Management Discussion and Analysis

The Indian economy retains its ranking as the world's fastest-growing major economy. Primary factors responsible for this growth include upswing in consumption, strengthening of investment, strong domestic demand encouraged by benefits from the Goods and Services Tax (GST) and rebound in credit growth.

Eight core industries posted a strong growth rate driven by healthy production figures. With inflation under control, the Reserve Bank of India (RBI) slashed the benchmark repo rate by 25 basis points (bps) to 6.25% in February 2019 to provide a fillip to this growth. The domestic economy now appears to be at the cusp of a promising revival led by significant reforms, such as bank re-capitalization, enactment of insolvency framework, farm relief package, increased infrastructure spending by the government, and similar measures. Simultaneously a multitude of schemes to enhance various human development indicators is being planned.

The International Monetary Fund states: "Growth in India is expected to stabilize at just under 7.34 percent over the medium term, based on continued implementation of structural reforms and easing of infrastructure bottlenecks".

India excelled by 23 points in the World Bank's ease of doing business index to 77th place, becoming the leading country in South Asia for the first time and third among the BRICS nations.

The key businesses have recorded all-round growth in operational and financial metrics as detailed below.

Business Performance Review:

Viscose

	Unit	FY 2018-19	FY 2017-18	% Change
Standalone Performance				
Installed Capacity-VSF	KT	**566**	498	14%
Installed Capacity-VFY	KT	**46**	46	-
Production-VSF	KT	**541**	499	8%
Production-VFY	KT	**46**	19	142%
Sales Volumes-VSF	KT	**541**	508	6%
Sales Volumes-VFY	KT	**46**	19*	142%
Net Divisional Revenue	₹ Crore	**10,325**	8,374	23%
EBITDA	₹ Crore	**2,052**	1,680	22%
EBITDA Margin	%	**20%**	20%	-

* Not comparable on account of acquisition of Rights to operate and manage Century Rayon (the VFY business of Century Textiles and Industries Limited) with effect from 1st February 2019.

VSF demand in India witnessed a double digit growth for the second consecutive year. Grasim has been at the forefront of driving the VSF consumption in India with the Launch of LIVA in 2014. In FY19 the Company introduced Livaeco and Liva Home as an extension of the brand LIVA. VSF demand in India is expected to maintain its growth momentum and witness a high single digit growth for the next 2-3 years.

In FY19 ~1 MTPA of capacity was added by VSF players in Asia taking the overall capacity to 7 MTPA. This is expected to create a demand supply imbalance in the shorter time frame.

VFY sales volume has increased substantially during the current year led by acquisitions of rights to operate and manage Century Rayon by the Company effective from 1st February 2018.

During FY19 prices of Chinese VSF declined. On the other hand, global cotton and polyester prices witnessed an increase. In India, cotton prices experienced a double digit price increase owing to lower domestic production, depletion in the cotton reserves of China, and hike in the MSP (Minimum Support Price) of Indian cotton crop. Polyester prices globally have maintained an upward trend due to a spike in the crude oil prices.

The cost of key inputs like Dissolving grade pulp, Caustic soda and Sulphur remained higher during FY19.

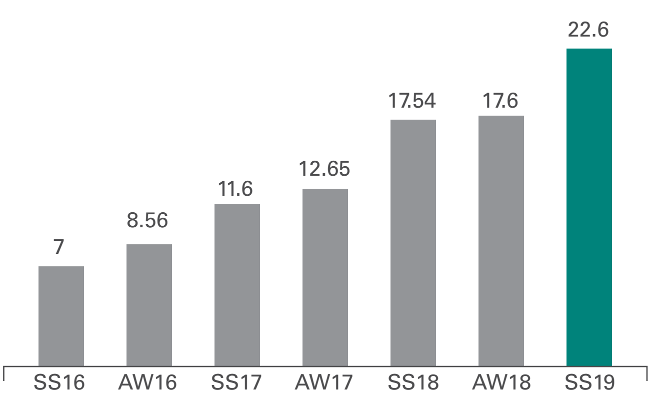
LIVA and LIVAeco – Eco-friendly brands

Livaeco is a unique brand conceived on the principles of sustainability. It is derived from certified sustainable forests and is certified by FSC (Forest Stewardship Council). Livaeco helps conserve bio-diversity, protects endangered forests, and increases the overall green cover. Every Livaeco garment has a unique molecular tracer which helps the end consumer trace the origin and full journey of the garment he/she is buying.

