

Grasim Industries Limited

NOTES:

1. The above financial results of the Company for the three months and nine months ended 31st December, 2020 have been reviewed by the Audit Committee and approved by the Board of Directors of the Company today.
2. As per the directives of the Central and State Governments in the wake of COVID-19 pandemic, the Company had suspended operations across its plants w.e.f. 25th March, 2020, except for Fertiliser business, where operations continued uninterrupted. During the quarter ended 30th June 2020, the Company resumed operations at all its' plants in accordance with the Government guidelines and is continuously in process of further scaling up the operations. The management believes that impact is short term and temporary in nature and there is no significant impact on recoverability of carrying value of its assets and future operations.
3. Exceptional Items as included in results for the different periods are detailed below:

Particulars	Quarter Ended			Nine Months Ended		Year Ended
	31-12-2020	30-09-2020	31-12-2019	31-12-2020	31-12-2019	31-03-2020
	(Unaudited)	(Unaudited - Restated) (Refer Note 8)	(Unaudited - Restated) (Refer Note 8)	(Unaudited)	(Unaudited - Restated) (Refer Note 8)	(Audited - Restated) (Refer Note 8)
Continued Operations :						
Additional provision of Stamp duty and registration fees related to merger of Aditya birla Nuvo Limited with the Company	-	-	-	(57.73)	-	-
Fixed Assets/ Capital WIP Write off	-	-	-	-	-	(17.66)
Contribution towards liquidation expenses and Impairment in value of investment in Aditya Birla Idea Payment Bank Limited	-	-	(10.20)	-	(300.37)	(300.37)
Exceptional Gain/(Loss) from Continued operations	-	-	(10.20)	(57.73)	(300.37)	(318.03)
Tax Expense on Above	-	-	6.45	3.86	58.85	65.02
Exceptional Gain/(Loss) [Net of Tax] from Continued operations	-	-	(3.75)	(53.87)	(241.52)	(253.01)
Discontinued Operations:						
Fertilizers subsidy claims (Fixed cost claim approval and provision against claim of additional commercial tax)	-	-	-	-	-	23.95
Tax Expense on Above	-	-	-	-	-	(8.38)
Exceptional Gain/(Loss) [Net of Tax] from Discontinued operations	-	-	-	-	-	15.57

4. The Company and Grasim Premium Fabric Private Limited, (GPFPL), a wholly owned subsidiary of the Company (previously known as Soktas India Private Limited) has filed a Scheme of Arrangement (the Scheme) with National Company Law Tribunal (NCLT), Indore and Mumbai bench respectively for amalgamation of GPFPL with the Company, with effect from 1st April, 2019 (the Appointed Date, as per the Scheme) or any other date as may be sanctioned by the NCLT. The Scheme has been sanctioned by NCLT, Indore Bench vide its order dated 12th November, 2020 as amended by order dated 28th January, 2021. The sanction of the Scheme by the aforesaid order is subject to the outcome of the petition of GPFPL before NCLT, Mumbai Bench besides other approvals, if any required. Pending sanction of the Scheme by NCLT, Mumbai Bench the financial results of GPFPL have not been included in the Company's financial results.
5. 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 is continuing to provide for Income tax at the old rates, based on various tax incentive and deductions. However, the Company has applied the lower income

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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, net deferred tax liability of Rs 240.74 Crores was reversed during the year ended 31st March, 2020.

6. During the quarter, the Company has allotted 22,786 fully paid up equity shares of ₹ 2 each upon exercise of employee stock options.
7. The Segment-wise Revenue, Results, Assets and Liabilities have been disclosed in the consolidated financial results.
8. The Company has entered into an agreement on 12 November, 2020 for transfer of its Fertilizer business (Indo Gulf Fertilizers unit), comprising of manufacture, trading and sale of inter alia urea, soil health products and other agri-inputs as a going concern, on a slump sale basis, to Indo Rama India Private Limited under a Scheme of Arrangement under sections 230-232 of the Companies Act, 2013. The transaction is subject to the approval of the shareholders and creditors of the Company, requisite regulatory approvals including from SEBI and the jurisdictional National Company Law Tribunals. Hence, the Company's Fertilizer business has been classified as discontinued operation in the quarter ended 31 December, 2020 with the transaction likely to be completed within one year from then. Accordingly, financial results for the quarter and nine months ended 31st Decemeber, 2019, quarter ended 30th September 2020 and year ended 31st March, 2020 as included in this statement have been restated.
9. Previous periods' figures have been regrouped/rearranged wherever necessary to conform to the current periods classification.

For and on behalf of Board of Directors

Place : Mumbai
Date : 12th February, 2021

Dilip Gaur
Managing Director

Grasim Industries Limited

Regd. Office: Birlagram, Nagda 456 331 (M.P.)

