No. of deals	Amount In Foreign currency	No. of deals	Amount In Foreign currency
Buyer's credit & interest	Forward	23.00	644.30	22.00	748.73
Supplier's credit & interest	Forward	6.00	179.58	5.00	411.61
Imports/other payables	Forward	13.00	217.57	9.00	333.79
Against firm commitment	Forward	7.00	447.33	13.00	718.59
<b>Total</b>		<b>49.00</b>	<b>1,488.78</b>	<b>49.00</b>	<b>2,212.72</b>

Note: All forward are against USD/INR

(ii) Un hedged foreign currency exposures are as follows:

Figures in USD Lakhs			
Nature	Currency	As at 31 March, 2020	As at 31 March, 2019
Import and other payables	USD	39.03	21.93

**46. Disclosures on financial instruments**

**(a) Financial instruments by category**

The following table presents the carrying amounts of each category of financial assets and liabilities as at 31 Mar 2020.

Particulars	Rs in Lakhs			
	Fair value through other comprehensive	Fair value through statement of profit and loss	Amortised cost	Total carrying value
<b>Financial assets</b>				
(a) Other financial assets - non-current (Refer Note 6)	-	-	462.01	462.01
(b) Investments - Current				
Debt instrument at fair value-Mutual Fund (Refer Note 10)	-	5,500.07	-	5,500.07
(c) Trade receivables (Refer Note 11)	-	-	1,06,528.99	1,06,528.99
(d) Cash and cash equivalents (Refer Note 12)	-	-	1,658.37	1,658.37
(e) Other financial assets - current (Refer Note 13)	-	3,583.69	-	3,583.69
<b>Total</b>		<b>9,083.76</b>	<b>1,08,649.37</b>	<b>1,17,733.13</b>
<b>Financial Liabilities</b>				
(a) Borrowings- non current (Refer Note 17A)	-	-	-	-
(b) Lease liabilities - non current (Refer Note 17B)	-	-	20,437.99	20,437.99
(c) Other financial liabilities - non current (Refer Note 18)	-	-	886.21	886.21
(d) Lease Liabilities Current (Refer Note 17B)	-	-	1,053.25	1,053.25
(e) Borrowings - current (Refer Note 21)	-	-	85,391.57	85,391.57
(f) Trade payables (Refer Note 22)	-	-	25,387.55	25,387.55
(g) Other financial liabilities - current (Refer Note 23)				
- Payable to Employees	-	-	645.56	645.56
- Interest accrued but not due	-	-	67.22	67.22
- Payable to Capital Creditor	-	-	843.51	843.51
<b>Total</b>			<b>1,34,712.86</b>	<b>1,34,712.86</b>



Indorama India Private Limited (Formerly known as IRC Agrochemicals Private Limited)  
Notes to Financial Statements as at and for the year ended 31 March, 2020

The following table presents the carrying amounts of each category of financial assets and liabilities as at 31 March, 2019.

Rs in Lakhs

Particulars	Fair value through other comprehensive	Fair value through statement of profit and loss	Amortised cost	Total carrying value
<b>Financial assets</b>				
(a) Other financial assets - non current (Refer Note 6)	-	-	365.19	365.19
(b) Investments - Current (Refer note 10)	-	-	-	-
(c) Trade receivables (Refer Note 11)	-	-	1,26,311.15	1,26,311.15
(d) Cash and cash equivalents (Refer Note 12)	-	-	1,898.56	1,898.56
(e) Other financial assets - current (Refer Note 13)	-	-	479.48	479.48
<b>Total</b>	-	-	<b>1,29,054.38</b>	<b>1,29,054.38</b>
<b>Financial Liabilities</b>				
(a) Borrowings- non current (Refer Note 17A)	-	-	15,074.80	15,074.80
(b) Lease liabilities - non current (Refer Note 17B)	-	-	-	-
(b) Other financial liabilities - non current (Refer Note 18)	-	-	764.30	764.30
(c) Borrowings - current (Refer Note 21)	-	-	1,12,161.31	1,12,161.31
(d) Trade payables (Refer Note 22)	-	-	36,020.20	36,020.20
(e) Other financial liabilities - current (Refer Note 23)	-	-	-	-
- Current Maturities of finance Lease Obligations	-	-	836.62	836.62
- Derivative Instruments	-	4,576.95	-	4,576.95
- Payable to Employees	-	-	609.28	609.28
- Interest accrued but not due	-	-	214.45	214.45
- Payable to Capital Creditor	-	-	25.80	25.80
<b>Total</b>		<b>4,576.95</b>	<b>1,65,706.76</b>	<b>1,70,283.71</b>



Indorama India Private Limited (Formerly known as IRC Agrochemicals Private Limited)

Notes to Financial Statements as at and for the year ended 31 March, 2020

(b) Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following tables provides the fair value measurement hierarchy of the Company's financial assets and liabilities that are measured at fair value or where fair value disclosure is required.

Rs in Lakhs

Particulars	For the year ended 31 March 2020			
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Asset measured at fair value:</b>				
<b>Derivative financial asset</b>				
Derivative financial instruments	3,583.69		3,583.69	

There have been no transfers between levels during the period.

Rs in Lakhs

Particulars	For the year ended 31 March 2019			
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Liabilities measured at fair value:</b>				
<b>Derivative financial liabilities</b>				
Derivative financial instruments	4,576.95		4,576.95	

There have been no transfers between levels during the period.

(c) Valuation technique to determine fair value

The following methods and assumptions were used to estimate the fair values of financial instruments:

(i) The management assessed that fair value of cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

(ii) The fair values of the mutual fund investment which are quoted, are derived from quoted market prices in active markets. measurements and cost represents the best estimate of fair values within that range.

(iii) The Company enters into derivative financial instruments with various counterparties, principally banks. The fair value of derivative financial instruments is based on observable market inputs including currency spot and forward rate, yield curves, currency volatility, credit quality of counterparties, interest rate and forward rate curves of the underlying instruments etc. and use of appropriate valuation models.