Besides it promises minimal usage of valuable water in its manufacturing process, vis-à-vis other natural fibres and lower greenhouse gas emissions. Livaeco is an impressive eco-friendly addition to the brand, LIVA.

Today, LIVA partners with over 40 retail brands and is available across 3,500 outlets in Exclusive Business Outlets and Large Format Stores. Additionally, it can be sourced from many more MBOs in 250 cities of India. This has resulted in doubling the viscose fibre consumption in the Country over the past 4 years. Viscose business has been registering a double digit growth in recent years and the market share has gone up from 3.5% to 5% in the last four years.

LIVA Garments-Tagging (in Millions)



SS - Spring Summer
AW - Autumn Winter

Distinct eco-friendly features of LIVA eco

Lowest water consumption

The process of making Livaeco saves 900 litres of water vis-à-vis other natural fibres. Water today is one of the most valuable resources.

Lowest greenhouse gas emissions

300 grams less green-house gases are emitted in the process of making Livaeco as compared to competing natural fibres.

Fastest bio-degradability

Biodegrades completely within 6 weeks- Zero damage to the environment.

Traceability of source

Molecular tracer helps in tracing garments to source at any stage. Downstream traceability can be done through a web enabled system.

Outlook

The VSF business is slated to grow vigorously, expanding the market in India by partnering with the textile value chain. It will achieve better customer connect through its brand LIVA and related products, through a larger share of specialty fibre. VSF continues to be the fastest growing textile fibre globally. However, new capacities recently commissioned in Asia may create temporary demand supply mismatch and resultant pressure on prices.

The global demand for VSF is likely to grow at a CAGR of 6-7% over the next 2-3 years, tad higher than the growth of competing fibres like cotton and polyester. The Asia-Pacific region is witnessing a healthy growth in the demand for this product. This is due to its special natural attributes and increased popularity in countries like India and China, which make it "a preferred fibre of choice".

Chemicals

	Unit	FY 2018-19	FY 2017-18	% Change
Caustic Soda				
- Installed Capacity	KT	**1,147**	938	22%
- Production	KT	**995**	866	15%
- Sales Volume	KT	**1,003**	860	17%
Specialty Chemicals				
(Chlorine Value Added Products)				
- Production	KT	**555**	513	8%
- Sales Volume	KT	**549**	515	7%
Chemical Business				
Net Divisional Revenue	₹ Crore	**6,437**	5,004	29%
EBITDA	₹ Crore	**1,827**	1,300	40%
EBITDA Margin	%	**28.3%**	25.9%	-

The global prices of caustic soda were volatile during the year led by multiple factors like:

- Closure of alumina refinery in South America
- There were limited environment related shutdown in China during the winter months to control pollution level and
- Mandatory adherence to BIS guidelines in India.

In India, the prices remained firm during the year driven by stable demand conditions and slowdown in imports.

Domestic consumption of caustic soda is expected to increase by 2-3% over the medium term on account of a strong demand from key consuming sectors such as textile, alumina, pulp and paper, and chemicals industries.

The Company achieved a new milestone of 1 Million Tonne Sales of Caustic Soda this year, the first company in the Country to attain this record.

Over the years, the demand for chlorine remained firm with prices maintaining a stable trend. The Company is a global leader in the chlorine Value-Added Products (VAP) such as AICI3 and stable bleaching powder. In India, we hold a leadership position in CP (ChlroParafin), PAC (Poly Aluminium Chloride) and PA (Phosphoric Acid).

Outlook

The Chemical business is witnessing expansion in both Chlor-alkali and specialty chemicals. The recent acquisition of Chlor-alkali business of KPR Industries Limited (plant under construction) is aimed at increasing the market share in the Eastern region of India, a caustic consumption hub. This, coupled with ongoing brownfield expansion projects at other sites and new product lines for specialty chemicals will lead to an upward swing in the business in the near future.

