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Letter of Offer  
Dated January 4, 2024  
For Eligible Equity Shareholders only



## GRASIM INDUSTRIES LIMITED

Our Company was originally incorporated as 'Gwalior Rayon Silk Manufacturing (Weaving) Co. Ltd.' on August 25, 1947, as a company limited by shares under the Gwalior Companies Act (I of Samvat 1963) at Gwalior, Madhya Pradesh, pursuant to a certificate of incorporation dated August 25, 1947 issued by the Registrar, Joint Stock Companies, Gwalior Government. Subsequently, the name of our Company was changed to 'Grasim Industries Limited' and consequently, a fresh certificate of incorporation consequent on change of name dated July 22, 1986 under the Companies Act, 1956 was issued by the Registrar of Companies, Madhya Pradesh at Gwalior. For details in relation to the change in name of our Company and the address of our registered office, see "General Information" beginning on page 55.

**Registered Office:** P.O. Birlagram Nagda, Ujjain 456 331, Madhya Pradesh, India

**Corporate Office:** Aditya Birla Centre, 'A' Wing, 2<sup>nd</sup> Floor, S.K. Ahire Marg, Worli, Mumbai 400 030, Maharashtra, India  
**Tel:** +91 22 6652 5000, +91 22 2499 5000; **Contact Person:** Satesh Kumar Daga, Company Secretary and Compliance Officer

**E-mail:** grasim.secretarial@adityabirla.com; **Website:** www.grasim.com

**Corporate Identity Number:** L17124MP1947PLC000410

### PROMOTERS OF OUR COMPANY: KUMAR MANGALAM BIRLA AND BIRLA GROUP HOLDINGS PRIVATE LIMITED

#### FOR PRIVATE CIRCULATION TO ELIGIBLE EQUITY SHAREHOLDERS OF GRASIM INDUSTRIES LIMITED (THE "COMPANY" OR THE "ISSUER") ONLY

ISSUE OF UP TO 2,20,73,935<sup>\*</sup> PARTLY PAID-UP EQUITY SHARES OF FACE VALUE OF ₹2 EACH OF OUR COMPANY (THE "RIGHTS EQUITY SHARES") FOR CASH AT A PRICE OF ₹1,812 PER RIGHTS EQUITY SHARE (INCLUDING A PREMIUM OF ₹1,810 PER RIGHTS EQUITY SHARE) ("ISSUE PRICE") AGGREGATING UP TO ₹3,999.80 CRORE<sup>\*</sup> ON A RIGHTS BASIS TO THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF 6 RIGHTS EQUITY SHARES FOR EVERY 179 FULLY PAID-UP EQUITY SHARE HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON WEDNESDAY, JANUARY 10, 2024 ("RECORD DATE") (THE "ISSUE"). FOR FURTHER DETAILS, SEE "TERMS OF THE ISSUE" BEGINNING ON PAGE 617.

<sup>\*</sup>Assuming full subscription in the Issue, Allotment and receipt of all Call Monies with respect to the Rights Equity Shares. Subject to finalisation of Basis of Allotment. For further details on Payment Schedule, see "Terms of the Issue – Payment Terms" beginning on page 636.

#### PAYMENT SCHEDULE FOR THE RIGHTS EQUITY SHARES

Amount payable per Rights Equity Share	Face Value (₹)	Premium (₹)	Total (₹)
On Application	0.50	452.50	453.00
Up to three additional Calls, with terms and conditions such as the number of Calls and the timing and quantum of each Call as may be decided by our Board/ Rights Issue Committee from time to time to be completed on or prior to March 2026	1.50	1,357.50	1,359.00
<b>Total (₹)</b>	<b>2.00</b>	<b>1,810.00</b>	<b>1,812.00</b>

For further details on Payment Schedule, see "Terms of the Issue – Payment Terms" beginning on page 636.

#### WILFUL DEFAULTERS OR FRAUDULENT BORROWERS

Neither our Company nor our Promoters or any of our Directors have been or are identified as Wilful Defaulters or Fraudulent Borrowers.

#### GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The securities being offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI") nor does SEBI guarantee the accuracy or adequacy of this Letter of Offer. Specific attention of investors is invited to the section "Risk Factors" beginning on page 19.

#### COMPANY'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Letter of Offer contains all information with regard to our Company and the Issue, which is material in the context of the Issue, that the information contained in this Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Letter of Offer as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.

#### LISTING

The Equity Shares of our Company are listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"), and together with BSE, the "Stock Exchanges". Our Company has received "in-principle" approvals from BSE and NSE for listing the Rights Equity Shares through their letters dated December 27, 2023 and December 26, 2023, respectively. Our Company will also make applications to BSE and NSE to obtain trading approvals for the Rights Entitlements as required under the SEBI ICDR Master Circular. For the purposes of the Issue, the Designated Stock Exchange is BSE.

#### LEAD MANAGERS TO THE ISSUE

#### REGISTRAR TO THE ISSUE

AXIS CAPITAL	BofA SECURITIES	Jefferies	JM FINANCIAL	kotak Investment Banking	SBI CAPS	KFINTECH
<p><b>Axis Capital Limited</b> 1<sup>st</sup> Floor, Axis House C-2 Wadia International Centre, Pandurang Budhkar Marg Worli, Mumbai 400 025 Maharashtra, India <b>Tel:</b> +91 22 4325 2183 <b>E-mail:</b> grasim.rights@axiscap.in <b>Investor Grievance ID:</b> complaints@axiscap.in <b>Website:</b> www.axiscapital.co.in <b>Contact Person:</b> Sagari Jatakiya <b>SEBI Registration No.:</b> INM000012029</p>	<p><b>BofA Securities India Limited</b> Ground Floor, "A" Wing One BKC, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051 Maharashtra, India <b>Tel:</b> +91 22 6632 8000 <b>E-mail:</b> dg_grasim_rights@bofa.co m <b>Investor Grievance ID:</b> dg_india_merchantedbanking @bofa.com <b>Website:</b> https://business.bofa.com/b ofas-india <b>Contact Person:</b> Siddharth Sahoo <b>SEBI Registration No.:</b> INM000011625</p>	<p><b>Jefferies India Private Limited</b> Level 16, Express Towers Nariman Point, Mumbai 400 021 Maharashtra, India <b>Tel:</b> +91 22 4356 6000 <b>E-mail:</b> Grasim_rights@jefferies.c om <b>Investor Grievance ID:</b> jipl.grievance@jefferies.co m <b>Website:</b> www.jefferies.com <b>Contact Person:</b> Suhani Bhareja <b>SEBI Registration No.:</b> INM000011443</p>	<p><b>JM Financial Limited</b> 7<sup>th</sup> Floor, Cnergy Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025 Maharashtra, India <b>Tel:</b> +91 22 6630 3030 <b>E-mail:</b> grasim.rights@jmfll.com <b>Investor Grievance ID:</b> grievance.lbd@jmfll.com <b>Website:</b> www.jmfll.com <b>Contact Person:</b> Prachee Dhuri <b>SEBI Registration No.:</b> INM000010361</p>	<p><b>Kotak Mahindra Capital Company Limited</b> 1<sup>st</sup> Floor, 27 BKC, Plot No. 27, G Block Bandra Kurla Complex Bandra (East), Mumbai 400 051 Maharashtra, India <b>Tel:</b> +91 22 4336 0000 <b>E-mail:</b> grasim.rights@kotak.com <b>Investor Grievance ID:</b> kmcrcdressal@kotak.com <b>Website:</b> https://investmentbank.kot ak.com <b>Contact Person:</b> Ganesh Rane <b>SEBI Registration No.:</b> INM000008704</p>	<p><b>SBI Capital Markets Limited</b> 1501, 15<sup>th</sup> Floor, A&amp;B Wing, Parinee Crescendo G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051 Maharashtra, India <b>Tel:</b> +91 22 4006 9807 <b>E-mail:</b> grasim.rights@sbcaps.co m <b>Investor Grievance ID:</b> investor.relations@sbcaps .com <b>Website:</b> www.sbcaps.com <b>Contact Person:</b> Vaibhav Shah <b>SEBI Registration No.:</b> INM000003531</p>	<p><b>KFin Technologies Limited (formerly known as KFin Technologies Private Limited)</b> Selenium, Tower B, Plot No-31 and 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddi 500 052 Telangana, India <b>Tel:</b> +91 1800 309 4001/ +91 40 6716 2222 <b>E-mail:</b> gil.rights@kfin.tech.com <b>Investor grievance email:</b> einward.ris@kfin.tech.com <b>Website:</b> www.kfin.tech.com <b>Contact Person:</b> M Murali Krishna <b>SEBI Registration No.:</b> INR00000221</p>

#### ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR ON MARKET RENUNCIATION*	ISSUE CLOSES ON**
WEDNESDAY, JANUARY 17, 2024	TUESDAY, JANUARY 23, 2024	MONDAY, JANUARY 29, 2024

Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat accounts of the Renounees on or prior to the Issue Closing Date.

\*\*Our Board or the Rights Issue Committee will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

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## SECTION I – GENERAL

### DEFINITIONS AND ABBREVIATIONS

*This Letter of Offer uses certain definitions and abbreviations which, unless the context otherwise indicates, or implies or unless otherwise specified, shall have the meaning as provided below.*

*References to any legislation, act, regulation, rule, guideline, clarification or policy shall be to such legislation, act, regulation, rule, guideline or policy as amended, supplemented or re-enacted from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision. The words and expressions used in this Letter of Offer, but not defined herein shall have the meaning ascribed to such terms under the SEBI ICDR Regulations, the SEBI LODR Regulations, the Companies Act, the SCRA, the Depositories Act, and the rules and regulations made thereunder.*

*The following list of capitalised terms used in this Letter of Offer is intended for the convenience of the reader/prospective investor only and is not exhaustive. However, terms used in the sections entitled “Summary of this Letter of Offer”, “Financial Statements”, “Our Business”, “Statement of Possible Special Tax Benefits”, “Outstanding Litigations and Defaults”, “Terms of the Issue” on pages 17, 118, 98, 69, 594 and 617 respectively, shall, unless indicated otherwise, have the meanings ascribed to such terms in the respective sections/ chapters.*

#### General Terms

Term	Description
“Company”, “Our Company”, “the Company”, “the Issuer” or “Grasim”	Grasim Industries Limited, a public limited company, incorporated under the Gwalior Companies Act (I of Samvat 1963) and having its registered office at P.O. Birlagram Nagda, Ujjain 456 331, Madhya Pradesh, India
“We”, “Our”, “Us”, or “our Group”	Unless the context otherwise indicates or implies or unless otherwise specified, refers to our Company along with our Subsidiaries, Joint Ventures and Associates, as applicable, on a consolidated basis

#### Company Related Terms

Term	Description
3B	3B Binani Glassfibre Sarl
ABCL	Aditya Birla Capital Limited
ABFL	Aditya Birla Finance Limited
ABHICL	Aditya Birla Health Insurance Company Limited
ABRL	Aditya Birla Renewables Limited
ABSLAMC	Aditya Birla Sun Life AMC Limited
ABSLICL	Aditya Birla Sun Life Insurance Company Limited
“Articles of Association” or “Articles”	Articles of association of our Company, as amended from time to time
Associates	Associates of our Company, being: <ol style="list-style-type: none"> <li>1. Aditya Birla Idea Payment Bank Limited#;</li> <li>2. Aditya Birla Science &amp; Technology Company Private Limited;</li> <li>3. Greenyana Sunstream Private Limited (<i>with effect from May 26, 2022</i>); and</li> <li>4. ReNew Surya Uday Private Limited (<i>with effect from November 25, 2021</i>)</li> </ol> <p># Aditya Birla Idea Payment Bank Limited has been under liquidation with effect from September 18, 2019.</p>
“Auditors” or “Statutory Auditors”	The current joint statutory auditors of our Company, B S R & Co. LLP, Chartered Accountants and KKC & Associates LLP ( <i>formerly Khimji Kunverji &amp; Co LLP</i> ), Chartered Accountants
Audited Consolidated Financial Statements	Together, FY 2023 Audited Consolidated Statements and FY 2022 Audited Consolidated Financial Statements
Audit Committee	Audit committee of our Board of Directors
“Board of Directors” or “Board” or “our Board”	The board of directors of our Company. For details, see “ <i>Our Management - Board of Directors</i> ” on page 111
Chairman	The chairman of our Company, Kumar Mangalam Birla. For details, see “ <i>Our Management - Board of Directors</i> ” beginning on page 111
“Chief Financial Officer” or “CFO”	The chief financial officer of our Company, Pavan Kumar Jain. For details, see “ <i>Our Management - Details of Key Managerial Personnel and Senior Management</i> ” beginning on page 115
Company Secretary and Compliance Officer	The company secretary and compliance officer of our Company, Sailesh Kumar Daga. For details, see “ <i>Our Management - Details of Key Managerial Personnel and Senior Management</i> ” beginning on page 115
Corporate Office	The corporate office of our Company located at Aditya Birla Centre, ‘A’ Wing, 2 <sup>nd</sup> Floor, S.K. Ahire Marg, Worli, Mumbai 400 030, Maharashtra, India
Directors	The directors on our Board, as may be appointed from time to time. For details, see “ <i>Our Management - Board of Directors</i> ” beginning on page 111
ESOS 2013	Grasim Industries Limited Employee Stock Option Scheme 2013. For details, see “ <i>Capital Structure</i> ” on page 60
ESOS 2018	Grasim Industries Limited Employee Stock Option Scheme 2018. For details, see “ <i>Capital Structure</i> ” on page 60