(d) Financial risk management objectives

The Company is exposed to market risk (including currency risk and interest rate risk ), credit risk and liquidity risk. The Company's risk management strategies focus on the un-predictability of these elements and seek to minimise the potential adverse effects on its financial performance. Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

All hedging activities are carried out by specialist teams that have the appropriate skills, experience and supervision. The Company's policy is not to trade in derivatives for speculative purposes.



**Indorama India Private Limited (Formerly known as IRC Agrochemicals Private Limited)****Notes to Financial Statements as at and for the year ended 31 March, 2020****Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: currency risk and interest rate risk. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, liquidity and other market changes. Financial instruments affected by market risk include loans and borrowings, investments and derivative financial instruments.

**Foreign currency risk management**

Foreign exchange risk arises on future commercial transactions and on all recognised monetary assets and liabilities, which are denominated in a currency other than the functional currency of the Company. The Company's management has set a policy wherein exposure is identified, a benchmark is set and monitored closely, and accordingly suitable hedges are undertaken. The policy includes mandatory 100% hedging for all exposures. The Company's foreign currency exposure arises mainly from foreign exchange imports and foreign currency borrowings, primarily with respect to USD. As at the end of the reporting period, the carrying amounts of the Company's foreign currency denominated monetary assets and liabilities in respect of the Primary foreign currency i.e. USD and derivative to hedge the exposure, are as follows:

Particulars	USD In Lakhs	
	As at 31 March 2020	As at 31 March 2019
	USD exposure	USD exposure
Liabilities	1,078.74	1,512.31
Derivatives to hedge Forward contracts (against the above liabilities)	1,039.71	1,490.39
Net exposure	39.03	21.92

**Foreign currency sensitivity analysis**

The company has the policy of mandatory 100% hedging for all foreign exchange exposures, hence it is not exposed to any foreign currency sensitivity. The unhedged portion pertains to Stock in transit & demurrage which are not regular and cannot be hedged. [For PY 2018-19: The unhedged portion pertains to debit notes with respect to Industries Chimiques Du Senegal (a related party) & demurrage which are not regular and cannot be hedged.

Particulars	Rs In Lakhs	
	As at 31 March, 2020	As at 31 March, 2019
Change in exchange rate (+0.5%)	(14.71)	(7.58)
Change in exchange rate (-0.5%)	14.71	7.58





**Indorama India Private Limited (Formerly known as IRC Agrochemicals Private Limited)**

**Notes to Financial Statements as at and for the year ended 31 March, 2020**

**Interest rate risk management**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates. The Company's exposure to the risk of changes in market rates relates primarily to the Company's current debt obligations with floating interest rates. The Company's policy is generally to undertake current borrowings using facilities that carry floating-interest rate. Since all these are generally for short durations, the Company believes it has manageable and limited risk.

As at the end of reporting period, the Company had the following short term variable interest rate borrowings:

Particulars	Rs in Lakhs	
	As at 31 March, 2020	As at 31 March, 2019
Current variable interest rate borrowings	85,391.58	95,002.64
<b>Total</b>	<b>85,391.58</b>	<b>95,002.64</b>
<b>Net exposure</b>	<b>85,391.58</b>	<b>95,002.64</b>

**Interest Sensitivity analysis (Impact on Profit)**

Particulars	Rs in Lakhs	
	As at 31 March, 2020	As at 31 March, 2019
Increase in interest rate (+0.5%)	(426.96)	(475.01)
Decrease in interest rate (-0.5%)	426.96	475.01

**Credit risk management**

Credit risk is the risk of financial loss to the Company if a customer or counter-party to a financial instrument fails to meet its contractual obligation, leading to a financial loss. The Company is exposed to credit risk from its operating activities, primarily trade receivables, investment in mutual funds, foreign exchange transactions and other financial instruments.

The Company invests only in those instruments issued by high rated banks/institutions. For other financial assets, the Company assesses and manages credit risk based on the credit rating. The Company has assessed its other financial assets as high quality, negligible credit risk. The Company periodically monitors the recoverability and credit risks of its other financial assets including security deposits and other receivables. The Company evaluates trade receivables (excluding subsidy receivables) ageing above 180 days and makes a provision for those debts as per the provisioning policy.

The carrying amount of financial assets represents the maximum credit exposure, being the total of the carrying amount of balances with banks, short term deposits with banks, short term investment, trade receivables and other financial assets excluding equity investments.

**Trade receivables and Subsidy receivables**

Trade receivables of the Company are typically unsecured and derived from sales made to a large number of independent customers.

Customer credit risk is managed by established policies, procedures and control relating to customer credit risk management. Before accepting any new customer, the Company has appropriate level of control procedures to assess the potential customer's credit quality. The credit-worthiness of its customers are reviewed based on their financial position, past experience and other relevant factors. The credit period provided by the Company to its customers generally ranges from 0-60 days. Outstanding customer receivables are reviewed periodically.

The credit risk related to the trade receivables is mitigated by taking security deposits / bank guarantee as and where considered necessary, setting appropriate credit terms and by setting and monitoring internal limits on exposure to individual customers.

There is no substantial concentration of credit risk as the revenue and trade receivables from any of the single customer do not exceed 10% of Company revenue.