INDO GULF FERTILISERS

Domestic production of urea remained stable during the year, leading to better capacity utilization.

The Fertilizer business achieved a sales revenue of ₹ 2,812 Crore and EBITDA of ₹ 238 Crore in FY 2018-19.

The Agricultural sector continues to be in focus of the government. Improvement in rural infrastructure, higher crop insurance and agricultural credit will lead to an increase in use of fertilizer.

Textiles

Grasim's textiles business has Linen and Wool as the popular product lines. Grasim Textiles business for FY 2018-19, reported a Revenue of ₹ 1,501 Crore and EBITDA of ₹ 139 Crore.

Our Linen business maintained its leadership in the Linen Market with ~45% market share in linen fabric (Pure Linen category) and ~45% in linen yarn. The retail arm of the business, under the brand "Linen Club" is one of the largest single brand franchise network in India. It added 28 new 'Linen Club' EBOs, during FY 2018-19, with a total count of 200 EBOs. Besides fabrics, Linen Club Stores also offer wide range of Linen Apparel. Further, during the year, linen business ventured into intimate blend fabrics and apparels by launching two new brands "Mazury" and "Cavallo" respectively. Cavallo is supplied through E-Commerce channels.

Our Wool operation has integrated combing and spinning facilities. We export to over 30 countries with a wide product basket and good share of Value Added Products. We continue to be the market leaders in domestic wool combing market with 40% capacity market share

The acquisition of 100% equity of Soktas India Private Limited by the company for ₹ 135 Crore is aimed at expanding its leadership in the premium fabric segment, complementing its existing linen business. SIPL has since been renamed as Grasim Premium Fabric Pvt. Ltd.

Grasim has brands rights for the "SOKTAS", "Giza House" and "Excellence by SOKTAS" brands in key territories including India, Bangladesh and Nepal.

The general business outlook remains positive in view of the overall demand condition.

Insulators

The demand growth for insulator industry is being driven by power generation, transmission and distribution. The business generated Revenue of ₹ 434 Crore and EBITDA of ₹ 22 Crore for FY 2018-19.

The Insulator industry may continue to remain subdued due to lack of investment in the power sector in the Country.

UltraTech Cement Ltd. (A subsidiary of the Company)

India's cement sector witnessed an encouraging double digit demand growth in FY19 highest since FY10. India's cement industry is a vital part of its economy, providing employment to more than a million people, directly or indirectly. The demand growth was driven by Infrastructure projects, low cost housing and performance of the Industrial and commercial sector. The overall demand phase is expected to maintain positive momentum in the months ahead. Increase in demand will facilitate greater capacity utilization.

UltraTech was a beneficiary of the strong demand growth. The consolidated sales volume registered an increase of 17% on YoY basis to ~76mtpa (FY19). The Consolidated Net Revenue in FY19 witnessed a growth of 21% to ₹ 37,379 Crore and EBITDA increased by 7% to ₹ 7,226 Crore.

The Board of Directors of UltraTech had approved a Scheme of Demerger amongst Century Textiles and Industries Limited (Century) and UltraTech and their respective shareholders and creditors (the Scheme). In terms of the Scheme, Century would demerge its cement business into UltraTech.

The National Company Law Tribunal, Mumbai Bench (NCLT) has by its Order dated 3rd July 2019 approved the Scheme and has fixed the Appointed Date as 20th May 2018. The Scheme will be effective upon receipt of the required regulatory approvals for transfer of mining leases.

On completing this acquisition and with the on-going capacity expansions, UltraTech's cement manufacturing capacity will stand augmented to 113.4 mtpa, in India. The Company will reposition itself as the 3rd largest cement player globally (excluding China).