Term	Description
ESOS 2022	Grasim Industries Limited Employee Stock Option and Performance Stock Unit Scheme 2022. For details, see “ <i>Capital Structure</i> ” on page 60
Equity Shares	Equity shares of face value of ₹2 each of our Company
FY 2022 Audited Consolidated Financial Statements	The audited consolidated financial statements of our Company as at and for the year ended March 31, 2022, which comprises the consolidated balance sheet as at March 31, 2022, the consolidated statement of profit and loss for the year ended March 31, 2022, including other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the years then ended, and notes to the consolidated financial statements, including significant accounting policies and other explanatory information
FY 2023 Audited Consolidated Financial Statements	The audited consolidated financial statements of our Company as at and for the year ended March 31, 2023, which comprises the consolidated balance sheet as at March 31, 2023, the consolidated statement of profit and loss for the year ended March 31, 2023, including other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the years then ended, and notes to the consolidated financial statements, including significant accounting policies and other explanatory information
Galata	Galata Chemicals Holding GmbH, Germany
GDRs	Global depository receipts issued by way of the (i) deposit agreement, dated as of November 25, 1992 as amended, and (ii) deposit agreement, dated as of September 17, 1999 as amended
Group Companies	<p>Group companies of our Company as determined in terms of Regulation 2(1)(t) of SEBI ICDR Regulations, being:</p> <ol style="list-style-type: none"> <li>1. Aditya Birla Ahura Centre Management Private Limited;</li> <li>2. Aditya Birla Health Insurance Co. Limited;</li> <li>3. Aditya Birla Health Services Private Limited;</li> <li>4. Aditya Birla Management Corporation Private Limited;</li> <li>5. Aditya Birla New Age Hospitality Private Limited (<i>formerly, Aditya Birla New Age Private Limited</i>);</li> <li>6. Aditya Birla Power Composites Limited*;</li> <li>7. Aditya Birla Renewables Green Power Private Limited (<i>formerly, Waacox Energy Private Limited</i>);</li> <li>8. Aditya Birla Science and Technology Company Private Limited;</li> <li>9. Aditya Birla Sun Life AMC Limited;</li> <li>10. Aditya Birla Wellness Private Limited;</li> <li>11. Aditya Group AB, Sweden;</li> <li>12. AV Group NB Inc., Canada;</li> <li>13. AV Terrace Bay Inc., Canada;</li> <li>14. Birla Advanced Knits Private Limited;</li> <li>15. Birla Carbon India Private Limited;</li> <li>16. Birla Jingwei Fibres Company Limited, China;</li> <li>17. Birla Management Centre Services Private Limited;</li> <li>18. ECE Industries Limited;</li> <li>19. Essel Mining &amp; Industries Limited</li> <li>20. Greenyana Sunstream Private Limited;</li> <li>21. Hindalco Industries Limited</li> <li>22. P T Elegant Textile Industry;</li> <li>23. P T Indo Bharat Rayon Company Limited;</li> <li>24. P T Sunrise Bumi Textiles;</li> <li>25. Ras Al Khaimah Co. For White Cement &amp; Construction Materials P.S.C.U.A.E</li> <li>26. ReNew Surya Uday Private Limited; and</li> <li>27. Thai Rayon Public Company Limited</li> </ol> <p><i>*Aditya Birla Power Composites Limited (“ABPCL”) is disclosed as a joint venture in the Audited Consolidated Financial Statements and Unaudited Consolidated Financial Results pursuant to the treatment required under Indian Accounting Standards. However, ABPCL qualifies as a subsidiary of our Company in accordance with the Companies Act, 2013.</i></p>
Independent Director	The non-executive, independent Directors of our Company, appointed as per the Companies Act, 2013 and the SEBI LODR Regulations. For details of our Independent Directors, see “ <i>Our Management - Board of Directors</i> ” beginning on page 111
“Joint Ventures” or “JVs”	<p>Joint ventures of our Company, being:</p> <ol style="list-style-type: none"> <li>1. Aditya Birla Elyaf Sanayi Ve Ticaret Anonim Sirketi, Turkey;</li> <li>2. Aditya Birla Power Composites Limited*;</li> <li>3. Aditya Group AB, Sweden;</li> <li>4. AV Group NB Inc., Canada;</li> <li>5. AV Terrace Bay Inc., Canada;</li> <li>6. Bhubaneswari Coal Mining Limited;</li> <li>7. Birla Advanced Knits Private Limited (<i>with effect from July 14, 2021</i>); and</li> <li>8. Birla Jingwei Fibres Company Limited, China.</li> </ol> <p><i>*Aditya Birla Power Composites Limited (“ABPCL”) is disclosed as a joint venture in the Audited Consolidated Financial Statements and Unaudited Consolidated Financial Results pursuant to the treatment required under Indian Accounting Standards. However, ABPCL qualifies as a subsidiary of our Company in accordance with the Companies Act, 2013.</i></p>

Term	Description
Key Managerial Personnel	Key managerial personnel of our Company determined in accordance with Regulation 2(1)(bb) of the SEBI ICDR Regulations, and as disclosed in “ <i>Our Management - Details of Key Managerial Personnel and Senior Management</i> ” beginning on page 115
Managing Director	The managing director of our Company, Harikrishna Agarwal. For details, see “ <i>Our Management</i> ” beginning on page 111
Material Subsidiaries	Subsidiaries whose income or net worth exceeds 10% of the consolidated income or net worth of our Company in the immediately preceding accounting year, i.e., Financial Year 2023, being: Aditya Birla Capital Limited and UltraTech Cement Limited
Materiality Threshold	An amount equivalent to or in excess of 5% of the average of absolute value of profit or loss after tax, as per the last three audited consolidated financial statements of our Company, which is determined to be ₹311.36 crore, adopted by the Rights Issue Committee through its resolution dated December 12, 2023, in conformity with the ‘Policy for Determination of Materiality of Events’ framed in accordance with Regulation 30 of the SEBI LODR Regulations and adopted by our Board and above which all outstanding civil and tax proceedings involving our Company and its Subsidiaries and all outstanding proceedings in relation to violation of statutory regulations by our Company and its Subsidiaries have been disclosed in the section “ <i>Outstanding Litigation and Defaults</i> ” beginning on page 594
“Memorandum of Association” or “Memorandum”	Memorandum of association of our Company, as amended from time to time
“Nomination and Remuneration Committee”	Nomination and remuneration committee of our Board of Directors
Non-Executive Directors	The non-executive Directors of our Company, appointed as per the Companies Act, 2013 and the SEBI LODR Regulations. For details of our Non-Executive Directors, see “ <i>Our Management - Board of Directors</i> ” beginning on page 111
P&PG GDR Holders	The GDR holders, being our Promoter and members of our Promoter Group, who hold in aggregate 4.76% of the paid up Equity Share capital of our Company
Previous Statutory Auditors	The previous joint statutory auditors of our Company, B S R & Co. LLP, Chartered Accountants and S R B C & Co. LLP, Chartered Accountants
Promoters	The promoters of our Company, Kumar Mangalam Birla and Birla Group Holdings Private Limited
Promoter Group	Unless the context requires otherwise, the promoter group of our Company as determined in accordance with Regulation 2(1)(pp) of the SEBI ICDR Regulations
Redeemable Cumulative Preference Shares	Redeemable cumulative preference shares of face value of ₹100 each of our Company
Registered Office	The registered office of our Company located at P.O. Birlagram Nagda, Ujjain 456 331, Madhya Pradesh, India
Rights Issue Committee	Rights Issue Committee – 2023, being the committee of our Board of Directors constituted for purposes of the Issue, consisting of Harikrishna Agarwal, Venkatadri Chandrasekaran and Adesh Kumar Gupta
Senior Management	Senior management personnel of our Company determined in accordance with Regulation 2(1)(bbbb) of the SEBI ICDR Regulations, and as disclosed in “ <i>Our Management - Details of Key Managerial Personnel and Senior Management</i> ” beginning on page 115
Stakeholders’ Relationship Committee	Stakeholders’ relationship committee of our Board of Directors
Subsidiaries	<p>Subsidiaries of our Company, being:</p> <ol style="list-style-type: none"> <li>1. ABNL Investment Limited;</li> <li>2. Aditya Birla Capital Limited;</li> <li>3. Aditya Birla Renewables Limited;</li> <li>4. Grasim Business Services Private Limited (<i>with effect from January 4, 2023</i>);</li> <li>5. Samruddhi Swastik Trading and Investments Limited; and</li> <li>6. UltraTech Cement Limited<sup>#</sup></li> </ol> <p><sup>#</sup>Pursuant to a meeting of the board of directors of UltraTech Cement Limited (“<i>UTCL</i>”) dated November 30, 2023 and the intimation made to the Stock Exchanges dated November 30, 2023, a composite scheme of arrangement was approved of UltraTech Cement Limited, Kesoram Industries Limited (“<i>Kesoram</i>”) and their respective shareholders and creditors for demerger of Kesoram’s cement business into UTCL.</p> <p>The step-down subsidiaries of our Company, being:</p> <ol style="list-style-type: none"> <li>1. ABReL (MP) Renewables Limited (<i>with effect from June 16, 2022</i>);</li> <li>2. ABReL (Odisha) SPV Limited (<i>with effect from June 15, 2022</i>);</li> <li>3. ABReL (RJ) Projects Limited (<i>with effect from November 11, 2022</i>);</li> <li>4. ABReL Century Energy Limited (<i>with effect from March 10, 2022</i>);</li> <li>5. ABREL EPC Limited (<i>with effect from June 13, 2022</i>);</li> <li>6. ABReL EPCCO Services Limited (<i>with effect from April 4, 2022</i>);</li> <li>7. ABReL Green Energy Limited (<i>with effect from June 22, 2022</i>);</li> <li>8. ABReL Hybrid Projects Limited (<i>with effect from August 31, 2023</i>);</li> <li>9. ABReL Renewables EPC Limited (<i>with effect from March 9, 2022</i>);</li> <li>10. ABReL Solar Power Limited (<i>with effect from August 31, 2021</i>);</li> <li>11. ABReL SPV2 Limited;</li> <li>12. Aditya Birla ARC Limited;</li> </ol>