Summary of ageing of trade receivable as on 31/03/2020						Rs. In Lakhs
Total Amount	<= 30 Days	31 - 60 Days	61 - 120	121 - 180	Above 180 days	
26,383.84	16,205.57	4,560.57	3,463.32	1,704.98	449.40	

Summary of ageing of trade receivable as on 31/03/2019						Rs. In Lakhs
Total Amount	<= 30 Days	31 - 60 Days	61 - 120	121 - 180	Above 180 days	
44,412.04	35,329.86	4,613.01	4,379.02	89.35	0.80	

Summary of ageing of Subsidy receivable as on 31/03/2020						Rs. In Lakhs
Total Amount	<= 30 Days	31 - 60 Days	61 - 120	121 - 180	Above 180 days	
80,145.15	2,909.83	7,734.54	16,890.50	31,204.62	21,405.66	

Summary of ageing of Subsidy receivable as on 31/03/2019						Rs. In Lakhs
Total Amount	<= 30 Days	31 - 60 Days	61 - 120	121 - 180	Above 180 days	
81,899.11	11,085.53	4,689.57	17,083.42	23,121.41	25,919.18	



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Notes to Financial Statements as at and for the year ended 31 March, 2020

**Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as and when required. The Company determines its liquidity requirements in the short and medium term. This is done by drawing up cash forecast for short and medium term requirements and strategic financing plans for long-term needs. The Company manages the liquidity risk by maintaining adequate banking facilities by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Company invests its surplus funds in bank fixed deposit and liquid schemes of mutual funds, which carry no/negligible mark to market risks. Besides, it generally has certain undrawn credit facilities which can be accessed as and when required; such credit facilities are reviewed at regular intervals. The Company has developed appropriate internal control systems and contingency plans for managing liquidity risk. This incorporates an assessment of expected cash flows and availability of alternative sources for additional funding, if required.

**Financing Arrangement**

The Company had access to following undrawn borrowing facilities as at the end of the reporting date

Rs. In Lakhs

Particulars	As at 31 March, 2020	As at 31 March, 2019
Undrawn Borrowing Facility		
-Fund Based	23,584.00	20,323.00
-Non Fund Based	1,19,387.87	43,299.00
<b>Total</b>	<b>1,42,971.87</b>	<b>63,622.00</b>

Undrawn limit has been calculated based on available drawing power and sanctioned amount as on reporting date

The below table analyses the Company's non-derivative financial liabilities as at the reporting date, into relevant maturity groupings based on the remaining period (as at that date) to the contractual maturity date. The amounts disclosed in the below table are the contractual undiscounted cash flows.

Rs. In Lakhs

Particulars	Up-to 1 year	2-5 years	More than 5 years	Total	Carrying amount
<b>As at 31 Mar, 2020</b>					
Borrowings and future interest thereon	85,458.79			85,458.79	85,458.79
Obligations under finance lease	2,806.05	9,764.18	8,921.01	21,491.24	21,491.24
Trade payables	25,387.55			25,387.55	25,387.55
Other financial liabilities	2,375.28			2,375.28	2,375.28
<b>Total</b>	<b>1,16,027.67</b>	<b>9,764.18</b>	<b>8,921.01</b>	<b>1,34,712.86</b>	<b>1,34,712.86</b>
<b>As at 31 Mar, 2019</b>					
Borrowings and future interest thereon	1,12,375.76			1,12,375.76	1,12,375.76
Obligations under finance lease	2,129.47	7,558.02	6,223.93	15,911.42	15,911.42
Trade payables	36,784.49			36,784.49	36,784.49
Other financial liabilities	635.09			635.09	635.09
<b>Total</b>	<b>1,51,924.81</b>	<b>7,558.02</b>	<b>6,223.93</b>	<b>1,65,706.76</b>	<b>1,65,706.76</b>

The below table analyses the Company's derivative financial liabilities into relevant maturity groupings based on the remaining period (as at the reporting date) to the contractual maturity date.

Rs. In Lakhs

Particulars	As at 31 March, 2020	As at 31 March, 2019
Current portion		4,576.95
Non-current portion (within one-three years)		
<b>Net</b>		<b>4,576.95</b>

All the derivative financial liabilities are included in the above analysis, as their contractual maturity dates are essential for the understanding of the timing of the underlying cash flows.



47. Disclosure pursuant to Ind As - 19 'Employee Benefits' .

a) Defined Benefit Plan:

**Gratuity**

Every employee who has completed five years or more of service is entitled to gratuity on terms not less favourable than the provisions of the Payment of Gratuity Act, 1972. The present value of defined obligation and related current cost are measured using the Projected Unit Credit Method with actuarial valuation being carried out at Balance Sheet date.

The following tables summarize the components of net employee benefit expenses recognized in the Statement of Profit and Loss.

Total amount recognised in balance sheet and the movement in the net defined obligation over the year are as follows

Particulars	Rs. In Lakhs	
	Present Value of Obligation	Present Value of Obligation
	31 March 2020	31 March 2019
<b>At the beginning of the period</b>	<b>1,090.11</b>	<b>892.89</b>
Current service cost	69.68	46.53
Interest cost	83.57	59.23
<b>Total amount recognised in statement of profit &amp; Loss Account</b>	<b>153.25</b>	<b>105.76</b>
<b>Remeasurements</b>		
Actuarial changes arising from changes in financial assumptions	75.65	26.04
Experience adjustments	67.82	126.84
Actuarial changes arising from changes in demographic assumptions	0.04	7.47
<b>Total amount recognised in other comprehensive income</b>	<b>143.51</b>	<b>160.35</b>
Benefits paid	(91.56)	(68.89)
<b>At the closing of the period</b>	<b>1,295.31</b>	<b>1,090.11</b>

The following table shows a reconciliation from the opening balances to the closing balances for the Plan Assets and its components:

Particulars	31 March 2020	31 March 2019
Balance at the beginning of the year	<b>850.66</b>	-
Interest Income on Plan Assets	65.22	-
Remeasurement of Defined Benefit Obligation:	-	-
Return on plan assets greater/ (lesser) than discount rate	(4.84)	15.69
Employer Contributions to the Plan	61.52	834.97
Benefits Paid from the Plan Assets	(91.56)	-
<b>Balance at the end of the year</b>	<b>881.00</b>	<b>850.66</b>

The principal assumptions used in determining gratuity and other defined benefits for the Company are shown below:

Particulars	Gratuity	
	31 March 2020	31 March 2019
Discount rate	6.75	7.65
Future salary increases	7.50	7.50



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The amount recognised in the Balance Sheet

Particulars	Gratuity	
	31 March 2020	31 March 2019
<b>Net Asset/(Liability) recognised in the Balance Sheet</b>		
Present value of Defined Benefit Obligation	1,295.31	1,090.11
Fair Value of Plan Assets	881.00	850.66
<b>Net Asset/(Liability) in the Balance Sheet</b>	<b>(414.31)</b>	<b>(239.45)</b>