The Government's thrust on infrastructure development namely, construction of cement concrete roads, metro rail networks, airports, DFC, irrigation projects and increase in the pace of execution under the low cost housing program, supported strong volume off-takes of cement. Some of the recent major initiatives such as development of 98 smart cities are expected to provide a major boost to the cement sector. With stabilization of RERA, pick-up in urban housing is also being witnessed. All of these are expected to result in sustained demand growth for cement. This augurs well for the industry. UltraTech, with its recent expansions in the last 3 years is very well placed to participate in the growth of the Indian economy.

Aditya Birla Capital Ltd. (A subsidiary of the Company)

The Aditya Birla Capital reported a strong Financial Performance. The Revenue and Net Profit after Tax for FY19 increased to ₹ 15,032 Crore and ₹ 566 Crore up by 65% and 37%.

The NBFC Lending book (Including housing finance) expanded 23% YoY to ₹ 63,119 Crore (FY19)

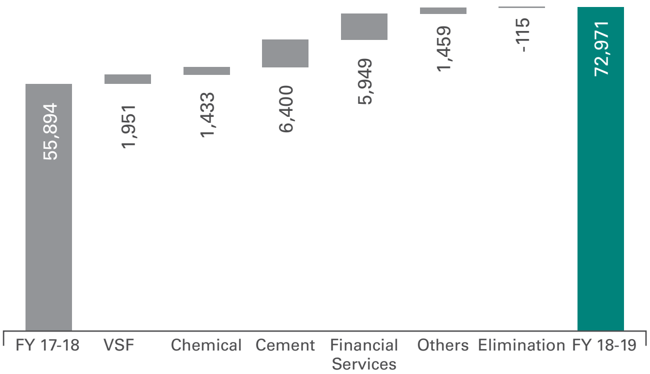
The Average Assets Under Management at ₹ 2,65,109 Crore (FY19) is up 6% YoY.

In Life Insurance business, the Individual First year Premium are up 56% to ₹ 1,798 Crore in FY19. The persistency ratios also witnessed a consistent improvement, to 78% (FY19) up 3%.

In the Health Insurance business, Gross written premium increased to ₹ 497 Crore (FY19), almost doubled as compared to the previous year.

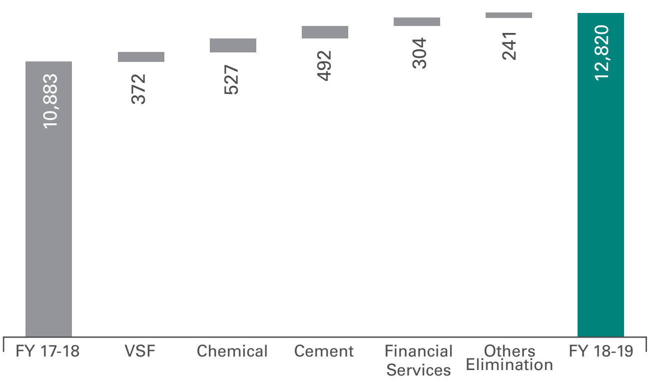
Revenue from Operations

The Consolidated Revenues from operations (Net of Excise Duty) increased to ₹ 72,971 Crore in FY19 from ₹ 55,894 Crore in FY18 driven by all round growth in Financial Services, Cement, Viscose, Chemicals businesses with visible steady growth in production and sales volume.



Operating Profit (EBITDA)

The rise in the EBITDA at ₹ 12,820 Crore for the year compared to ₹ 10,883 Crore in FY18 was majorly driven by the performance of the Chemicals, Cement, Viscose, and Financial services, despite increase in the cost of major inputs.



Finance Cost

The Finance cost moved up from ₹ 1,364 Crore in FY18 to ₹ 1,781 Crore in FY19 mainly due to higher borrowings by UltraTech during the year (Debt taken to acquire the Erstwhile Binani assets). At standalone level the finance cost increased from ₹ 128 Crore (FY18) to ₹ 199 Crore (FY19). This was due to increase in the debt level to support brownfield expansion projects.

At Standalone level, the net surplus (liquid investment) stood at ₹ 458 Crore as at 31 March 2019 against ₹ 389 Crore as at 31 March 2018.

At Consolidated level, the company moved from net debt position of ₹ 13,574 Crore as on 31 March 2018 to ₹ 19,652 Crore as on 31 March 2019.