Term	Description
	<p>13. Aditya Birla Capital Digital Limited (<i>with effect from March 23, 2023</i>);</p> <p>14. Aditya Birla Capital Technology Services Limited;</p> <p>15. Aditya Birla Finance Limited;</p> <p>16. Aditya Birla Financial Shared Services Limited;</p> <p>17. Aditya Birla Housing Finance Limited;</p> <p>18. Aditya Birla Insurance Brokers Limited;</p> <p>19. Aditya Birla Money Insurance Advisory Services Limited;</p> <p>20. Aditya Birla Money Limited;</p> <p>21. Aditya Birla Money Mart Limited;</p> <p>22. Aditya Birla PE Advisors Private Limited;</p> <p>23. Aditya Birla Renewables Energy Limited;</p> <p>24. Aditya Birla Renewables Green Power Private Limited (<i>formerly, Waacox Energy Private Limited</i>);</p> <p>25. Aditya Birla Renewables Solar Limited;</p> <p>26. Aditya Birla Renewables SPV 1 Limited;</p> <p>27. Aditya Birla Renewables Subsidiary Limited;</p> <p>28. Aditya Birla Renewables Utkal Limited;</p> <p>29. Aditya Birla Stressed Asset AMC Private Limited;</p> <p>30. Aditya Birla Sun Life Insurance Company Limited;</p> <p>31. Aditya Birla Sun Life Pension Management Limited;</p> <p>32. Aditya Birla Sun Life Trustee Private Limited;</p> <p>33. Aditya Birla Trustee Company Private Limited;</p> <p>34. Aditya Birla Wellness Private Limited;</p> <p>35. Al Nakhla Crusher LLC, Fujairah, UAE;</p> <p>36. Arabian Cement Industry LLC, Abu Dhabi;</p> <p>37. BC Tradelink Limited, Tanzania;</p> <p>38. Bhagwati Limestone Company Private Limited;</p> <p>39. Bhumi Resources (Singapore) PTE Limited;</p> <p>40. Binani Cement (Uganda) Limited;</p> <p>41. Binani Cement Tanzania Limited, Tanzania;</p> <p>42. Duqm Cement Project International, LLC, Oman (<i>with effect from January 29, 2023</i>);</p> <p>43. Gotan Limestone Khanij Udyog Private Limited;</p> <p>44. Harish Cement Limited;</p> <p>45. Merit Plaza Limited*;</p> <p>46. PT Anggana Energy Resources, Indonesia;</p> <p>47. Star Cement Co. LLC, Dubai, UAE;</p> <p>48. Star Cement Co. LLC, Ras-Al-Khaimah, UAE;</p> <p>49. Star Super Cement Industries LLC, UAE;</p> <p>50. Swiss Merchandise Infrastructure Limited*;</p> <p>51. UltraTech Cement Bahrain Company WLL, Bahrain;</p> <p>52. UltraTech Cement Lanka Private Limited;</p> <p>53. UltraTech Cement Middle East Investments Limited; and</p> <p>54. UltraTech Nathdwara Cement Limited*</p> <p><i>*Pursuant to a meeting of the board of directors of UltraTech Cement Limited dated April 28, 2023 (“UTCL”) and the intimation made by UTCL to the Stock Exchanges dated April 28, 2023, a scheme of amalgamation was approved of UltraTech Nathdwara Cement Limited, Merit Plaza Limited and Swiss Merchandise Infrastructure Limited with UltraTech Cement Limited.</i></p>
Unaudited Consolidated Financial Results	Together, Unaudited Consolidated Financial Results for six months ended September 30, 2022 and Unaudited Consolidated Financial Results for six months ended September 30, 2023
Unaudited Consolidated Financial Results for six months ended September 30, 2022	The limited review consolidated financial results of our Company as at and for the six months ended September 30, 2022, which comprises the consolidated statement of profit and loss including other comprehensive income and the consolidated statement of assets and liabilities
Unaudited Consolidated Financial Results for six months ended September 30, 2023	The limited review consolidated financial results of our Company as at and for the six months ended September 30, 2023, which comprises the consolidated statement of profit and loss including other comprehensive income and the consolidated statement of assets and liabilities
Unaudited Standalone Financial Results for six months ended September 30, 2023	The limited review standalone financial results of our Company as at and for the six months ended September 30, 2023, which comprises the standalone statement of profit and loss including other comprehensive income and the standalone statement of assets and liabilities
UNCL	UltraTech Nathdwara Cement Limited
UTCL	UltraTech Cement Limited
VIL	Vodafone Idea Limited
Whole-time Directors	The whole- time directors of our Company. For details, please see “Our Management – Board of Directors” beginning on page 111

### Issue Related Terms

Term	Description
“Abridged Letter of Offer” or “ALOF”	The abridged letter of offer to be sent to the Eligible Equity Shareholders with respect to the Issue in accordance with the provisions of the SEBI ICDR Regulations and the Companies Act
Additional Rights Equity Shares	The Rights Equity Shares applied for or allotted under this Issue in addition to the Rights Entitlement

<b>Term</b>	<b>Description</b>
“Allotment” or “Allot” or “Allotted”	Allotment of Rights Equity Shares pursuant to the Issue
Allotment Account(s)	The account(s) opened with the Banker(s) to the Issue, into which the Application Money, with respect to successful Applicants will be transferred on the Transfer Date in accordance with Section 40(3) of the Companies Act, 2013
Allotment Account Bank(s)	Bank(s) which are clearing members and registered with SEBI as bankers to an issue and with whom the Allotment Accounts will be opened, in this case being, Axis Bank Limited
Allotment Advice	The note or advice or intimation of Allotment sent to each successful Applicant who has been or is to be Allotted the Rights Equity Shares pursuant to the Issue after approval of the Basis of Allotment by the Designated Stock Exchange
Allotment Date	Date on which the Allotment is made pursuant to the Issue
Allottee(s)	Person(s) to whom the Rights Equity Shares are Allotted pursuant to the Issue
“Applicant(s)” or “Investor(s)”	Eligible Equity Shareholder(s) and/or Renouncee(s) who are entitled to make an application for the Rights Equity Shares pursuant to the Issue in terms of this Letter of Offer
Application	Application made through submission of the Application Form or plain paper application to the Designated Branch(es) of the SCSBs or online/ electronic application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process, to subscribe to the Rights Equity Shares at the Issue Price
Application Form	Unless the context otherwise requires, an application form (including online application form available for submission of application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process) used by an Applicant to make an application for the Allotment of Rights Equity Shares in the Issue
Application Money	Aggregate amount payable at the time of Application i.e. ₹453 per Rights Equity Share in respect of the Rights Equity Shares applied for in the Issue at the Issue Price, constituting 25% of the Issue Price
“Application Supported by Blocked Amount” or “ASBA”	Application (whether physical or electronic) used by Applicant(s) to make an application authorizing the SCSB to block the Application Money in a specified bank account maintained with the SCSB
ASBA Account	An account maintained with SCSBs and as specified in the Application Form or plain paper Application, as the case may be, by the Applicant for blocking the amount mentioned in the Application Form or in the plain paper Application
ASBA Circulars	Collectively, SEBI circular bearing reference number SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, SEBI circular bearing reference number CIR/CFD/DIL/1/2011 dated April 29, 2011, SEBI ICDR Master Circular (to the extent it pertains to the rights issue process) and any other circular issued by SEBI in this regard and any subsequent circulars or notifications issued by SEBI in this regard
Axis	Axis Capital Limited
Banker to the Issue	Axis Bank Limited
Banker to the Issue Agreement	Agreement dated January 4, 2024 entered into by and among our Company, the Registrar to the Issue, the Lead Managers and the Banker to the Issue for among other things, collection of the Application Money from Applicants/Investors and transfer of funds to the Allotment Account, on the terms and conditions thereof
Basis of Allotment	The basis on which the Rights Equity Shares will be Allotted to successful applicants in consultation with the Designated Stock Exchange in this Issue, as described in “ <i>Terms of the Issue</i> ” beginning on page 617
BofA	BofA Securities India Limited
Call(s)	Notices to be issued by our Company to the holders of the Rights Equity Shares as on the Call Record Dates for making payment of the Call Monies
Call Monies	Balance amount payable by the Rights Equity Shareholders pursuant to the Payment Schedule, after payment of the Application Money, which is payable in up to three additional Calls, with terms and conditions such as the number of Calls and the timing and quantum of each Call as may be decided by our Board/ Rights Issue Committee from time to time, to be completed on or prior to March 2026, which constitutes 75% of the Issue Price  For further details, see “ <i>Terms of this Issue</i> ” beginning on page 617
Call Record Dates	Record date(s) fixed by our Company for the purpose of determining the names of the holders of Rights Equity Shares for the purpose of issuing of the Call(s)
“Controlling Branches” or “Controlling Branches of the SCSBs”	Such branches of the SCSBs which coordinate with the Lead Managers, the Registrar to the Issue and the Stock Exchanges, a list of which is available on SEBI’s website, updated from time to time, or at such other website(s) as may be prescribed by the SEBI from time to time
Demographic Details	Details of Investors including the Investor’s address, PAN, DP ID, Client ID, bank account details and occupation, where applicable
Depository(ies)	NSDL and CDSL or any other depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 as amended from time to time read with the Depositories Act, 1996
Designated Branch(es)	Such branches of the SCSBs which shall collect the Applications, used by the ASBA Investors and a list of which is available on the website of SEBI and/or such other website(s) as may be prescribed by the SEBI from time to time
Designated Stock Exchange	BSE
Eligible Equity Shareholder(s)	Equity Shareholders as on the Record Date. For further details, see “ <i>Notice to Investors</i> ” and “ <i>Restrictions on Purchases and Resales</i> ” beginning on pages 11 and 643, respectively
“Equity Shareholder(s)” or “Shareholders”	Holder(s) of the Equity Shares of our Company

Term	Description																
Fraudulent Borrower	Fraudulent Borrower(s) as defined under Regulations 2(1)(III) of the SEBI ICDR Regulations																
Issue	This issue of up to 2,20,73,935* Rights Equity Shares for cash at a price of ₹1,812 per Rights Equity Share (including a premium of ₹1,810 per Rights Equity Share) aggregating up to ₹3,999.80* crore on a rights basis to the Eligible Equity Shareholders of our Company in the ratio of 6 Rights Equity Shares for every 179 Equity Shares held by the Eligible Equity Shareholders on the Record Date  *Assuming full subscription in the Issue, Allotment and receipt of all Call Monies with respect to the Rights Equity Shares. Subject to finalization of the Basis of Allotment.																
Issue Agreement	Issue agreement dated January 4, 2024 between our Company and the Lead Managers, pursuant to which certain arrangements are agreed to in relation to the Issue																
Issue Closing Date	Monday, January 29, 2024																
Issue Materials	Collectively, this Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and any other material relating to the Issue																
Issue Opening Date	Wednesday, January 17, 2024																
Issue Period	The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Applicants/Investors can submit their Applications, in accordance with the SEBI ICDR Regulations																
Issue Price	₹1,812 per Rights Equity Share  On Application, Investors will have to pay ₹453 (25% of the Issue Price) per Rights Equity Share. The balance amount will be payable by the Rights Equity Shareholders in up to three additional Calls, with terms and conditions such as the number of Calls and the timing and quantum of each Call as may be decided by our Board/ Rights Issue Committee from time to time, to be completed on or prior to March 2026, which constitutes 75% of the Issue Price, pursuant to the Payment Schedule, after payment of the Application Money																
Issue Proceeds	The gross proceeds raised through the Issue																
Issue Size	The issue of up to 2,20,73,935 Rights Equity Shares aggregating up to ₹3,999.80* crore  *Assuming full subscription in the Issue, Allotment and receipt of all Call Monies with respect to the Rights Equity Shares. Subject to finalization of the Basis of Allotment.																
Jefferies	Jefferies India Private Limited																
JM Financial	JM Financial Limited																
Kotak	Kotak Mahindra Capital Company Limited																
“Lead Managers”	Collectively, Axis, BofA, Jefferies, JM Financial, Kotak and SBICAPS																
“Letter of Offer” or “LOF”	This letter of offer dated January 4, 2024 filed with the Stock Exchanges and SEBI																
Listing Agreements	The uniform listing agreements entered into between our Company and the Stock Exchanges in terms of the SEBI LODR Regulations																
Monitoring Agency	CARE Ratings Limited																
Monitoring Agency Agreement	Agreement dated January 4, 2024 between our Company and the Monitoring Agency in relation to monitoring of Net Proceeds																
Multiple Application Forms	More than one application form submitted by an Eligible Equity Shareholder/Renouncee in respect of the same Rights Entitlement available in their demat account. However, additional applications in relation to Additional Rights Equity Shares with/without using additional Rights Entitlements will not be treated as multiple applications																
Net Proceeds	Issue Proceeds less the estimated Issue related expenses. For further details, see “Objects of the Issue” beginning on page 64																
Off Market Renunciation	The renouncement of Rights Entitlements undertaken by the Investor by transferring them through off market transfer through a depository participant in accordance with the SEBI ICDR Master Circular, circulars issued by the Depositories from time to time and other applicable laws.  Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee on or prior to the Issue Closing Date																
On Market Renunciation	The renouncement of Rights Entitlements undertaken by the Investor by trading them over the secondary market platform of the Stock Exchanges through a registered stock broker in accordance with the SEBI ICDR Master Circular, circulars issued by the Stock Exchanges from time to time and other applicable laws, on or before Tuesday, January 23, 2024																
Payment Schedule	The payment schedule in relation to the Issue price of the Rights Equity Shares is as follows: <table border="1" data-bbox="539 1733 1484 2016"> <thead> <tr> <th>Due Date</th> <th>Face Value (₹)</th> <th>Premium(₹)</th> <th>Total (₹)</th> </tr> </thead> <tbody> <tr> <td>On Application</td> <td>0.50</td> <td>452.50</td> <td>453.00<sup>(1)</sup></td> </tr> <tr> <td>Up to three additional Calls, with terms and conditions such as the number of Calls and the timing and quantum of each Call as may be decided by our Board/ Rights Issue Committee from time to time, to be completed on or prior to March 2026</td> <td>1.50</td> <td>1,357.50</td> <td>1,359.00<sup>(2)</sup></td> </tr> <tr> <td><b>Total (₹)</b></td> <td><b>2.00</b></td> <td><b>1,810.00</b></td> <td><b>1,812.00</b></td> </tr> </tbody> </table> <p><sup>(1)</sup> Constitutes 25% of the Issue Price. <sup>(2)</sup> Constitutes 75% of the Issue Price.</p>	Due Date	Face Value (₹)	Premium(₹)	Total (₹)	On Application	0.50	452.50	453.00 <sup>(1)</sup>	Up to three additional Calls, with terms and conditions such as the number of Calls and the timing and quantum of each Call as may be decided by our Board/ Rights Issue Committee from time to time, to be completed on or prior to March 2026	1.50	1,357.50	1,359.00 <sup>(2)</sup>	<b>Total (₹)</b>	<b>2.00</b>	<b>1,810.00</b>	<b>1,812.00</b>
Due Date	Face Value (₹)	Premium(₹)	Total (₹)														
On Application	0.50	452.50	453.00 <sup>(1)</sup>														
Up to three additional Calls, with terms and conditions such as the number of Calls and the timing and quantum of each Call as may be decided by our Board/ Rights Issue Committee from time to time, to be completed on or prior to March 2026	1.50	1,357.50	1,359.00 <sup>(2)</sup>														
<b>Total (₹)</b>	<b>2.00</b>	<b>1,810.00</b>	<b>1,812.00</b>														
	For further details, see “Terms of the Issue” on page 617																