An Aditya Birla Group Company

www.adityabirla.com and www.grasim.com

Tel: (07366) 24760-66 | Fax: (07366) 244114, 246024 | CIN: L17124MP1947PLC000410

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NOTES:

1. Exceptional Items as included are as under:

Particulars	Three Months Ended			Nine Months Ended		Year Ended
	31-12-2020	30-09-2020	31-12-2019	31-12-2020	31-12-2019	31-03-2020
	(Unaudited)	(Unaudited) (Restated) (Refer Note 6)		(Unaudited)	(Unaudited) (Restated) (Refer Note 6)	(Audited) (Restated) (Refer Note 6)
Continued Operations :						
Order issued by the Hon'ble Supreme Court against the Subsidiary's claim of capital investment subsidy, under Rajasthan Investment Promotion Scheme -2003 {Note 5(a)}	-	(6.63)	-	(164.00)	-	-
Additional provision of Stamp duty and registration fees related to merger of erstwhile Aditya Birla Nuvo Limited with the Company {Note 5(b)}	-	-	-	(57.73)	-	-
Impairment of Assets in Subsidiary Company {Note 5(c)}	-	(329.10)	-	(329.10)	-	-
Impairment of Goodwill in Subsidiary Companies of Aditya Birla Capital Limited	-	-	-	-	-	(1,270.27)
Fixed Assets/ Capital WIP Write off	-	-	-	-	-	(17.66)
Contribution towards liquidation expenses and Impairment in value of investment in Aditya Birla Idea Payment Bank Limited	-	-	(10.20)	-	(119.53)	(118.12)
Exceptional Gain/(Loss) from Continued Operations	-	(335.73)	(10.20)	(550.83)	(119.53)	(1,406.05)
Tax Expense on above	-	2.82	6.45	55.87	58.85	56.64
Exceptional Gain/(Loss) [Net of Tax] from Continued Operations	-	(332.91)	(3.75)	(494.96)	(60.68)	(1,349.41)
Discontinued Operations :						
Gain on divestment of a stepdown subsidiary of UNCL. {Note 5(d)}	-	437.68	-	437.68	-	-
Fertilizers subsidy claims (Fixed cost claim approval and provision against claim of additional commercial tax)	-	-	-	-	-	23.95
Tax Expense on above	-	(0.26)	-	(0.26)	-	(8.38)
Exceptional Gain [Net of Tax] from Discontinued Operations	-	437.42	-	437.42	-	15.57

2. (a) As per the directives of the Central and State Governments in the wake of COVID-19 pandemic, the Company had suspended operations across its plants w.e.f. 25th March, 2020, except for Fertiliser business, where operations continued uninterrupted. During the quarter ended 30th June 2020, the Company resumed operations at all its' plants in accordance with the Government guidelines and is continuously in process of further scaling up the operations. The management believes that impact is short term and temporary in nature and there is no significant impact on recoverability of carrying value of its assets and future operations.

(b) Estimation uncertainty relating to COVID-19 global health pandemic in Aditya Birla Capital Limited (ABCL), a subsidiary of the Company:

The Group recognizes the need to make reasonable estimation of the economic impact of this pandemic on the obligation on account of policy liabilities, recoverability of Goodwill, repayment ability of its borrowers, and make additional provisions as considered appropriate, over-and-above the extant provisions as per the Group's ECL policy, for expected credit losses. The Group has segmented its portfolio basis various parameters to ascertain the likely detrimental impact on the credit risk in the portfolio as a result of the economic fallout of COVID-19 and basis its estimates, assumptions and judgements arrived at the additional provision required to take care of the expected credit loss in its financial results. Given the continued uncertainty over the potential macro-economic condition and the final decision of the Hon'ble Supreme Court in relation to NPA classification of accounts under moratorium, the impact of economic fallout of the COVID-19 on the carrying value of assets and obligations of the Group may be different from that expected as at the date of approval of these financial results. The Group will continue to closely monitor any material changes to future economic conditions and suitable adjustments as considered appropriate will be given in the respective future period.

3. Resolution Framework for COVID-19 related Stress in ABCL:

During the quarter ended 31st December, 2020, Lending businesses have provided resolution pertaining to COVID-19 pandemic related stress and otherwise to eligible borrowers with a total outstanding of ₹ 1,067 crore as of 31st December, 2020. The resolution offered to the borrowers is based on the parameters laid down in the resolution policy approved by the respective Board of Directors of the Lending Subsidiaries in accordance with the notifications issued by the Reserve Bank of India. For MSME loans, the implementation will continue till the deadline of 31st March, 2021.

4. 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 under the Income Tax Act, 1961.

However, the Company and UltraTech had applied the lower income tax rates on the deferred tax assets / liabilities to the extent these were 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 during the year ended 31st March 2020, while some of its subsidiaries, joint ventures & associates have availed the option to pay income tax at the lower rate. Consequently, wherever applicable, the opening deferred tax asset/liabilities had been measured at the lower rate, with a one-time corresponding debit of ₹ 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 for the period nine month ended 31st December 2019 and year ended 31st March 2020.