Depreciation

The Depreciation charge increased from ₹ 2,724 Crore in FY18 to ₹ 3,260 Crore in FY19 on account of acquisition of assets and capitalization of a new cement plant.

Tax Expenses

The total tax expenses increased from ₹ 1,947 Crore in FY18 to ₹ 2,457 Crore in FY19 namely on account of higher profits.

Profit after Tax (PAT)

The Profit after Tax (Before Exceptional item net of Tax of ₹ 2,340 Crore) for the year was at ₹ 4,112 Crore compared to ₹ 3,015 Crore in FY18.

Post merger of Vodafone India Ltd. with Idea Cellular Ltd., the merged entity Vodafone Idea Ltd. ceased to be an 'Associate' of the company w.e.f. 31st August 2018. Hence share in PAT of Vodafone Idea Ltd has not been consolidated w.e.f. 31st August 2018.

During FY19 Exceptional item (net of tax) of ₹ 2,003 Crore represents the difference between Book Value and Fair value of Vodafone Idea Ltd as on 30th August 2018, consequent to Vodafone Idea Ltd. ceasing to be an 'Associate'. This has been charged to Profit and Loss Statement as an exceptional item.

Standalone Financial Performance

Strong YoY growth reported by the Viscose and Chemical business pushed the Revenue from Operations up, 30% to ₹ 20,550 Crore in FY19 from ₹ 15,786 Crore (FY18). The Revenues of Viscose business are up 23% YoY to ₹ 10,325 Crore in FY19 from ₹ 8,374 Crore in FY18 driven by better realization and higher volumes YoY due to debottlenecking of capacity. The Chemicals business reported a Revenue growth of 29% to ₹ 6,437 Crore in FY19 from ₹ 5,004 Crore in FY18 fueled by record sales volume, positive Chlorine realizations and improvement in the range of Value Added Products.

Standalone EBITDA rose by 31% to ₹ 4,639 Crore in FY19 from ₹ 3,542 Crore in FY 2017-18 led by solid EBITDA growth reported in the Chemical and VSF businesses.

The PAT (before exceptional items) increased by 30% YoY to ₹ 2,574 Crore in FY 2018-19 from ₹ 1,976 Crore in FY 2017-18.

The PAT after exceptional items touched ₹ 515 Crore for FY 2018-19 against ₹ 1,769 Crore in the previous year.

Key ratios capturing our financial performance have been illustrated below:

Sl No.	Particulars	FY 19	FY 18	Change
1	Debtors T/o Ratio [Net Sales/Avg. Debtors]	**6.75**	8.44	-25%
2	Debtors T/o Ratio (Calculated on Closing Debtors)	**5.90**	6.14	-4%
3	Inventory T/o Ratio [Operating Cost ie. Total Income-EBITDA/Average Inventory]	**5.97**	5.99	0%
4	Inventory T/o Ratio [Operating Cost ie. Total Income-EBITDA/Closing Inventory]	**5.62**	5.00	11%
5	Interest Coverage Ratio (EBITDA-Current Tax/Interest)	**18.37**	21.65	-18%
6	Current Ratio (Current Assets/Current Liabilities)	**1.52**	1.32	13%
7	Debt Equity Ratio (borrowings/Net worth)	**0.08**	0.07	16%
8	Operating Profit Margin (EBIT/Net Revenue from Operations)	**19%**	18%	2%
9	Net Profit Margin (PAT/Total Income)	**2%**	11%	-339%
10	Net Profit Margin (Before exceptional Items)	**12%**	12%	0%

** Debtors Turnover ratio when calculated on average debtors has reduced to 6.75 Times in FY19 from 8.44 times in FY18. Trade receivables as on 31 March 2017 does not include the trade debtors pertaining to the erstwhile ABNL, since ABNL has merged with the Company w.e.f. 30 June 2017. Hence, the average debtors as on 31 March 2018 and 31 March 2019 are not strictly comparable.*

 # Net Profit After Tax of FY19 includes one-time non-cash exceptional item of ₹ 2,003 Crore (net of tax) representing the difference between Book Value and Fair value of Vodafone Idea Ltd as on 30th August 2018 charged to Profit and Loss Statement consequent to Vodafone Idea Ltd. ceasing to be an 'Associate' of the Company. Hence, the Net Profit Margin is skewed and is not comparable with that of FY18.