<b>Term</b>	<b>Description</b>
Qualified Institutional Buyers or QIBs	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
Record Date	Designated date for the purpose of determining the Equity Shareholders eligible to apply for the Rights Equity Shares in the Issue, to be decided prior to the filing of this Letter of Offer, being Wednesday, January 10, 2024
Refund Bank	The Banker to the Issue with whom the refund account will be opened, in this case being Axis Bank Limited
Registrar Agreement	Agreement dated January 3, 2024 between our Company and the Registrar to the Issue in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to this Issue
“Registrar to the Issue” or “Registrar” / Share Transfer Agent	KFin Technologies Limited ( <i>formerly known as KFin Technologies Private Limited</i> )
Renouncee(s)	Person(s) who has/have acquired Rights Entitlements from the Eligible Equity Shareholders on renunciation in accordance with the SEBI master circular bearing number SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023
Renunciation Period	The period during which the Eligible Equity Shareholders can renounce or transfer their Rights Entitlements which shall commence from the Issue Opening Date. Such period shall close on Tuesday, January 23, 2024 in case of On Market Renunciation. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee on or prior to the Issue Closing Date
Rights Entitlement(s)	Number of Rights Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to the number of Equity Shares held by the Eligible Equity Shareholder on the Record Date, in this case being 6 Rights Equity Shares for every 179 Equity Shares held by an Eligible Equity Shareholder on the Record Date
Rights Entitlement Letter	Letter including details of Rights Entitlements of the Eligible Equity Shareholders. The Rights Entitlements are also accessible on the website of our Company
Rights Equity Shares	Equity Shares of our Company to be Allotted pursuant to this Issue, on a partly paid-up basis on Allotment
Rights Equity Shareholders	Holder of the Rights Equity Shares pursuant to this Issue
SBICAPS	SBI Capital Markets Limited
SCSB(s)	Self-certified syndicate banks registered with SEBI, which acts as a banker to the Issue and which offers the facility of ASBA. A list of all SCSBs is available at <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=34">www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=34</a> , or such other website as updated from time to time
Stock Exchanges	Stock exchanges where the Equity Shares are presently listed <i>i.e.</i> BSE and NSE
Transfer Date	The date on which the Application Money blocked in the ASBA Account will be transferred to the Allotment Account(s) in respect of successful Applications, upon finalization of the Basis of Allotment, in consultation with the Designated Stock Exchange
Wilful Defaulter	Wilful defaulter as defined under Regulation 2(1)(III) of the SEBI ICDR Regulations
Working Days	All days on which commercial banks in Mumbai are open for business. Further, in respect of the Issue Period, working day means all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business. Furthermore, in respect of the time period between the Issue Closing Date and the listing of Equity Shares on the Stock Exchanges, working day means all trading days of the Stock Exchanges, excluding Sundays and bank holidays, as per circulars issued by SEBI

### Conventional and General Terms or Abbreviations

<b>Term/Abbreviation</b>	<b>Description/ Full Form</b>
“₹” or “Rs.” or “Rupees” or “INR”	Indian Rupee
Aadhar	Aadhar card
Adjusted EBITDA	Adjusted EBITDA is calculated as Profit from Ordinary Activities for the period / Profit from continuing operations for the year, before share in profit of equity accounted investees, exceptional items, tax, finance costs (other than finance costs related to NBFC/HFC’s business) and depreciation and amortization expenses
AIF(s)	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
Arbitration Act	Arbitration and Conciliation Act, 1996
“AS” or “Accounting Standards”	Accounting standards issued by the ICAI
BSE	BSE Limited
CAGR	Compounded annual growth rate
Calendar Year	Calendar year ending December 31
CARE	CARE Analytics and Advisory Private Limited
CARE Report	Report titled “ <i>Industry Research Report on BFSI, Renewable Energy, Paint, Chemicals, Cement and Textiles</i> ” dated December 2023 prepared by CARE, appointed by our Company pursuant to an engagement letter dated November 6, 2023, and which has been commissioned by our Company
Category I AIF	AIFs who are registered as “Category I Alternative Investment Funds” under the SEBI AIF Regulations
Category I FPIs	FPIs who are registered as “Category I foreign portfolio investors” under the SEBI FPI Regulations
CBDT	Central Board of Direct Taxes, Government of India
CDSL	Central Depository Services (India) Limited
Central Government	Central Government of India

<b>Term/Abbreviation</b>	<b>Description/ Full Form</b>
CFI	Chemical, Fashion Yarn and Insulator business
Client ID	The client identification number maintained with one of the Depositories in relation to the demat account
Companies Act	Companies Act, 1956 and the Companies Act, 2013, as applicable
Companies Act, 1956	The Companies Act, 1956 along with the relevant rules made thereunder
Companies Act, 2013	The Companies Act, 2013 along with the relevant rules made thereunder
Depositories Act	Depositories Act, 1996
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
DIN	Director Identification Number
“DP” or “Depository Participant”	Depository participant as defined under the Depositories Act
DP ID	Depository Participant’s Identification number
DPIIT	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry (formerly Department of Industrial Policy and Promotion)
EBITDA	Earnings before interest, tax, depreciation and amortization (“ <b>EBITDA</b> ”) is calculated as Profit from Ordinary Activities for the period / Profit from continuing operations for the year, before tax, finance costs (other than finance costs related to NBFC/HFC’s business) and depreciation and amortization expenses
EPS	Earnings Per Share
ESG	Environmental, social and governance
EUR	Euro
FDI	Foreign direct investment
FEMA	Foreign Exchange Management Act, 1999
FEMA Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
“Financial Year” or “Fiscal Year” or “Fiscal” or “FY”	Period of 12 months ending March 31 of that particular year
FDI Policy	Consolidated Foreign Direct Investment Policy notified by DPIIT through notification dated October 28, 2020 issued by DPIIT, effective from October 15, 2020
FIR	First information report
FPI	Foreign portfolio investors as defined and registered under the SEBI FPI Regulations
FVCI	Foreign Venture Capital Investors as defined and registered under the SEBI FVCI Regulations
GAAP	Generally Accepted Accounting Principles in India
GBP	Great Britain Pound
GOI	Government of India
Government	Central Government and/ or the State Government, as applicable
GST	Goods and services tax
HFC	Housing finance company
ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards issued by the International Accounting Standards Board
Ind AS	Indian Accounting Standards as specified under section 133 of the Companies Act 2013 read with Companies (Indian Accounting Standards) Rules 2015
India	Republic of India
Income-Tax Act	Income Tax Act, 1961
ISIN	International Securities Identification Number
IST	Indian Standard Time
IT	Information Technology
Luxembourg Stock Exchange	Societe de la Bourse Luxembourg
Mutual Fund	Mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
NACH	National Automated Clearing House
NBFC	Non-banking financial company
Net Worth	Equity attributable to owners of the Company
NRE	Non-Resident External
NRE Account	Non-resident external account
NRI	A person resident outside India, who is a citizen of India and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2016
NRO	Non-Resident Ordinary
NRO Account	Non-resident ordinary account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
“OCBs” or “Overseas Corporate Body”	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
OCI	Overseas Citizen of India
PAN	Permanent Account Number
RBI	Reserve Bank of India
Regulation S	Regulation S under the U.S. Securities Act

<b>Term/Abbreviation</b>	<b>Description/ Full Form</b>
RoC	Registrar of Companies, Madhya Pradesh at Gwalior
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	The Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
SEBI FPI Regulations	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI ICDR Master Circular	SEBI master circular bearing number SEBI/HO/CFD/PoD- 2/P/CIR/2023/00094 dated June 21, 2023
SEBI LODR Regulations	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
SEBI VCF Regulations	The Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, as repealed and replaced by the SEBI AIF Regulations
Stock Exchanges	BSE and NSE
STT	Securities Transaction Tax
State Government	Government of a State of India
UPI	Unified Payment Interface
USD	United States Dollar
“U.S.” or “USA” or “United States”	United States of America, its territories or possessions, any state of the United States, and the District of Columbia
US GAAP	Generally accepted accounting principles in the U.S.
U.S. Securities Act	U.S. Securities Act of 1933, as amended.
VCFs	Venture Capital Funds as defined in and registered with SEBI under the SEBI VCF Regulations or the SEBI AIF Regulations, as the case may be

### Industry Related Terms

<b>Term/Abbreviation</b>	<b>Description/ Full Form</b>
CPVC	Chlorinated polyvinyl chloride
CRAR	Capital to risk weighted assets ratio
ECU	Electro chemical unit
FSC	Forestry Stewardship Council
GAAR	General anti-avoidance rules
ISTS	Inter-State Transmission
KT	Thousand tonnes
KTPA	Thousand tonnes per annum
LAPF	Liva Accredited Partner Forum
LTV	Loan to value
MMT	Million metric tonnes
PPAs	Power purchase agreements
SSY	Spool spinning yarn
VFY	Viscose filament yarn
VSF	Viscose staple fibre



## NOTICE TO INVESTORS

The distribution of this Letter of Offer, the Abridged Letter of Offer, Application Form and Rights Entitlement Letter and any other offering material and the issue of Rights Entitlement and Rights Equity Shares to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or Application Form may come are required to inform themselves about and observe such restrictions. For more details, see “*Restrictions on Purchases and Resales*” beginning on page 643 .

In accordance with the SEBI ICDR Regulations, this Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and any other material relating to the Issue (collectively, the “**Issue Materials**”) will be sent/ dispatched only to the Eligible Equity Shareholders who have provided an Indian address to our Company. In case such Eligible Equity Shareholders have provided their valid e-mail address to our Company, the Issue Materials will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their valid e-mail address, then the Issue Materials will be physically dispatched, on a reasonable effort basis, to the Indian addresses provided by them. Those overseas Eligible Equity Shareholders who do not update our records with their Indian address or the address of their duly authorised representative in India, prior to the date on which we propose to dispatch the Issue Materials, shall not be sent the Issue Materials.

Investors can also access this Letter of Offer, the Abridged Letter of Offer and the Application Form from the websites of our Company, the Registrar, the Lead Managers and the Stock Exchanges.

Our Company, the Lead Managers, and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, in the event the Issue Materials have been sent on the registered email addresses of such Eligible Equity Shareholders.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer is being filed with SEBI and the Stock Exchanges. Accordingly, the Rights Entitlement and the Rights Equity Shares may not be offered or sold, directly or indirectly, and the Issue Materials may not be distributed, in whole or in part, in (i) the United States or (ii) any jurisdiction other than India except in accordance with legal requirements applicable in such jurisdiction. Receipt of the Issue Materials (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in (i) the United States or (ii) any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorized or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, this Letter of Offer and any other Issue Materials must be treated as sent for information only and should not be acted upon for subscription to Rights Equity Shares and should not be copied or re-distributed, in part or full. Accordingly, persons receiving a copy of the Issue Materials should not distribute or send the Issue Materials in or into any jurisdiction where to do so, would or might contravene local securities laws or regulations, or would subject our Company or its affiliates or the Lead Managers or their affiliates to any filing or registration requirement (other than in India). If Issue Material is received by any person in any such jurisdiction or the United States, they must not seek to subscribe to the Rights Equity Shares. For more details, see “*Restrictions on Purchases and Resales*” beginning on page 643.

Any person who makes an application to acquire the Rights Entitlements or the Rights Equity Shares will be deemed to have declared, represented, warranted and agreed that such person is outside the United States and is authorized to acquire the Rights Entitlements or Rights Equity Shares in compliance with all applicable laws and regulations prevailing in such person’s jurisdiction and India, without requirement for our Company or our affiliates or the Lead Managers or their respective affiliates to make any filing or registration (other than in India). In addition, each purchaser of Rights Entitlements and the Rights Equity Shares will be deemed to make the representations, warranties, acknowledgments and agreements set forth in the “*Restrictions on Purchases and Resales*” section beginning on page 643.