5. During the period, exceptional item represents:

- (a) an amount of ₹ 164 crore for nine months ended 31st December 2020 and ₹ 6.63 Crores for quarter ended 30th September 2020 booked as a one-time expense, upon receiving an order dated 17th July 2020, issued by the Hon'ble Supreme Court against the UltraTech's claim of capital investment subsidy, under Rajasthan Investment Promotion Scheme -2003.
- (b) an additional provision of Stamp duty and Registration fees amounting to ₹ 57.73 crore related to merger of erstwhile Aditya Birla Nuvo Limited with Company was made based on an order passed by Additional District Magistrate (UP) dated 13th July 2020.
- (c) One of the subsidiary of UltraTech has made an impairment provision of ₹ 57.92 crore towards old advances for purchase of certain land wherein the Company has reassessed its ability to recover such advances and impairment provision of ₹ 271.18 crores which has been made on a loan receivable (asset held for sale).
- (d) During the previous quarter, UltraTech Nathdwara Cement Limited ("UNCL") through its subsidiary, Krishna Holdings Pte. Ltd, ("Krishna"), a company incorporated in Singapore has completed the divestment of its entire equity shareholding of 92.5% in its cement subsidiary at a net consideration of USD 94.70 Mn. and recorded a net gain on divestment of ₹ 437.68 crore.

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6. **a.** UNCL's wholly owned subsidiary, Star Super Cement Industries LLC ("SSCILLC") was previously classified as 'held for sale'. During the current quarter, it has been decided to make it a part of the continuing operations considering the synergies available with the existing capacity. Consequently, the Group has changed its plan to sell SSCILLC and instead continued its business operations. UNCL has sold SSCILLC to UltraTech Cement Middle East Investments Limited ("UCMEIL"), which is a wholly owned subsidiary of the UltraTech, on 23rd November 2020. Accordingly, SSCILLC has ceased to be classified as 'held for sale' and the financial results of SSCILLC previously presented as discontinued operations have been reclassified as per Ind AS 105 'Non-current Assets Held for Sale and Discontinued Operations' and included in income from continuing operations for all periods presented and required adjustments have been made to the carrying amount of assets and liabilities of SSCILLC. Accordingly, consolidated financial results for the quarter and nine months ended 31st December, 2019, quarter ended 30th September 2020 and year ended 31st March, 2020 as included in this Statement have been restated.
- b.** The Company has entered into an agreement on 12th November, 2020 for transfer of its Fertilizer business (Indo Gulf Fertilizers unit), comprising of manufacture, trading and sale of inter alia urea, soil health products and other agri-inputs as a going concern, on a slump sale basis, to Indo Rama India Private Limited under a Scheme of Arrangement under sections 230-232 of the Companies Act, 2013. The transaction is subject to the approval of the shareholders and creditors of the Company, requisite regulatory approvals including from SEBI and the jurisdictional National Company Law Tribunals. Hence, the Company's Fertilizer business has been classified as discontinued operation in the quarter ended 31st December, 2020 with the transaction likely to be completed within one year from then. Accordingly, consolidated financial results for the quarter and nine months ended 31st December, 2019, quarter ended 30th September 2020 and year ended 31st March, 2020 as included in this Statement have been restated.
7. UltraTech had filed appeals against the orders of the Competition Commission of India (CCI) dated 31/08/2016 and 19/01/2017. Upon the NCLAT disallowing its appeal against the CCI order dated 31/08/2016, the Hon'ble Supreme Court has, by its order dated 05/10/2018, granted a stay against the NCLAT order. Consequently, UltraTech has deposited an amount of ₹ 144.95 Crores equivalent to 10% of the penalty amount. UNCL has also filed an appeal in the Hon'ble Supreme Court against a similar CCI order dated 31/08/2016 and has deposited an amount of ₹ 16.73 Crores equivalent to 10% of the penalty amount. UltraTech, backed by legal opinions, believes that it has a good case in said matters and accordingly no provision has been made in the accounts.
- During the quarter, officers from the CCI visited the UltraTech's premises seeking information for certain periods. UltraTech in process of providing the information sought by them and will co-operate for any further information that may be required. UltraTech presently believes that this does not have any material impact.
8. During the quarter, the Company has allotted 22,786 fully paid up equity shares of ₹ 2 each upon exercise of employee stock options.
9. The above Financial Results of the Company for the three months and Nine months ended 31st December, 2020 are reviewed by the Audit Committee and approved by the Board of Directors of the Company today.
10. Previous periods figures have been regrouped/rearranged wherever necessary to conform to the current period's classification.

For and on behalf of Board of Directors

Place : Mumbai
Date : 12th February, 2021

Dilip Gaur
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