Expenses recognized in profit or loss

Particulars	Gratuity(Funded)	
	31 March 2020	31 March 2019
Current Service Cost	69.68	46.53
Interest Cost (net)	18.36	59.23
<b>Total</b>	<b>88.04</b>	<b>105.76</b>

Remeasurements recognized in other comprehensive income

Particulars	Gratuity(Funded)	
	31 March 2020	31 March 2019
Actuarial changes arising from changes in demographic assumptions	0.04	7.47
Actuarial changes arising from changes in financial assumptions	75.65	26.04
Experience adjustments	67.82	126.84
Return on plan assets, excluding amount recognised in net interest expense	4.84	(15.71)
<b>Total</b>	<b>148.35</b>	<b>144.64</b>

Major Categories of Plan Assets

Particulars	Gratuity(Funded)	
	31 March 2020	31 March 2019
Qualified Insurance Policy	100%	100%

The Gratuity Scheme is invested in a Group Gratuity-cum-Life Assurance Cash accumulation policy offered by Life Insurance Corporation (LIC) of India.

A quantitative sensitivity analysis for significant assumption as at 31 March 2020 and 31 March 2019 is as shown below:

Gratuity				
Particulars	31 March 2020		31 March 2019	
<b>Defined Benefit Obligation (Base) (Rs. In lakhs)</b>	<b>1,295.31</b>		<b>1,090.11</b>	
Particulars	31 March 2020		31 March 2019	
	Decrease	Increase	Decrease	Increase
Discount Rate (-/+1%)	1,390.66	1,211.63	1,166.93	1,022.29
% change compared to base due to sensitivity	7.4%	(6.5%)	7.0%	(6.2%)
Salary Growth Rate (-/+1%)	1,212.16	1,388.94	1,022.05	1,166.22
% change compared to base due to sensitivity	(6.4%)	7.2%	(6.2%)	7.0%
Attrition Rate (-/+50%)	1,310.83	1,281.02	1,100.77	1,080.18
% change compared to base due to sensitivity	1.2%	(1.1%)	1.0%	(0.9%)
Mortality Rate (-/+10%)	1,295.36	1,295.30	1,089.95	1,090.30
% change compared to base due to sensitivity	0.0%	0.0%	0.0%	0.0%

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.



Demographic Assumption  
Gratuity

Particulars	As on	
	31 March 2020	31 March 2019
Mortality Rate	100% of IALM 2012-14	100% of IALM 2006-08
Withdrawal rates based on age: (per annum)		
Up to 30 years	15%	15%
31-44 years	1%	1%
Above 44 years	1%	1%

The following is the maturity profile of defined benefit obligation	As on	
	31 March 2020	31 March 2019
Weighted Average Durations (Based on discounted cash flows)	7 years	7 years
Expected cash flows over the next (valued on undiscounted basis)	Rs.	Rs.
1 year	62.76	209.70
2 to 5 years	571.54	405.22
6 to 10 years	521.83	542.76
More than 10 years	1,029.00	915.43

The Company expects to contribute Rs. 414.31 lakhs to its gratuity fund in F.Y. 2020-21.

**Risk Exposure**

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary over time. Thus, the Company is exposed to various risks in providing the above gratuity benefit which are as follows:

**Interest Rate risk:** The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).

**Liquidity Risk:** This is the risk that the Company is not able to meet the short-term gratuity payouts. This may arise due to non availability of enough cash / cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.

**Salary Escalation Risk:** The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

**Demographic Risk:** The Company has used certain mortality and attrition assumptions in valuation of the liability. The

Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

**Regulatory Risk:** Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972(as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts (e.g. Increase in the maximum limit on gratuity of Rs. 20 Lakhs).

**Asset Liability Mismatching or Market Risk:** The duration of the liability is longer compared to duration of assets, exposing the Company to market risk for volatilities/fall in interest rate.

**Investment Risk:** The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

**b) Defined Contribution Plans:**

In respect of define contribution plan with respect to provident fund contribution and pension fund contribution, an amount of Rs 187.90 lakhs (Previous Year: Rs 131.46 lakhs) has been recognised as expense in the statement of profit & loss during the year.



48 Related Party Disclosures:

Related parties where control exists:

(i) Ultimate Holding Company Holding Company	Indorama Corporation Pte Ltd, Singapore M/s Indorama Holdings B.V., Netherland
(ii) Fellow Subsidiaries	(i) Industries Chimiques Du Senegal (ii) Indorama Energy Pte Ltd
(iii) Key Management Personnel (KMP)	(i) Mr. Vishwajit Kumar Sinha (Director) (ii) Mr. Anurag Aggarwal (Director) (iii) Mr. Ashvini Hiran (Managing Director)

(All amounts in INR Lakhs, unless otherwise stated)

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

Sl No.	Name of the Related Party	Relationship	Nature of transactions	31 March 2020		31 March 2019	
				Transaction Amount for the year ended	Outstanding as at	Transaction Amount for the year ended	Outstanding as at
I.	M/s Indorama Holdings B.V.	Holding Company	Issue of Shares	-	29,995.14	29,600.00	29,995.14
ii.	Industries Chimiques Du Senegal	Fellow Subsidiary Company	Purchase of Phos. Acid	43,152.52	5,323.87	70,169.88	10,180.58
iii.	Indorama Energy Pte Ltd	Fellow Subsidiary Company	Purchase of DAP Purchase of MOP	-	-	22,215.20 9,619.28	9,303.43
iv.	Mr. Ashvini Hiran*	Key Management Personnel	Compensation	231.73	-	183.67	-

Total of remuneration to key management personnel	Nature of transactions	Transaction Amount for the year ended	
		31 March 2020	31 March 2019
	Salary	225.11	179.43
	Perquisites	1.22	0.24
	Others (Contribution to PF and other fund)	5.40	4.00
	<b>Total</b>	<b>231.73</b>	<b>183.67</b>

\*Excludes provision for gratuity and leave encashment recognized on the basis of actuarial valuation as separate figures are not available.