Our Company, in consultation with the Lead Managers, reserves the right to treat as invalid any Application Form which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States or any other jurisdiction where the offer and sale of the Rights Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is outside the United States and such person is eligible to subscribe for the Rights Equity Shares under applicable securities laws and is complying with laws of jurisdictions applicable to such person in connection with this Issue; or (iii) where either a registered Indian address is not provided; or (iv) where our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to issue or allot any Rights Equity Shares in respect of any such Application Form.

Neither the receipt of this Letter of Offer nor any sale of Rights Equity Shares hereunder, shall, under any circumstances, create any implication that there has been no change in our Company’s affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Letter of Offer or the date of such information. The contents of this Letter of Offer should not be construed as legal, tax, business, financial or investment advice. Prospective investors may be subject to adverse foreign, state or local tax or legal consequences as a result of the offer of Rights Equity Shares or Rights Entitlements. As a result, each investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of the Rights Equity Shares or Rights Entitlements. In addition, neither our Company nor the Lead Managers or their affiliates are making any representation to any offeree or purchaser of the Rights Equity Shares regarding the legality of an investment in the Rights Entitlements or the Rights Equity Shares by such offeree or purchaser under any applicable laws or regulations.

Investors are advised to make their independent investigations and ensure that the number of Rights Equity Shares applied for do not exceed the applicable limits under laws or regulations.

The Rights Entitlements and the Rights Equity Shares have not been approved or disapproved by any regulatory authority, nor has any regulatory authority passed upon or endorsed the merits of the offering of the Rights Entitlements, the Rights Equity Shares or the accuracy or adequacy of this Letter of Offer. Any representation to the contrary is a criminal offence in certain jurisdictions.

The Issue Materials are supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

### **NO OFFER IN THE UNITED STATES**

THE RIGHTS ENTITLEMENTS AND THE RIGHTS EQUITY SHARES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”) AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. ACCORDINGLY, THE RIGHTS ENTITLEMENTS (INCLUDING THEIR CREDIT) AND THE RIGHTS EQUITY SHARES ARE ONLY BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES IN “OFFSHORE TRANSACTIONS” AS DEFINED IN AND IN RELIANCE ON REGULATIONS UNDER THE U.S. SECURITIES ACT TO ELIGIBLE EQUITY SHAREHOLDERS LOCATED IN JURISDICTIONS WHERE SUCH OFFER AND SALE IS PERMITTED UNDER THE LAWS OF SUCH JURISDICTIONS. THE OFFERING TO WHICH THIS LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, YOU SHOULD NOT FORWARD OR TRANSMIT THIS LETTER OF OFFER INTO THE UNITED STATES AT ANY TIME.

Neither our Company, nor any person acting on behalf of our Company, will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company, or any person acting on behalf of our Company, has reason to believe is, in the United States when the buy order is made. No Application Form should be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer under this Letter of Offer or where any action would be required to be taken to permit the Issue. Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch this Letter of Offer or the Abridged Letter of Offer and Application Form only to Eligible Equity Shareholders who have provided an Indian address to our Company. Any person who acquires Rights Entitlements or Rights Equity Shares will be deemed to have represented, warranted and agreed, by accepting the delivery of this Letter of Offer, that it is not and that at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, it will not be, in the United States and is authorized to acquire the Rights Entitlement and the Rights Equity Shares in compliance with all applicable laws and regulations.

The Rights Entitlements and the Rights Equity Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, any U.S. federal or state securities commission or any other regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Rights Entitlements, the Rights Equity Shares or the accuracy or adequacy of this Letter of Offer. Any representation to the contrary is a criminal offence in the United States.

In making an investment decision, investors must rely on their own examination of our Company and the terms of the Issue, including the merits and risks involved.

### **NOTICE TO GDR HOLDERS**

The Company has facilitated the issuance of global depositary receipts (“GDRs”) by way of certain deposit agreements which are listed on the Luxembourg Stock Exchange and each of the GDRs represent a beneficial ownership in one equity share of face value of ₹2 each of the Company. As of date, the Equity Shares underlying outstanding GDRs represent 8.67% of the paid up capital of our Company and the Equity Shares underlying outstanding GDRs constituting 4.76% of the paid up Equity Share capital of our Company is held by the GDR holders that are part of our Promoter and Promoter Group (“P&PG GDR Holders”).

Our Company is undertaking this Issue by way of a ‘fast track issue’ and one of the conditions for a ‘fast track issue’ under Regulation 99 of the SEBI ICDR Regulations requires Promoters and members of the Promoter Group to mandatorily subscribe to their respective portion of the Rights Entitlements and not renounce their Rights Entitlements (except to the extent of renunciation within the Promoter Group, or for the purpose of complying with minimum public shareholding norms under the SCRR). Since the Rights Entitlement issued in the Issue on the basis of Equity Shares underlying the P&PG GDRs would also constitute entitlement of our Promoter and Promoter Group for the purposes of Regulation 99 of the SEBI ICDR Regulations, such Rights Entitlements would be required to be subscribed by the Promoters and members of the Promoter Group. However, under the SEBI circular bearing reference number SEBI/HO/MRD/DOP1/CIR/P/2019/106 dated October 10, 2019, on the framework for issue of depositary receipts, Luxembourg is not one of the ‘permissible jurisdictions’ in which a foreign depositary can issue new depositary receipts. Accordingly, in order to ensure compliance with the requirement of the ‘fast track issue’, our Company has issued instructions to Citibank, N.A., the depositary for the GDRs (“GDR Depositary”), to transfer the Rights Entitlements on the basis of Equity Shares underlying the P&PG GDRs to the Promoter Group of the Company on the terms as agreed between our Company and the Depositary. Further, with respect to the Rights Entitlements on the basis of

Equity Shares underlying the GDRs other than P&PG GDRs, the Depositary will deal with the Rights Entitlements in accordance with the applicable laws and in the manner specified in the Deposit Agreement.

## PRESENTATION OF FINANCIAL INFORMATION AND OTHER INFORMATION

### Certain Conventions

Unless otherwise specified or the context otherwise requires, all references in this Letter of Offer to (i) the 'US' or 'U.S.' or the 'United States' are to the United States of America, its territories and possessions, any state of the United States, and the District of Columbia; (ii) 'India' are to the Republic of India and its territories and possessions; and (iii) the 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, Central or State, as applicable.

Unless otherwise specified, any time mentioned in this Letter of Offer is in IST. Unless indicated otherwise, all references to a year in this Letter of Offer are to a Calendar Year. Unless stated otherwise, all references to page numbers in this Letter of Offer are to the page numbers of this Letter of Offer. In this Letter of Offer, references to the singular also refer to the plural and one gender also refers to any other gender, where applicable.

### Financial Data

Unless stated otherwise, or unless the context requires otherwise, the financial data in this Letter of Offer is derived from the Audited Consolidated Financial Statements, the Unaudited Consolidated Financial Results and Unaudited Standalone Financial Results for six months ended September 30, 2023. The FY 2023 Audited Consolidated Statements were audited by our Statutory Auditors and the Unaudited Consolidated Financial Results and the Unaudited Standalone Financial Results for six months ended September 30, 2023 were reviewed by our Statutory Auditors. The FY 2022 Audited Consolidated Financial Statements were audited by our Previous Statutory Auditors. Our Company's Financial Year commences on April 1 of each Calendar Year and ends on March 31 of the following Calendar Year. Unless otherwise stated, references in this Letter of Offer to a particular 'Financial Year' or 'Fiscal Year' or 'Fiscal' are to the financial year ended March 31 of that year. For details of the financial statements, see "*Financial Statements*" beginning on page 118. Financial information for six months period ended September 30, 2023 and September 30, 2022 is not indicative of our future operating results and are not comparable with our annual financial information.

Our Company prepares its financial statements in accordance with Ind AS, Companies Act and other applicable statutory and/or regulatory requirements. Our Company publishes its financial statements in Indian Rupees. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Letter of Offer should accordingly be limited.

In this Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures. All figures in decimals have been rounded off to the second decimal and all the percentage figures have been rounded off to two decimal places. Further, any figures sourced from third-party industry sources may be rounded off to other than two decimal points to conform to their respective sources.

Unless stated otherwise, throughout this Letter of Offer, all figures have been expressed in Rupees, in crore.

### Non-GAAP Measures

We have included certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance (collectively "**Non-GAAP Financial Measures**", and each, a "**Non-GAAP Financial Measure**") in this Letter of Offer, which are Net Worth, Return on Net Worth, Net Asset Value per Equity Share, EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin. These Non-GAAP Financial Measures are not required by or presented in accordance with Ind AS. We compute and disclose such Non-GAAP Financial Measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of other companies in our industry. Further, these Non-GAAP Financial Measures are not a measurement of our financial performance or liquidity under Ind AS, GAAP, IFRS or US GAAP and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years/ period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, GAAP, IFRS or US GAAP. Other companies may calculate these Non-GAAP Financial Measures differently from us, limiting its usefulness as a comparative measure. However, these Non-GAAP Financial Measures may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other companies. Accordingly, such Non-GAAP Financial Measures have important limitations as analytical tools, and you should not consider them in isolation or as substitutes for analysis of our financial position or results of operations as reported under GAAP. For further details, see "*Risk Factors – Risks relating to all our businesses – We have in this Letter of Offer included certain non-GAAP financial and operational measures and certain other industry measures related to our operations and financial performance that may vary from any standard methodology. We rely on certain assumptions and estimates to calculate such measures, therefore such measures may not be comparable with financial, operational or industry related statistical information of similar nomenclature computed and presented by other similar companies.*" on page 29.

## Market and Industry Data

Unless stated otherwise, market, industry and demographic data used in this Letter of Offer has been obtained from market research, publicly available information, industry publications and government sources. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Further, information has also been derived from the CARE Report. The CARE Report has been prepared by CARE and commissioned and paid for by our Company, for an agreed fee only for the purposes of confirming our understanding of the industry in connection with the Issue. CARE is an independent agency with no relationship with and is not a related party of our Company, our Promoters or our Directors or our Subsidiaries or its Associates or the Lead Managers. However, one of our Company's Independent Directors is also an independent director on CARE's board of directors, and the preparation of the CARE Report may involve conflict of interest.

Statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this Letter of Offer. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Accordingly, investment decisions should not be based solely on such information. For details, see "*Risk Factors – Industry information included in this Letter of Offer has been derived from an industry report prepared by CARE exclusively commissioned and paid for by us for such purpose*" beginning on page 31.

## Currency of Presentation

All references to

- 'INR', '₹', 'Indian Rupees' and 'Rupees' are to the legal currency of the Republic of India;
- 'US\$', 'USD', '\$' and 'U.S. dollars' are to the legal currency of the United States of America; and
- 'EUR', '€' and 'Euro' are to the legal currency of the European Union.

Please note:

- One billion is equal to 1,000,000,000 or 10,000 lakhs
- One million is equal to 1,000,000 or 10 lakhs;
- One crore is equal to 10 million or 100 lakhs; and
- One lakh is equal to 100,000.

## Conversion Rates for Foreign Currency:

The conversion rate for the following foreign currencies are as follows:

Sr. No.	Name of the Currency	As of September 30, 2023 (in ₹)*	As of March 31, 2023 (in ₹)	As of March 31, 2022 (in ₹)
1.	1 USD	83.06	82.22	75.81
2.	1 EUR	87.94	89.61	84.66

Source: [www.fbil.org.in](http://www.fbil.org.in)

\*If the reference rate is not available on a particular date due to a public holiday, exchange rates of the previous Working Day has been disclosed. The reference rates are rounded off to two decimal places.

## FORWARD LOOKING STATEMENTS

Certain statements contained in this Letter of Offer that are not statements of historical fact constitute 'forward-looking statements'. Investors can generally identify forward-looking statements by terminology such as 'aim', 'anticipate', 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'expected to', 'intend', 'is likely', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'should', 'will', 'would', or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding our Company's expected financial conditions, result of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our Company's business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Letter of Offer that are not historical facts. These forward-looking statements contained in this Letter of Offer (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our Company's expectations include, among others:

- We engage in highly competitive businesses.
- We operate in various business verticals through our Subsidiaries, Associates and Joint Ventures.
- We require substantial financing for our business operations.
- Inability to meet our obligations, including financial and other covenants, under our debt financing arrangements.
- Inability to obtain, renew or maintain the statutory and regulatory permits and approvals.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in the sections entitled "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on pages 19, 98 and 551, respectively.