Cash Flow Analysis

(₹ in Crore)

Particulars	FY 19
Sources of Cash	
Cash from operations	**3,631**
Proceeds from issue of share capital (ESOS)	**9**
Proceeds from sale of Investment	**157**
Proceeds of borrowing (Net of repayment)	**350**
Interest Received	**103**
Dividend Received	**238**
Total	**4,488**
Usage of cash	
Net capital expenditure	**2,038**
Increase in working capital	**1,075**
Increase in investment	**581**
Non-operating cash flow	**141**
Interest (Net of Interest Subsidy)	**205**
Dividend (Incl DDT)	**453**
Total	**4,494**
Net Increase/(Decrease) in Cash and Cash Equivalents	**-7**
Cash and Cash Equivalents at the Beginning of the Year	**26**
Cash and Cash Equivalents at the End of the Year	**20**

Sources of Cash

Cash generated from operations during the year was at ₹ 3,631 Crore.

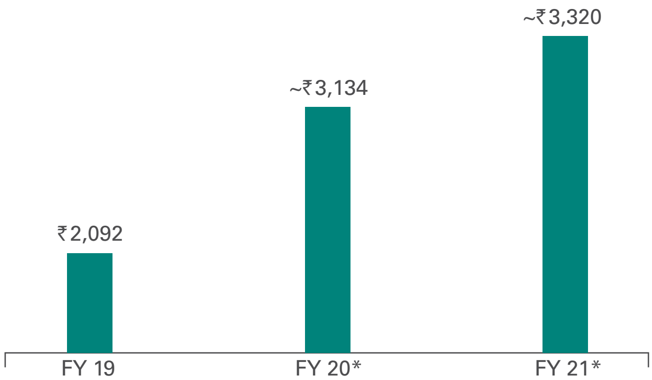
Dividend and Interest income

Your company received Dividend of ₹ 238 Crore in FY 2018-19 and interest income of ₹ 103 Crore.

Uses of Cash

Capital Expenditure

The company's total capex spend stood at ~ ₹ 2,092 Crore in FY19. This amount includes the capex spend in VSF and Chemicals businesses and ₹ 253 Crore paid towards acquisition of under-construction Chlor-Alkali Plant from KPR Industries Limited located in Andhra Pradesh.



* Proposed Capex on 1st April 2019

Working Capital

The working capital of the Company increased by an amount of ₹ 1,075 Crore.

Dividend

Cash outflow on account of dividend for the FY18 was ₹ 453 Crore (inclusive of the corporate tax on dividend).

Credit Rating:

Your Company has adequate liquidity and a strong Balance Sheet. CRISIL , ICRA and CARE have given rating of AAA for Long Term debt and A1+ for Short Term debt. India Ratings and Research has given rating of AAA for the company.