Terms and conditions of transactions with related parties

Financial Guarantee

Ultimate Holding Company have given corporate guarantees to banks in respect of loans taken for Buyers' Credit and Suppliers' Credit. The total value of such loan as on Mar 31, 2020 is Rs. 61,991.57 lakhs. (Mar 31, 2019: Rs.80,002.64 lakhs).



49 The nature of business of the company is such that the applicable tax on input supplies exceeds the rate of tax on output supplies and thus falls in the category of inverted duty structure. The department vide Notification No. 26/2018 dated June 13, 2018 has amended the definition of "Net Input Tax Credit (ITC)" for the purpose of GST refund on account of inverted duty structure with effect from July 01, 2017 to include ITC availed only on inputs which excludes input services. The Company has unutilised GST input tax credit of Rs.4464.84 lakhs (Previous year: 1537.27 lakhs) as on Balance sheet date.

As per the management of the Company the aforesaid input tax credit recognized by the Company would also be available for utilization against output tax liability arising in future as the input tax credit has indefinite life and the same can be utilized by the Company in the future. Accordingly, The Management is confident of utilization of tax credit in respect of tax paid on input services.

50 Based on legal opinion obtained by the Company, levy of IGST on ocean freight on import of goods is unconstitutional and hence, the Company has stopped payment of IGST on ocean freight with effect from 1st April,2019 and informed the department of its stand. Further, Hon.ble High Court of Gujarat has held the relevant notification for such levy as ultra vires in another case by its judgement dated January 23,2020. The Company has filed a writ petition before the Hon.ble Calcutta High Court challenging the levy of IGST on Ocean Freight and for allowability of refund of such IGST paid during the financial year 2018-19. The management is hopeful for favorable resolution in the matter. In view of above, no provision has been made in the books of account for the IGST on Ocean freight Rs.991.92 lakhs for the period from 1st April,2019 to 31st March 2020 and the same will be considered after the outcome of the above matter.

51 The Company's claim of refund under inverted duty structure to the tune of Rs. 2649.09 lakhs has been rejected by the department on the ground that input tax credit transferred to the Company in the month of June,2018 was availed by the Tata Chemicals Limited (the acquiree) prior to relevant period i.e June, 2018. The Company has filed writ petition before the Hon.ble Calcutta High Court against the said rejection and based on legal opinion obtained, the Company is hopeful of favourable judgement in the matter.

52 The claim of the company for refund of Goods & Services Tax Input under the provisions for inverted duty structure in the state of Andhra Pradesh amounting to Rs. 648.54 lakhs have been rejected by the department on the contention that the excess of accumulated ITC is due to receipt of subsidy and not because of disparity in rates of tax. The company has decided to take legal recourse based on a legal opinion received in this regard. Pending decision, the same has been carried forward and the management considers this as good of recovery.

53 An Insurance claim has been lodged for the shortage of raw material to the tune of 579.65 Lakhs found on a physical verification of a godown located at the docksite near the port. The claim shall be accounted for on its acceptance by the Insurance Company. Necessary steps have been initiated to further strengthen the internal controls over materials lying in the godown at docksite operated by the contractors.

54 Inventory of imported trading materials lying at port, having carrying value of Rs. 916.92 lakhs has been impacted by a natural calamity (bulbul thunderstorm). The Company has filed insurance claim for the above damages and pending finalisation of the same, the inventories found as per third party report, has been valued at its Net Realizable Value based on management estimate. The amount of insurance claim will be accounted for on its acceptance by the insurance Company.

55 The Board of Directors of the Company has approved, at its meeting held on 9th June,2020, the scheme of Arrangement between the Company and Indorama Industries Limited (ILL), wherein the spandex business of ILL shall be transferred on a going concern basis to the Company with effect from 1st October,2019 subject to necessary approvals. Pending such approval, no adjustment has been made in the books of accounts.

56 During the year, the company has opted to exercise the option under section 115BAA of the Income Tax 1961, as introduced by the Taxation Laws (Amendment) Ordinance 2019 and effective from April 1, 2019, which provides an option to opt for lower rate of Corporate Income Tax Rate subject to fulfilling of certain conditions. Consequently deferred tax liability (net) recognised till March 31, 2019 has been re-measured on the basis the rates prescribed under the new tax regime and a credit amounting to Rs. 2240.45 lakhs and a charge of Rs. 572.83 lakhs have been given effect in the capital reserve and current year deferred tax expenses respectively in line with the requirements of relevant accounting standards.



Indorama India Private Limited (Formerly known as IRC Agrochemicals Private Limited)  
Notes to Financial Statements as at and for the year ended 31 March, 2020

57 The Company is continuously monitoring the situation arising on account of COVID-19 pandemic considering both internal and external factors and taking several pro-active measures, such as mobilising its critical work force, locating them in or around the factory complex and adopting stringent social distancing procedures. The Company has been able to operate its plants at normal levels. The Company's production, dispatches, sales and market collections remained unaffected. The Company has made an assessment of its capital and financial resources including liquidity position and ability to service debt and other financing arrangements for next one year. The Company has also assessed the recoverability of the carrying values of its assets such as property, plant and equipment, inventory, trade receivables, investments and other current assets as at March 31, 2020. Based on the aforesaid assessment, the Company has concluded that there is no impact of COVID-19 pandemic on the above.

58 With effect from 18th February 2020 on receipt of necessary approval, the Company has changed its name from IRC Agrochemicals Private Limited to Indorama India Private Limited and the Registered Office address has been changed from P.S. Srijan Tech Park, DN-52, Unit No. A & B, 14th Floor, Salt Lake, Sector V, Kolkata, West Bengal -700 091 to EM-4,12th Floor Ecocentre, Unit No EC SL-1201 Salt Lake, Sector V, Kolkata, West Bengal -700 091

59 In the opinion of the Board of Directors, current assets, loans and advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the books of account. Provision for all known and determined liabilities is adequate and not in excess / short of the amount considered reasonably necessary.