The forward-looking statements contained in this Letter of Offer are based on the beliefs of our Company's management, as well as the assumptions made by, and information currently available to, the management of our Company. Whilst our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, Investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Letter of Offer or the respective dates indicated in this Letter of Offer, and our Company undertakes no obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialise, or if any of our Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

In accordance with SEBI and Stock Exchange requirements, our Company and the Lead Managers will ensure that the Eligible Equity Shareholders are informed of material developments until the time of the grant of listing and trading permissions for the Rights Equity Shares by the Stock Exchanges.

## SUMMARY OF THIS LETTER OF OFFER

The following is a general summary of certain disclosures included in this Letter of Offer and is neither exhaustive, nor does it purport to contain a summary of all the disclosures in this Letter of Offer or all details relevant to the prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Letter of Offer, including, the sections entitled “Risk Factors”, “Capital Structure”, “Objects of the Issue”, “Our Business”, “Outstanding Litigation and Defaults” and “Financial Statements” beginning on pages 19, 60, 64, 98, 594 and 118, respectively.

### Primary Business of the Issuer

Our Company is the flagship enterprise of the Aditya Birla Group. Our operating segments comprise viscose, chemicals, cement, financial services and others (primarily textiles, insulators, paints, B2B e-commerce and renewable energy). For further details, please see “Our Business - Overview” beginning on page 98.

### Objects of the Issue

Our Company intends to utilize the Net Proceeds from the Issue towards funding of the following objects:

Particulars	Estimated amount (up to)*
Repayment or prepayment, in full or in part, of certain borrowings availed by our Company	3,000.00
General corporate purposes*	977.65
<b>Total Net Proceeds**</b>	<b>3,977.65</b>

\*Subject to finalisation of the Basis of Allotment and Allotment. The amount utilised for general corporate purposes shall not exceed 25% of the Issue Proceeds.

\*\*Assuming full subscription in the Issue, Allotment and receipt of Call Monies with respect to the Rights Equity Shares. Subject to finalization of the Basis of Allotment.

For further details, please see “Objects of the Issue” beginning on page 64.

### Intention and extent of participation by our Promoters and Promoter Group with respect to (i) their rights entitlement; and (ii) their intention to subscribe over and above their rights entitlement

Pursuant to certificates each dated January 4, 2024, our Promoters and Promoter Group have confirmed that they will (i) subscribe to the full extent of their Rights Entitlements in the Issue and that they shall not renounce the Rights Entitlements (except to the extent of Rights Entitlements renounced by any of them in favour of our Promoters or other member(s) of our Promoter Group); (ii) subscribe to additional Rights Entitlements over and above their Rights Entitlements, if any, which are renounced in their favour by our Promoters or any other member(s) of our Promoter Group; and (iii) subscribe to additional Rights Equity Shares, if any, which may remain unsubscribed in the Issue, each as may be applicable, subject to the aggregate shareholding of our Promoters and Promoter Group being compliant with the minimum public shareholding requirements under the SCRR and the SEBI LODR Regulations. For details on the manner in which our Promoters and members of the Promoter Group holding GDRs will participate in the Issue, see “Notice to Investors – Notice to GDR Holders” on page 12.

The acquisition of Rights Equity Shares by our Promoters and other members of our Promoter Group in this Issue shall be eligible for exemption from open offer requirements in terms of Regulation 10(4)(a) and 10(4)(b) of the SEBI Takeover Regulations, and the Issue shall not result in a change of control of the management of our Company in accordance with provisions of the SEBI Takeover Regulations. Our Company is in compliance with Regulation 38 of the SEBI LODR Regulations and will continue to comply with the minimum public shareholding requirements under applicable law, pursuant to this Issue.

### Summary of outstanding litigation and defaults

A summary of outstanding legal proceedings involving our Company and our Subsidiaries as on the date of this Letter of Offer is set forth in the table below:

Name of entity	Proceedings involving issues of moral turpitude or criminal liability	Civil proceedings where the amount involved is equivalent to or in excess of the Materiality Threshold	Tax proceedings where the amount involved is equivalent to or in excess of the Materiality Threshold	Proceedings before regulatory authorities involving material violations of statutory regulations	Matters involving economic offences where proceedings have been initiated	Other pending matters which, if they result in an adverse outcome, would materially and adversely affect the operations or the financial position	Aggregate amount involved (₹ in crore)*
<b>Company</b>							
Against our Company	12	Nil	Nil	26	Nil	Nil	440.39
<b>Subsidiaries</b>							
Against our Subsidiaries	17	1	4	14	Nil	Nil	4,074.18

\*To the extent quantifiable

For further details, see “*Outstanding Litigation and Defaults*” beginning on page 594.

### **Risk Factors**

For details, see “*Risk Factors*” beginning on page 19. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue.

### **Contingent liabilities**

For details regarding our contingent liabilities as per Ind AS 37 as at March 31, 2023 and March 31, 2022, see “*Financial Statements – Note 2.38.1(d)*” and “*Financial Statements – Note 2.37.1(d)*” beginning on pages 254 and 454, respectively.

### **Related party transactions**

For details regarding our related party transactions as per Ind AS 24 entered into by our Company for Fiscal 2023 and Fiscal 2022, see “*Other Financial Information – Related Party Transactions*” on page 548.

### **Issue of Equity Shares for consideration other than cash**

Our Company has not made any issuances of Equity Shares for consideration other than cash in the last one year immediately preceding the date of filing this Letter of Offer.



## SECTION II: RISK FACTORS

*An investment in equity shares involves a high degree of risk. You should carefully consider each of the following risk factors and all other information set forth in this Letter of Offer, including the uncertainties described below, before making an investment in the Equity Shares. You should read this section together with “Industry Overview”, “Our Business” and Management’s Discussion and Analysis of Financial Condition and Results of Operations” as well as the financial statements, including the notes thereto, and other financial information included in this Letter of Offer.*

*The risks and uncertainties described below are not the only risks that we currently face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also materially adversely affect our business, prospects, financial condition and results of operations and cash flows. If any or some combination of the following risks, or other risks that we do not currently know about or believe to be material, actually occur, our business, financial condition and results of operations and cash flows could suffer, the trading price of, and the value of your investment in our equity shares could decline, and you may lose all or part of your investment. In making an investment decision, you must rely on your own examination of our Company and the terms of this Issue, including the merits and risks involved.*

*Financial information as of and for the six months ended September 30, 2023 and 2022 are not indicative of future operating results and are not comparable with annual financial information.*

*The industry-related information contained in this section is derived from the industry report titled 'Industry Research Report on BFSI, Renewable Energy, Paint, Chemicals, Cement and Textile' dated December 2023 prepared by CARE Analytics and Advisory Private Limited (“CARE” and such report, the “CARE Report”) appointed by our Company pursuant to an engagement letter dated November 6, 2023. We have commissioned and paid for the CARE Report specifically for the purpose of the Issue.*

*This Letter of Offer also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from such forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Letter of Offer.*

### **A. Risks relating to all our businesses**

#### **1. We engage in highly competitive businesses and any failure to effectively compete could have a material adverse effect on us.**

Our operating segments comprise viscose, chemicals, cement, financial services and others such as textiles, insulators, paints, B2B e-commerce and renewable energy. The industries in which we operate are highly competitive. Competitors may limit our ability to grow or even maintain our market share. Current and future competitors may introduce new and more competitive products and accompanying supporting services, adopt more aggressive pricing policies, increase production capacities, make strategic acquisitions or establish cooperative relationships among themselves or with third parties, including the distributors of our products, thereby increasing their ability to address the needs of our target customers. Failure to effectively compete with our competitors with respect to products or services, pricing or distribution, could have a material adverse effect on our business, financial condition, cash flows and results of operations. The future success of our business will depend, in part, on our ability to design and manufacture new competitive products or services and to enhance existing products or services.

In particular, our Company’s products are vulnerable to price volatility at both the domestic and international level. If our competitors develop more efficient production facilities which enable them to produce their products at significantly lower costs, they could sell at lower prices and could require us to lower the prices we charge. Our competitors may implement further capacity additions, which may adversely impact our business, financial condition, cash flows and results of operations.

Further, competitors may have access to captive or cheaper sources of pulp and/or power, which are the key inputs for the manufacture of viscose and caustic soda, respectively. This would enable them to produce these products at lower costs which in turn would result in an increase in their profitability. Our Company’s viscose business also faces competition from imported fibre and yarn. This affects both the Company’s VSF business as well as the businesses of our Company’s customers that purchase VSF to spin into yarn.

In our NBFC and housing finance businesses, we compete with public sector banks, private sector banks (including foreign banks), financial institutions and other NBFCs and HFCs. In our insurance business, we compete with several private and government life and health insurance companies. Our asset management business faces significant competition from companies seeking to attract customers’ financial assets, including traditional and online brokerage firms, other asset management companies and larger financial institutions. Our cement business similarly faces competition from other large players.

2. ***We operate some of our business verticals through our Subsidiaries, Associates and Joint Ventures, and our inability to manage our diversified operations may have an adverse effect on our business, results of operations, cash flows and financial condition.***

We operate some of our business verticals through our Subsidiaries, Associates and Joint Ventures. Some of our businesses are also undertaken by our step-down subsidiaries. A substantial percentage of our consolidated assets and revenues are derived from our two Material Subsidiaries, UltraTech Cement Limited (“**UTCL**”), which is engaged in the manufacture of cement and other building products, and Aditya Birla Capital Limited (“**ABCL**”), which is a provider of financial services.

While we do not control the day to day operations of each of these Subsidiaries, Associates and Joint Ventures, our management requires considerable expertise and skill to manage and allocate an appropriate amount of time and attention to each business to oversee their operations and growth prospects. Further, we do evaluate certain key matters at a group level, although these entities have independent finance, treasury and legal functions to support their day-to-day operations and decision-making.

In addition, our cost controls, internal controls, and accounting and reporting systems must be upgraded on a continual basis to support our diversified businesses. In order to manage our diversified businesses effectively, we will be required to, among other things, stay abreast with key developments in each business, industry and geography in which we operate, and continue to improve our operational, financial and management systems, develop the management skills of our senior personnel and continue to train, motivate and manage our employees. In addition, these diverse businesses may face distinct geographical, regional, macroeconomic and financial challenges, which may be different from those we are familiar with in our standalone business such as shutting down of operations and default in meeting their obligations which may adversely impact our financial condition. For instance, AV Terrace Bay Inc., Canada, one of our Joint Ventures that produces paper grade pulp, has undertaken temporary idling of its pulp operations due to prevailing market conditions. We cannot assure you that our manufacturing facilities will continue to remain operational at all times. Our financial condition may also be affected by adverse trends in the financial results of our Subsidiaries, Associates and Joint Ventures, particularly if they contribute substantially to our results of operations. We cannot assure you that, to the extent these entities operate their business independently, they will act in a manner that is beneficial to our Company. If we are unable to manage our diversified operations effectively, our business, results of operations, cash flows and financial condition may be adversely affected.

3. ***We require substantial financing for our business operations and the failure to obtain additional financing on terms commercially acceptable to us may adversely affect our ability to grow and our future profitability. Further, fluctuations in interest rates could adversely affect our results of operations, cash flows and financial condition.***

Our total borrowings (non-current and current borrowings) as on September 30, 2023 were ₹ 1,20,068.09 crore. Our primary sources of funding are term loans, non-convertible debentures, commercial papers, cash credit limits, working capital demand loans, among others. Our continued business growth, liquidity and profitability will depend on our ability to obtain adequate funding on acceptable terms and in a timely manner from relatively stable and cost-effective sources of funds, which in turn depends on our financial performance, credit ratings and relationships with lenders. We cannot assure you that our business will generate sufficient cash to enable us to service our existing debt or to fund our other liquidity needs.

Our ability to obtain additional financing on favourable terms, if at all, will depend on a number of factors, including our current and future financial condition, results of operations and cash flows, the amount and terms of our existing indebtedness, security, limits, our track record of compliance with the covenants contained in our financial agreements, general market conditions and market conditions for financing activities and the economic, political and other conditions in the markets where we operate. An event of default, a significant negative ratings action by a rating agency, an adverse action by a regulatory authority or a general deterioration in prevailing economic conditions may make it difficult for us to access financing in a cost-effective manner.

We cannot assure you that we will be able to raise additional financing on acceptable terms in a timely manner or at all. Our failure to renew arrangements for existing funding or to obtain additional financing on acceptable terms and in a timely manner could adversely impact our ability to incur capital expenditure, commission projects as per schedule, our business, results of operations, cash flows and financial condition.