Key Risk	Impact on Grasim	Mitigation Plans
Commodity Price Volatility Risk.	High volatility in prices of key raw materials, energy inputs and finished goods may adversely impact profitability	- Securing the supplies of the key raw material in the Viscose business by setting up captive caustic soda and pulp plants - Securing the supplies of key raw material (Salt) for Chemicals business by improvising on the sourcing mix between captive and third party. - Minimizing our reliance on grid/energy exchange by setting up captive power plants in all businesses and long term tie-ups - Optimising the fuel mix and energy efficiency as well as explore alternative fuels for use in the plant for Cement business. - Increasing share of value added products in all businesses - Focussed Cost Management and efficiency improvement
Availability of natural resources based inputs	Scarcity of coal driven by high consumption in key user industries may increase the prices	- Government taking various measures viz auctioning of coal mines to private players, removing bottlenecks at Coal India and soft demand for coal globally to improve supply of coal. - Entering into long term contracts, securing coal supplies at competitive prices. - Optimising the fuel mix and energy efficiency as well as explore the use of alternative fuels in cement business.
	Non-availability of limestone may impact the growth plans of Cement business in long term.	- Cement business currently possess sufficient limestone reserve - Apart from preservation and elongation of existing reserves, a range of measures including strategic sourcing and changing input mix are adopted by the business
	Scarcity of water may impact business operations in Viscose and Chemical Business	- Continuous reduction in the fresh water consumption - Water recycling and Zero liquid discharge - Creating new reservoirs closer to plant location
	Low availability of wood (input for pulp production) due to ban/ Restriction on Cultivation of Eucalyptus by Karnataka State Government	- Import of Pulp - Dispose Clonal Plantlets (saplings) ready for planting in other states for future use of manufacturing pulp - Representation to the government authorities jointly with peer industries for removing the ban, decision already stayed by the Court
Global capacity additions in the VSF business	Capacity additions by existing players may lead to oversupply in global markets thereby impacting VSF realisations	- Increasing focus on domestic sales to maintain the position by focused Market development activities helped by launch of LIVA brand - Increasing Indian Market Size - Newer product applications - Continuous focus on R&D
Human Resources Risk.	Attrition and non availability of the required talent resources can affect the performance of the Company.	- Continuous benchmarking of the best HR practices across the industry and carrying out necessary improvements to attract and retain the best talent. - Regular review, monitoring and engagement on personal development plans of high performers and high potential employees - Proactive action to strengthen technical and other functional bench strength by mapping internal/external talent market and accelerated hiring - Focused talent development
Competition Risk.	VSF and Chemicals are global commodities therefore they are exposed to any change in the competition intensity in the global market space With expanding capacity of exiting players and emergence of new entrants, competition is a sustained risk for cement business	- Continuous efforts to enhance the brand image of the Company by focusing on R&D, quality, cost, timely delivery and customer service. - Increasing level of customer engagement - Customer connect initiatives to reach out end users (such as Liva brand for VSF) - Strategic initiatives to enhance brand equity through enhanced marketing activities and continuous efforts in enhancing the product portfolio and value adding services have been the thrust areas of your Company

Key Risk	Impact on Grasim	Mitigation Plans
Information Technology Risk	Risks related to Information Technology systems; data integrity and data security	- Your Company 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 on a periodic basis and users educated on adherence to the policies so as to eliminate data leakages
Environmental and other regulatory risks	Any default can attract penal provisions and may impact the company reputation	- Adherence to current norms is being ensured - Technology/equipment upgradation is done on a continuous basis - Continuous monitoring of regulatory changes to ensure compliance with all applicable statutes and regulations - Implementation of Sustainability initiatives such as Zero Liquid Discharge at Chemical Division- Nagda & Renukoot etc.
Industrial Safety, Employee Health and Safety Risk	The manufacturing business of the company are labour intensive and are exposed to health and injury risk due to machinery breakdown, human negligence etc. Chemical business has exposure to risks arising from producing and handling of hazardous chemicals	- Association with M/s DuPont Safety Resources to build a culture of safety and strengthen your Company's Safety Management System in Chemicals and Cement Businesses. - Development and implementation of critical safety standards across the Units and Project sites, establishing processes for training need identification at each level of employee, introduction of 'Life Saving Rules'. - Continuous focus on building of safety culture across units covering entire workforce. - Adequate Insurance Coverage.

Note: Financial Risks are covered in the Audited Standalone Financial Statements (Refer Note 4.10)

INTERNAL CONTROL SYSTEM

Your Company has a well-established and robust internal control systems in place which 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 (SOP) are in place and have been designed to provide a reasonable assurance. Your Company has carried out the evaluation of design and operating effectiveness of the 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 reputed 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 program is reviewed by the Audit Committee at the beginning of the year to ensure that the coverage of the areas is adequate. Reports of the internal auditors 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 presented to the Audit Committee along with the status of management actions and the progress of implementation of recommendations

Your Company also periodically engages outside experts to carry out an independent review of the effectiveness of various business processes. The observations and best practices suggested are reviewed by the Management and Audit Committee and appropriately implemented with a view to continuously strengthen internal controls.

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