60 Previous year's figures have been regrouped/ re-classified wherever necessary to confirm to current year's classifications. The figures for the year ended March 2019 are not comparable with current year's figure, as the company acquired the fertilizer business of Tata Chemicals Limited w.e.f. June 2018.

As per our Report of even date attached

For Singhi & Co.  
Chartered Accountants  
Firm Registration No: 302049E



(Gopal Jain)  
Partner  
Membership Number: 059147

Place : Kolkata  
Date: 24.08.2020



For and on behalf of the Board of Indorama India  
Private Limited



Vishwajit Kumar Sinha  
Director  
DIN: 02702645



Ashvini Hiran  
MD and CEO  
DIN: 07484872



Manish Kumar Agarwal  
Chief Financial Officer



Sushma Shukla  
Company Secretary  
ACS 26825





**Indorama India Private Limited (Formerly known as IRC Agrochemicals Private Limited)  
Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2020**

**1. CORPORATE AND GENERAL INFORMATION**

Indorama India Private Limited (Formerly known as IRC Agrochemicals Private Limited) (the Company), was incorporated in India on 26th September 2017 under the provisions of the Companies Act 2013 applicable in India. The Company is domiciled in India, and has its registered office at EM-4, 12th Floor Econtre, Unit No ECSL-1201 Salt Lake, Sector V, Kolkata, West Bengal -700 091.

The Company had acquired the Phosphatic fertiliser business and trading business of Tata Chemicals Limited during the year 2018-19 pursuant to a business transfer agreement.

The Company has diversified business interests in Phosphatic Fertilizers, Chemicals and Speciality Fertilizers.

**2. BASIS OF ACCOUNTING**

**2.1 Statement of Compliance**

These financial statements have been prepared in accordance with the Indian Accounting Standard (“Ind AS”) as prescribed by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 (“the Act”), read with the Companies (Indian Accounting Standards) Rule, 2015 (as amended), other relevant provisions of the Act and other accounting principles generally accepted in India.

The financial Statements are authorised for issue by the Board of Directors of the Company at their meeting held on 24<sup>th</sup> August 2020.

**2.2 Basis of Measurement**

The financial statements have been prepared on historical cost convention, except for following:

- Financial assets and liabilities (including derivative instruments) that are measured at Fair value/ Amortised cost;
- Defined benefit plans are measured as per actuarial Valuation.
- Assets held for sale – lower of its carrying amount and fair value costs to sell.

**2.3 Functional and Presentation Currency**

The Financial Statements have been presented in Indian Rupees (Rs.), which is also the Company’s functional currency. All financial information presented in (Rs.), has been rounded off to the nearest lakhs as per the requirements of Schedule III, unless otherwise stated.

**2.4 Use of Estimates and Judgements**

The judgements and key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its judgements, assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.



**Indorama India Private Limited (Formerly known as IRC Agrochemicals Private Limited)  
Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2020**

**2.5 Current Vs Non-Current classification**

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All the other assets are classified as non-current.

A liability is classified as current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and non-current liabilities respectively.

**2.6 Adoption of new accounting standards**

The Company has applied the following Indian Accounting Standards and its amendments for the first time for the annual reporting period commencing April 01, 2019.

Ind AS 116 - Leases

Amendment to Ind AS 12 - Income Taxes and Ind AS 12 Appendix 'C' - Uncertainty over Income Tax Treatments

Amendment to Ind AS 19 - Plan amendment, curtailment or settlement

Amendment to Ind AS 23 - Borrowing Cost

Amendment to Ind AS 103 - Business combination and Ind AS-111- Joint Arrangement

Amendment to Ind AS 109 - Prepayment features with negative compensation

Except for adoption of Ind AS-116, most of the above amendments did not have any impact on the current and previous financial period.

**3. Significant Accounting Policies**

A summary of the significant accounting policies applied in the preparation of the financial statements are given below.

**3.1 Foreign Currency Transactions and Translation**

**Foreign currency transactions**

- Foreign currency transactions are translated into the functional currency using the spot rates of exchanges at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchanges at the reporting date.
- Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities are generally recognised in profit or loss in the year in which they arise except for exchange differences on foreign currency borrowings



**Indorama India Private Limited (Formerly known as IRC Agrochemicals Private Limited)**  
**Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2020**

relating to assets under construction for future productive use, which are included in the cost of those qualifying assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings, the balance is presented in the Statement of Profit and Loss within finance costs.

- Non-monetary items are not retranslated at period end and are measured at historical cost (translated using the exchange rate at the transaction date).

**3.2 Property, Plant and Equipment**

**(a) Recognition and Measurement:**

*Property, Plant and Equipment*

Items of property, plant and equipment are measured at cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The cost of property, plant and equipment acquired on business combination was determined with reference to its fair value as at that date.

*Capital Work in progress*

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined are carried at cost, less any recognised impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

**(b) Component of costs**

The cost of an item of property, plant and equipment includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The projected cost of dismantlement, removal or restoration is also included as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration will be incurred as a consequence of acquiring or using the asset.

**(c) Depreciation**

Depreciation is calculated on the straight-line method and to write off the cost of the assets over their estimated useful lives as follows:

Buildings	5 to 60 years
Plant, equipment and machinery	5 to 30 years
Motor vehicles	8 years
Furniture and fittings	5 to 20 years
Computer and appliances	3 to 6 years

However in case of PPE recognized on business combination, depreciation is charged on straight-line method over the remaining balance life.

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets. Useful lives, residual values and depreciation methods are reviewed annually. Accelerated depreciation is provided when the useful life of the asset become shorter than that initially expected.



(d) **Subsequent expenditure**

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. Other subsequent expenditure is recognised as repair and maintenance expense in the Statement of Profit and Loss during the financial period in which it is incurred.