Our borrowing costs and our access to capital and loan markets depend on our credit ratings. These ratings are assigned by rating agencies, which may downgrade or withdraw their ratings or place us on “credit watch” with negative implications at any time. Our Company is rated AAA (Stable) by India Ratings and Research Private Limited and credit ratings of our instruments are set forth below:

Nature of Instrument	Name of Credit Rating Agency	Credit Rating Assigned
Commercial paper	CRISIL Ratings Limited, ICRA Limited	A1+
NCD	CRISIL Ratings Limited, ICRA Limited	AAA (Stable)
Long term bank facilities	CRISIL Ratings Limited, CareEdge Ratings Limited	AAA (Stable) Long Term
Short term bank facilities	CRISIL Ratings Limited, CareEdge Ratings Limited	A1+ Short Term

A reduction in our credit ratings could increase our borrowing costs and limit our access to the capital and loan markets. This, in turn, could reduce our earnings and adversely affect our liquidity. Further, any downgrade in our credit ratings may also trigger an event of default or acceleration of certain of our current or future borrowings.

Further, an increase in interest rates on our existing or future debt will increase the cost of servicing such debt. In addition, our NBFC and housing finance business may be particularly affected by interest rate fluctuation. Any increase in the rate of interest at which we borrow from our lenders, without a corresponding increase in the interest rates we are able to charge our borrowers, could expose us to interest rate risk, lead to a reduction in our net interest income and net interest margin. Any increase in interest expense may have an adverse effect on our business prospects, financial condition, cash flows and results of operations.

**4. *Inability to meet our obligations, including financial and other covenants, under our debt financing arrangements could adversely affect our business, results of operations, cash flows and financial condition.***

We have entered into agreements with certain banks and financial institutions for short-term and long-term borrowings, and have entered into debenture trust deeds in connection with our non-convertible debentures. In order to secure our financing arrangements, we have created charges over our current assets and over certain properties, present and future, including movable plant and machinery related to our projects and provided bank guarantees. As of March 31, 2023, our secured borrowings (current and non-current) were 17.62% of our total assets. In the event of a default by us under any loan facility, the respective lender may enforce its rights against us, including by way of appropriation and sale of assets provided as security. We cannot assure you that we will not default on any of our repayment obligations or other terms of the borrowing arrangements in the future or that our respective lenders will not enforce their rights upon such default.

Our financing agreements also contain certain restrictive covenants that limit our ability to undertake certain types of transactions, any of which could affect our business and financial conditions. We are required to obtain prior approval from our lenders, or intimate them, for actions including:

- alteration of our capital structure beyond a certain threshold;
- any change in control or any material change in the management of our business;
- the creation of charges, liens or encumbrance in favour of other lenders;
- opening new bank accounts;
- declaring dividends or repaying certain investors (in the case of an event of default).

We have provided the necessary intimations to our lenders in connection with this Issue. In addition, we have provided certain letters of comfort in relation to indebtedness incurred by our Subsidiaries, including step-down subsidiaries, and Joint Ventures. Certain of these letters of comfort include provisions which restrict any change in control at the level of the Subsidiary/ Joint Ventures or any material change in the management of the relevant Subsidiary/ Joint Venture, without the prior approval of the relevant lender. Certain of our borrowings also require us to maintain certain financial ratios which are tested on a regular basis. Borrowings also impose other obligations on us, such as requiring us to maintain certain minimum thresholds of shareholding of Subsidiaries/ Joint Ventures.

Our financing arrangements also have cross-default provisions with respect to our other credit facilities. Further, some of our financing arrangements also entitle the lenders to cancel the undrawn amount of the facility in certain circumstances, including downgrading of our credit rating by a credit rating agency (below certain rating thresholds) or adverse remark or its equivalent by our auditors. We may be forced to sell some or all our assets if we do not have sufficient cash or credit facilities to make repayments. In the event we breach any financial or other covenants contained in any of our financing arrangements, we may be required to immediately repay our borrowings either in whole or in part, together with any related costs. Our lenders may exercise certain rights on the occurrence of an event of default such as conversion of outstanding borrowings into equity and appointment of a nominee director on our Board of Directors. Any failure to meet our obligations under credit facilities could have an adverse effect on our business, financial condition, cash flows and results of operations.

**5. *Our inability to obtain, renew or maintain the statutory and regulatory permits and approvals required to operate our businesses may have an adverse effect on our business, results of operations, cash flows and financial condition.***

Our business operations are subject to various laws and regulations and require us to obtain and renew from time to time, approvals, licenses, registrations and permits. Certain consents, licenses, registrations, permissions and approvals that are required to be obtained by our Company for undertaking its business have elapsed in their normal course and our Company has either made an application to the relevant Central or State government authorities for renewal of such licenses, consents, registrations, permissions and approvals or is in the process of making such applications. Consequently, failure or delay to obtain such approvals could have a material adverse effect on our business, financial condition and profitability. If there is any failure by us to comply with the applicable regulations or if the regulations governing our business are amended, we may incur increased costs, be subject to penalties, be required to alter our manufacturing and/or procurement operations or otherwise suffer disruption in our activities, any of which could adversely affect our business. Further, we cannot assure you that we will be able to obtain registrations and approvals

for new businesses we may enter into, in a timely manner or at all.

We may also be unable to fulfil the terms and conditions, subject to which such license and registration is granted. In the event we are not able to obtain such licenses and registrations, in a timely manner or at all, our business and growth strategy may be adversely impacted. There is no assurance that such license and registration will be granted to us in a timely manner or at all. The cost of procuring such licenses or the renewal of expiring licenses may be substantially higher than that estimated by us. Failure by us to comply with the terms and conditions to which such licenses, approvals, permits or registrations are subject, and/or to renew, maintain or obtain the required licenses, approvals, permits or registrations may result in the interruption of our operations. We may be required to temporarily halt our operations, shut down our manufacturing facilities, and face disruption to our business in the event we are unable to comply with the terms and conditions subject to which we are granted licenses, or if a regulator alleges that we have not complied with such terms and conditions. For instance, the National Green Tribunal has, in the past, quashed environmental clearances granted to our cement business for limestone mining in certain areas of Gujarat. While we have challenged the quashing, we cannot assure you that we will not be exposed to similar proceedings against us in future, or that our licenses and approvals will not be revoked or suspended, or that we will not be subject to levy of fines, penalties or other action, which in turn may have a material adverse effect on our business, financial condition, cash flows and results of operations.

**6. *Our operations depend on our ability to attract and retain employees and skilled workers. Moreover, we may be subject to labor disputes which could adversely affect our business, financial condition, results of operations and cash flows.***

Our ability to remain productive, profitable and competitive and implement our planned growth initiatives depends on our ability to attract and retain skilled employees and workers. While we make efforts to retain key employees and to recruit new personnel to adequately meet demands in projects, the loss of a number of personnel or inability to attract additional personnel may have an adverse impact on our business, results of operation, cash flows and financial condition. Given the nature of our businesses, sometimes our employees are required to endure harsh conditions such as excessive heat or to travel to a remote location. As a result, there can be shortages of labour that make it challenging to recruit employees with relevant industry and technical experience who are willing to relocate or endure such conditions. In the past this has resulted in cost increases for the supply of labour and management services. If our employees choose to work for our competitors we may not realize any benefits from our investment in their training. Cyclical labour shortages, combined with a high industry turnover rate and growing number of competing companies, may affect our ability to continue with or expand our operations and may adversely impact our financial performance. Shortage of skilled labour could increase in training costs and adversely affect our safety record. Each of these factors could materially adversely impact our revenue and, if costs increase or productivity declines, our operating margins.

India has stringent labour legislations that protect the interests of workers, which includes legislations that set forth detailed procedures for dispute resolution and employee removal and legislation that imposes certain financial obligations on employers upon retrenchment of employees.

We cannot assure you that we will not experience disruptions in our work due to disputes or other problems with our work force, which may adversely affect our ability to continue our business operations. Any employee unrest directed against us, could directly or indirectly prevent or hinder our normal operating activities, and, if not resolved in a timely manner, could lead to disruptions in our operations. Further, workmen at certain of our factories are unionized, and we may face strikes, lockouts or other disruptions to our operations. Further, our third-party suppliers may experience strikes or other labour disruptions and shortages that could affect our operations, possibly for a significant period of time. Work stoppages can result in significant disruptions or delays in our ability to complete deliveries. A labour dispute can be difficult to resolve and may require us to seek arbitration for resolution, which can be time-consuming, distracting to management, expensive and difficult to predict. In the event that we are unable to pass on any increased labour costs to our customers, our business operations, financial condition and cash flows may be adversely affected.

In order to retain flexibility and control costs, we appoint independent contractors who, in turn, engage on-site contract labour to perform certain operations, including providing security. Although we do not engage these laborers directly, in the event of default by any independent contractor, we may be held responsible for any wage payments that must be made to such laborers. Any violation of the provisions of laws pertaining to contract labour by us is punishable with, inter-alia, imprisonment for every person in charge of and responsible for the conduct of the business of our Company at the time of the commission of the offense.

**7. *Our inability to successfully implement some or all our business strategies in a timely manner or at all could have an adverse effect on our business.***

As part of our strategy aimed towards business growth and improvement of market position, we intend to implement several business strategies, which include:

- Maintain our leading position across our businesses;
- Focus on capital allocation and invest in core and high growth businesses;
- Focus on product development, process innovation and sustainability initiatives; and
- Improve cost efficiency through operational excellence.

For further information on our strategies, see “*Business - Strategies*” on page 101.

Our strategy may not succeed due to various factors, including our inability to reduce our debt and our operating costs, our failure to develop new products and services with sufficient growth potential as per the changing market preferences and trends, our failure to execute agreements with our technology and strategic partners, our failure to effectively market these new products and services or foresee challenges with respect to our business initiatives, our failure to sufficiently upgrade our infrastructure, machines, automation, equipment and technology as required to cater to the requirements of changing demand and market preferences, our failure to maintain highest quality and consistency in our operations or to ensure scaling of our operations to correspond with our strategy and customer demand, changes in GoI policy or regulation, our inability to respond to regular competition, and other operational and management difficulties. Our new businesses may not perform as anticipated, requiring us to deviate from our plans for such businesses. For further information, see “- *Our Company may not be successful in penetrating markets with new products, including through our new businesses of decorative paints and B2B e-commerce business*” on page 35. In addition, we may be unable to commission additional capacity as per our schedules, which may adversely affect our ability to acquire market share. While we believe we have been generally successful in implementing our business strategies, any failure on our part to implement our strategy due to many reasons as attributed aforesaid could be detrimental to our long-term business outlook and our growth prospects and may materially adversely affect our business, financial condition, cash flows and results of operations.

**8. *Our insurance coverage may not be sufficient or may not adequately protect us against all material hazards, which may adversely affect our business, results of operations, financial condition and cash flows.***

We maintain insurance policies for our various businesses that we own and operate in, which cover losses, including those arising from fire, accidents, cyber attacks and calamities. With respect to losses which are covered by our policies, it may be difficult and may take us time to recover such losses from insurers. In addition, we may not be able to recover the full amount of losses from the insurer.

We could also be held liable for accidents that occur or otherwise arise out of our operations. In the event of personal injuries, fires or other accidents suffered by our employees or other people on our premises, we could face claims alleging that we were negligent, provided inadequate supervision or be otherwise liable for the injuries.

While we believe that the insurance coverage which we maintain would be reasonably adequate to cover the normal risks associated with the operation of our business, we cannot assure you that any claim under the insurance policies maintained by us will be honoured fully, in part or on time, or that we have taken out sufficient insurance to cover all our losses. In addition, our insurance coverage expires from time to time. We apply for the renewal of our insurance coverage in the normal course of our business, but we cannot assure you that such renewals will be granted in a timely manner, at acceptable cost or at all. To the extent that we suffer loss or damage for which we did not obtain or maintain insurance, or which is not covered by insurance, or which exceeds our insurance coverage or where our insurance claims are rejected, the loss would have to be borne by us and our results of operations, cash flows and financial performance could be adversely affected.

**9. *Our Company and Subsidiaries are involved in certain legal and other proceedings and there can be no assurance that our Company, and/or Subsidiaries will be successful in any of these legal actions. Any adverse outcome in such proceedings would affect our business, cash flows and results of operations.***

Our Company and Subsidiaries are impleaded in a number of legal proceedings that, if determined against our Company or our Subsidiaries, could have an adverse effect on our business, results of operations, cash flows and financial condition. For further information, see “*Outstanding Litigation and Defaults*” on page 594.

A summary of material outstanding legal proceedings involving our Company and our Subsidiaries, as on the date of this Letter of Offer, including the aggregate approximate amount involved to the extent ascertainable, is set out below.