(e) **Disposal**

On disposal of an item of property, plant and equipment, the difference between the net disposals proceeds and its carrying amount is charged to the Statement of Profit and Loss.

**3.3 Intangible Assets**

Intangible assets that are acquired by the Company, which have finite useful lives, are stated at cost less accumulated amortisation and impairment losses. Intangible assets are amortised in profit or loss on a straight-line basis over their estimated useful lives of intangible assets from the date that they are available for use for below intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not change in indefinite life to finite life is to be done prospectively

The estimated useful lives are as follows:

Software license	3 to 5 years
Trade mark	Indefinite

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on prospective basis.

**3.4 Inventories**

Inventories are stated at the lower of cost or net realisable value. Cost is calculated using the weighted average cost principle, and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Adequate provision is made for obsolete and slow-moving spares, wherever necessary. However in case where inventory is recognized on business combination, they are valued at their fair value.

**3.5 Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the Government.



**Indorama India Private Limited (Formerly known as IRC Agrochemicals Private Limited)**  
**Notes to the Financial Statements for the year ended 31<sup>st</sup> March, 2020**

The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specific of each arrangement.

**a) Sale of Goods**

Revenue from sale of goods and services in the ordinary course of business is recognised when the Company satisfies a performance obligation (PO) by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods and services. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it specifically to those performance obligations.

Transaction price is the amount of consideration in the contract to which the Company expects to be entitled in exchange for transferring the promised goods or services.

Subsidy is recognised on the basis of the rates notified from time to time by the Government of India in accordance with the Nutrient Based Subsidy (NBS) policy on the quantity of fertilisers sold by the Company for the period for which notification has been issued

Revenue is recognized at a point in time either when the performance creates an asset that the customer controls as the asset is created (e.g. work in progress) or when the performance creates an asset with no alternative use and an enforceable right to payment as performance is completed to date has been secured. Revenue is also recognized over time if the customer simultaneously receives and consumes the benefits from goods and services as performed.

**Financing component**

The Company does not expect to have any contracts where the period between transfer of promised goods or services to the customer and payment by customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

**b) Interest income**

Interest income from a financial asset is recognised when it is probable that the economic benefit will flow to the Company and the amount of income can be measured reliably.

**c) Insurance claims**

Insurance claims are accounted for on the basis of acceptance of claims and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

**3.6 Cash and Cash Equivalents**

Cash and cash equivalents in the balance sheet comprise cash on hand and demand deposits, bank overdrafts, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.



### 3.7 Employee Benefit Plans

Employee benefits plans consist of provident fund, pension fund, superannuation fund, gratuity fund, compensated absences, long service awards.

#### Short-term employee benefits

The short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service. These benefits include compensated absences such as paid annual leave and performance incentives which are expected to occur within twelve months after the end of the period in which the employee renders the related services.

The cost of compensated absences is accounted as under:

- (a) In case of accumulating compensated absences, when employees render service that increase their entitlement of future compensated absences; and
- (b) In case of non-accumulating compensated absence, when the absences occur.

#### Other long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a long term liability. The cost of providing benefits is actuarially determined using the projected unit credit method, with actuarial valuations being carried out at each Balance Sheet date. Long Service Awards are recognised as a liability at the present value of the obligation at the Balance Sheet date. All gains/losses due to actuarial valuations are immediately recognised in the Statement of Profit and Loss.

#### Post-employment benefit plans

The Company operates the following post-employment schemes:

##### **Defined benefit plans**

For defined benefit schemes in the form of gratuity fund, the cost of providing benefits is actuarially determined using the projected unit credit method, with actuarial valuations being carried out at each Balance Sheet date.

The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as reduced by the fair value of scheme assets.

The present value of the said obligation is determined by discounting the estimated future cash outflows, using market yields of government bonds of equivalent term and currency to the liability. The interest income / (expense) are calculated by applying the discount rate to the net defined benefit liability or asset. The net interest income / (expense) on the net defined benefit liability is recognised in the Statement of Profit and Loss.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling (if any), are recognised immediately in the Balance Sheet with a corresponding charge or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to the Statement of Profit and Loss in subsequent periods.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the Statement of Profit and Loss as past service cost.



### **Defined contribution plans**

Retirement benefit in the form of provident fund contribution to Statutory Provident Fund is defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to this scheme as an expense, when an employee renders the related service.

### **3.8 Borrowing costs**

- Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowings of funds. Borrowing costs also includes exchange difference to the extent regarded as an adjustment to the borrowing costs.
- Borrowing costs directly attributable to the acquisition or construction of a qualifying asset are capitalised as a part of the cost of that asset that necessarily takes a substantial period of time to complete and prepare the asset for its intended use or sale. The Company considers a period of twelve months or more as a substantial period of time.
- Transaction costs in respect of long term borrowing are amortised over the tenure of respective loans using Effective Interest Rate (EIR) method. All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

### **3.9 Leases**

#### **a) Determining whether an arrangement contains a lease**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, (or contains), a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

#### **b) Company as Lessee**

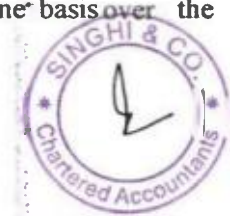
The Company's lease asset classes primarily consist of leases for land and Plant & Equipment. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (1) the contract involves the use of an identified asset (2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.



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Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

**3.10 Income Taxes**

Income tax comprises current and deferred tax. It is recognised in the statement of profit and loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

**(a) Current tax**

Current tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the taxation authorities based on tax rates and tax laws that have been enacted or substantively enacted, at the end of the reporting period.

**(b) Deferred tax**

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes (i.e., tax base). Deferred tax is also recognised for carry forward of unused tax losses and unused tax credits.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period. The Company reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or that entire deferred tax asset to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Deferred tax relating to items recognised outside the Statement of Profit and Loss is recognised either in other comprehensive income or in equity. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.





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**(c) Current and Deferred Tax for the Period**

Current and deferred tax are recognised in the Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination (comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

**3.11 Impairment of Non-Financial Assets**

- The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value being higher of value in use and net selling price. Value in use is computed at net present value of cash flow expected over the balance useful lives of the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (Cash Generating Units – CGU).
- An impairment loss is recognised as an expense in the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in earlier accounting period is reversed if there has been an improvement in recoverable amount.

**3.12 Provisions, Contingent Liabilities and Contingent Assets**

a) Provisions

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

b) Contingent Liabilities

Contingent liability is a possible obligation arising from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events but is not recognised because it is not possible that an outflow of resources embodying economic benefit will be required to settle the obligations or reliable estimate of the amount of the obligations cannot be made. The Company discloses the existence of contingent liabilities in other notes to financial statements.

c) Contingent Assets

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits. Contingent assets are not recognised though are disclosed, where an inflow of economic benefits is probable.



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**3.13 Earnings Per Share:**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the period are adjusted for the effects of all dilutive potential ordinary shares.

**3.14 Measurement of Fair Values**

A number of the accounting policies and disclosures of the Company require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 — Inputs which are unobservable inputs for the asset or liability.

External valuers are involved for valuation of significant assets and liabilities. Involvement of external valuers is decided by the management of the Company considering the requirements of Ind AS and selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

**3.15 Financial Instrument**

Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the



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fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

**(a) Financial Assets**

• **Recognition and Initial Measurement:**

All financial assets are initially recognised when the Company becomes a party to the contractual provisions of the instruments. A financial asset is initially measured at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

• **Classification and Subsequent Measurement:**

For purposes of subsequent measurement, financial assets are classified in following categories:

- Measured at amortised cost;
- Measured at fair value through other comprehensive income (FVTOCI);
- Measured at fair value through profit or loss (FVTPL); and

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

➤ Measured at amortised cost:

A financial asset is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

➤ Measured at FVTOCI:

A financial asset is measured at the FVTOCI if both the following conditions are met:

- The objective of the business model is achieved by both collecting contractual cash flows and selling the financial assets; and
- The asset's contractual cash flows represent SPPI.

Financial assets meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at fair value with any gains or losses arising on remeasurement recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains or losses. Interest calculated using the effective interest method is recognised in the statement of profit and loss in interest income. Where the asset is disposed of, the cumulative gain or loss previously accumulated in other comprehensive income reserve is transferred in the Statement of Profit and Loss.

➤ Measured at FVTPL:

FVTPL is a residual category for financial assets. Any financial assets, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as FVTPL. In addition, the Company may elect to designate a financial asset, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. Financial Asset included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.



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Interest / dividend income on financial instruments measured at FVTPL are presented separately under other income.

- **Derecognition**

The Company derecognises a financial asset on trade date only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

- **Impairment of Financial Assets**

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS – 109 requires expected credit losses to be measured through a loss allowance. The Company recognizes lifetime expected losses for all contract assets and/ or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

**(b) Financial Liabilities**

- **Recognition and Initial Measurement:**

Financial liabilities are classified, at initial recognition, as at fair value through profit or loss, loans and borrowings, payables or as derivatives, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

- **Subsequent Measurement:**

Financial liabilities are measured subsequently at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

- **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

- **Offsetting Financial Instruments**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the counterparty.

**(c) Derivative financial instruments**

The Company enters into derivative financial instruments viz. foreign exchange forward contracts to manage its exposure to foreign exchange rate risks. The Company does not hold derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the Statement of Profit or Loss immediately.



**(d) Offsetting Arrangements**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company and the Company has a legally enforceable right to set off recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

**3.16 Event after the Reporting Period**

Events after the reporting period that provide additional information about the Company's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the end of the reporting period that are not adjusting events are disclosed in the notes the financial statements when material.

**4. SIGNIFICANT JUDGEMENTS AND KEY SOURCES OF ESTIMATION IN APPLYING ACCOUNTING POLICIES**

Information about significant judgements and key sources of estimation made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- a) Recognition of Deferred Tax Assets:** The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits.
- b) Provision for taxes:** Significant judgments are required in determining the provision for income taxes, including the amount expected to be paid/ recovered for uncertain tax positions.
- c) Useful lives of depreciable/ amortisable assets (property, plant and equipment and intangible assets):** Management reviews its estimate of the useful lives of depreciable/ amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to actual normal wear and tear that may change the utility of plant and equipment. During the current year, there has been no change in life considered for the assets.
- d) Classification of Leases:** The Company enters into leasing arrangements for various assets. The classification of the leasing arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialized nature of the leased asset.
- e) Defined Benefit Obligation (DBO):** Employee benefit obligations are measured on the basis of actuarial assumptions which include mortality and withdrawal rates as well as assumptions concerning future developments in discount rates, medical cost trends, anticipation of future salary increases and the inflation rate. The Company considers that the assumptions used to measure its obligations are appropriate. However, any changes in these assumptions may have a material impact on the resulting calculations.



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- ñ) Provisions and Contingencies:** The assessments undertaken in recognising provisions and contingencies have been made in accordance with Indian Accounting Standards (Ind AS) 37, 'Provisions, Contingent Liabilities and Contingent Assets'. The evaluation of the likelihood of the contingent events is applied best judgement by management regarding the probability of exposure to potential loss.
- g) Impairment of Financial Assets:** The Company reviews its carrying value of investments carried at amortised cost annually, or more frequently when there is indication of impairment. If recoverable amount is less than its carrying amount, the impairment loss is accounted for.
- h) Allowances for Doubtful Debts:** The Company makes allowances for doubtful debts through appropriate estimations of irrecoverable amount. The identification of doubtful debts requires use of judgment and estimates. The Company evaluates trade receivables ageing above 180 days and makes a provision for those debts as per the provisioning policy. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed.
- i) Fair value measurement of financial Instruments:** Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. Finance team works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.
- ij) Revenue recognition:** The Company provides customer incentives, such as rebates, based on quantity purchased, timing of collections etc. Various estimates are made to recognise the impact of rebates and other incentives on revenue. These estimates are made based on historical and forecasted data, contractual terms and current conditions.