Name of entity	Proceedings involving issues of moral turpitude or criminal liability	Civil proceedings where the amount involved is equivalent to or in excess of the Materiality Threshold	Tax proceedings where the amount involved is equivalent to or in excess of the Materiality Threshold	Proceedings before regulatory authorities involving material violations of statutory regulations	Matters involving economic offences where proceedings have been initiated	Other pending matters which, if they result in an adverse outcome, would materially and adversely affect the operations or the financial position	Aggregate amount involved (₹ in crore)*
<b>Company</b>							
Against our Company	12	Nil	Nil	26	Nil	Nil	440.39
<b>Subsidiaries</b>							
Against our Subsidiaries	17	1	4	14	Nil	Nil	4,074.18

\*To the extent quantifiable

Decisions which are adverse to our interests in any of the aforesaid material outstanding legal proceedings or any other proceedings involving us or our Subsidiaries, have a material adverse effect on our business, financial condition, cash flows and results of operations. If the courts or tribunals rule against our Company or Subsidiaries, we may face monetary and/or reputational losses and may have to make provisions in our financial statements, which could increase our expenses and our liabilities.

**10. We may face impairment risks and the risk of loss of dividend income in relation to our Subsidiaries and other investments.**

We are exposed to impairment risks in our standalone business, particularly in connection with our manufacturing facilities. In addition, we have invested a significant amount of capital in our Subsidiaries, Associates and Joint Ventures. The business performance of entities that we have invested in has given rise to impairment charges in the past. The performance of our Subsidiaries or other investments are susceptible to various factors including change in regulations, sector dynamics and macro-economic events, among others, that may lead to impairment charges, should the recoverable amount of the investment fall below its carrying value. Additionally, we have investments in certain listed entities, such as Hindalco Industries Limited, Vodafone Idea Limited (“VIL”) and Aditya Birla Fashion and Retail Limited. Due to the reduction of the shareholding of the Company in VIL as a result of the merger of Vodafone India Limited and Vodafone Mobile Services Limited with Idea Cellular Limited, in Fiscal 2019, VIL ceased to be an ‘associate’ of the Company and was considered a financial investment under Ind AS 109. As a result, the investment in VIL was accounted through fair value as per Ind AS 28 and the difference in the book value and fair value of the investment was charged to the statement of profit and loss, as an exceptional item. Any changes in the fair value of these investments may adversely affect our financial condition.

To receive investment income, we are dependent on the distribution of funds from our Subsidiaries. This distribution is typically in the form of dividends, the declaration of which is beyond our control or influence, and may depend on external factors affecting the industry that the subsidiary operates in, or other factors, including claims or actions by third parties. There can be no assurance that we will continue to receive dividend at the current levels, or at all, and this may have a material and adverse effect on our business, financial condition, cash flows and results of operations.

**11. Any inability to protect our intellectual property, technical know-how or other proprietary information, or claims that we infringe on the intellectual property rights of others, could have a material adverse effect on us.**

Our Company has filed various patent applications globally. We also have registered trademarks and applied for trademark registrations, including for key brand names such as *Liva*, *Birla Cellulose*, *Birla Purocel*, *Navyasa*, *Raysil*, *Linen Club*, *Opus*, *Birla Pivot*, *UltraTech*, *Grasim*, *Birla White Colors*, among others. Additionally, from time to time, we also obtain trademark registrations and patents in certain foreign jurisdictions where our products are sold.

There can be no assurance that third parties will not infringe upon our intellectual property, including our brand names, or claim that we infringe upon theirs, causing damage to our business prospects, reputation or goodwill. We may not be able to prevent infringement, and litigation may not only prove costly but may also result in adverse rulings against us. The efforts we have taken to protect our intellectual property may not be sufficient or effective, and our trademarks, copyrights and patents may be held invalid or unenforceable. Further, our business involves technical know-how and the use of proprietary information, which we may not be able to safeguard adequately. If such information regarding our products and processes were to be divulged, we cannot assure you that we will be able to maintain our competitive advantage. We cannot assure you that we will successfully obtain or protect certain intellectual property and any such failure could have an adverse effect on our business, financial condition, cash flows and results of operations.

**12. A failure of our internal controls over financial reporting may have an adverse effect on our business, cash flows and results of operations.**

We are responsible for establishing and maintaining adequate internal control measures commensurate with the size and complexity of our operations. Our internal or concurrent audit functions are equipped to make an evaluation of the adequacy and effectiveness of internal controls on an ongoing basis to ensure that business units adhere to our policies, compliance requirements and internal control guidelines. We are exposed to operational and financial risks arising from the potential inadequacy or failure of internal processes or systems in our businesses, and our actions may not be sufficient to guarantee effective internal controls in all circumstances. Given the size of our operations, it is possible that errors may repeat or compound before they are discovered and rectified. Our management information systems and internal control procedures that are designed to monitor our operations and overall compliance may not identify every instance of non-compliance or every suspicious transaction. If internal control weaknesses are identified, our actions may not be sufficient to correct such internal control weakness. For example, in our financial services business, failure in our internal controls systems may lead to deal errors, pricing errors, inaccurate financial reporting, failure in risk categorization, creation of multiple customer identities, non-maintenance of pertinent documentation and failure of critical systems and infrastructure.

Failures or material weaknesses in internal controls may lead to incidents of fraud. We cannot assure you that we will be able to prevent frauds in the future or that our existing internal mechanisms to detect or prevent fraud will be sufficient. Any fraud discovered in the future may have an adverse effect on our reputation, business, cash flows, results of operations and financial condition.

**13. Our contingent liabilities could adversely affect our financial condition if they materialize.**

As at March 31, 2023, we had contingent liabilities amounting to ₹ 7,611.13 crore. For further information in relation to our contingent liabilities as per Ind AS 37 as at March 31, 2023, see “Financial Statements” on page 118. If these contingent liabilities materialize, it would adversely affect our financial condition, cash flows and results of operations.

**14. Any negative cash flows in the future would adversely affect our cash flow requirements, which may adversely affect our ability to operate our business and implement our growth plans, thereby affecting our financial condition.**

The following table sets forth certain information relating to our cash flows on a consolidated basis for the periods/ years indicated.

	Six Months ended September 30,		Fiscal	
	2023	2022	2023	2022
	(₹ crore)			
Net cash generated from/ (used in) operating activities	(9,032.82)	(7,589.76)	(12,685.14)	7,037.65
Net cash generated from/ (used in) investing activities	(9,620.04)	(3,359.04)	(13,686.71)	(3,543.18)
Net cash generated from/ (used in) financing activities	18,548.81	10,852.62	26,469.13	(6,733.13)

Negative cash flows over extended periods, or significant negative cash flows in the short term, could materially impact our ability to operate our business and implement our growth plans. As a result, our cash flows, business, future financial performance and results of operations could be materially and adversely affected.

**15. Our international operations expose us to complex management, legal, tax and economic risks, including currency fluctuation, which could adversely affect our business, results of operations, cash flows and financial condition.**

We serve various international markets. The accounting standards, tax laws and other fiscal regulations in the jurisdictions we operate in are subject to change. The degree of uncertainty in tax laws and regulations, combined with penalties for default and a risk of action by various government or tax authorities, may result in our tax risks being higher than expected. Any of the above may result in an adverse effect on our value of investments in joint ventures, business and financial condition.

The country, regional and political risks specific to a particular jurisdiction we have business in, are also components of credit risks. Economic or political pressures in these countries, including those arising from local market disruptions or currency crises, may affect our business, financial condition, cash flows and results of operations.

If we do not effectively manage our joint ventures and international operations, it may affect our profitability from such countries, which may adversely affect our business, results of operations, cash flows and financial condition. Although our Company’s reporting currency is Indian Rupees, we transact a portion of our business in several other currencies. Additionally, we also procure a portion of our raw material requirements outside India and, as a result, incur such costs in currencies other than Indian Rupees. Further, we continue to incur non-Rupee indebtedness in the form of external commercial borrowings and other foreign currency denominated borrowings, which creates foreign currency exposure

in respect of our cash flows and ability to service such debt. We are thus exposed to exchange rate fluctuations due to the revenue that we receive, raw materials that we purchase and our financing arrangements that are denominated in currencies other than the Indian Rupee. While we have entered into derivative instruments like foreign exchange forward contracts for partial or full hedging purposes, there is no assurance that we will not incur any losses due to currency fluctuations in the future.

**16. *Difficulties in integration of any businesses in our recent or any future acquisitions could result in operating difficulties and adversely affect our business, results of operations, cash flows and financial condition.***

We have undertaken inorganic growth in the past and intend to continue to evaluate potential acquisition opportunities. For example, in Fiscal 2019, we acquired Suktas India Private Limited, which manufactures and distributes premium cotton fabrics and acquired the chlor-alkali business of KPR Industries India Limited. In Fiscal 2020, our Company formed a joint venture known as Aditya Birla Power Composites Limited with Maschinenfabrik Reinhausen GmbH (MR), Germany, to enter into the manufacture and sale of composite hollow core insulators. In 2023, a composite scheme of arrangement was approved by our Subsidiary, UltraTech Cement Limited, and Kesoram Industries Limited (“**Kesoram**”) and their respective shareholders and creditors for demerger of Kesoram’s cement business into UltraTech Cement Limited. Acquiring companies or businesses involves risks, including those related to integrations of operations across different cultures and languages, currency risks and the particular economic, political and regulatory risks associated with specific countries. Additionally, the anticipated benefit of many of our future acquisitions may not materialize. If we are unsuccessful in integrating an acquired company or business, our business, financial condition, cash flows and results of operations may be adversely affected.

Identifying suitable acquisition opportunities can be difficult, time consuming and costly. Our inability to identify suitable acquisition opportunities, reach agreements with such parties or obtain the financing necessary to make such acquisitions in time or at all, could adversely affect our future growth.

We may also divest or discontinue businesses or brands or products due to strategic reasons from time to time which may affect our profitability, our business, financial condition, results of operations and cash flows. For instance, we have divested our fertiliser business in the past. In addition, the process of integrating an acquired company, business or technology is risky and may create unforeseen difficulties and challenges, including:

- the incurrence of debt, contingent liabilities or amortisation expenses or impairment of intangibles including goodwill;
- difficulties in integrating the operations, technologies (including any transfer of intellectual property rights), research and development activities, personnel and distribution, marketing and promotion activities of acquired businesses;
- additional financing required to make contingent payments or additional acquisition financing, including financing obligations assumed in connection with such financing;
- unavailability of favourable financing for future acquisitions, due to factors such as a negative impact on credit rating;
- potential loss of key employees of acquired businesses and cultural challenges associated with integrating employees from the acquired company into our organization;
- increased regulatory scrutiny or inability to obtain the necessary regulatory approvals, including those of the competition authorities, in countries in which we seek to consummate acquisitions;
- inability to maintain the key business relationships and the reputations of acquired businesses;
- diversion of management’s attention from other business concerns; and
- additional claims or litigations related to the business.

There is no assurance that any company or business acquired by us in the future will not be or will not result in non-compliance of laws and regulations, the occurrence of which may result in our business, financial condition, cash flows and results of operations being adversely affected.

**17. *We operate complex information technology systems and are susceptible to cyber security risks. We may also fail to maintain confidential information securely or suffer from security breaches.***

Our operations involve the storage and transmission of proprietary information, including customer data. Whether due to intentional attacks, human error or weaknesses in our or other parties’ systems, security issues could result in the compromise of our trade secrets, interference with our business operations or the loss, improper use or disclosure of



sensitive data or damage our reputation, due to failure of our information technology systems. While we have dedicated resources to privacy and security capabilities, we may be unable to adequately anticipate, prevent, detect or remedy attacks and other vulnerabilities. Our financial services business, in particular, is highly dependent on the ability to process a large number of transactions. Financial, accounting, data processing or other operating systems and facilities may fail to operate properly or become disabled as a result of events that are wholly or partially beyond our control, adversely affecting our ability to process these transactions. Our financial services business depends upon automated information technology systems to record and process transactions, which may further increase the risk that technical system flaws will result in losses that are difficult to detect. The Digital Personal Data Protection Act, 2023 puts obligations on 'Data Fiduciaries', as defined thereunder, to safeguard the personal data of individuals and use this data only with their consent. We process huge volume of personal data pursuant to our financial services offerings and we may have to put in place significant controls to comply with these requirements. These controls may impact our ability to upsell and cross sell various financial products and solutions. Failure to comply with data security laws, maintain confidential information or protect our information technology systems may lead to significant financial, reputational or legal exposure which could harm our business, financial condition, cash flows and results of operations.

**18. *Our reputation may be adversely affected by any negative publicity or market perception regarding our operations, which may have an adverse effect on our business, results of our operations, cash flows and financial condition.***

Our businesses are significantly dependent on the strength of our brands and reputation, as well as market perception regarding our operations. We are a flagship company of the Aditya Birla group and any negative publicity involving the Aditya Birla group may have an adverse impact on our market reputation.

While we have developed our brands and reputation over our history, any negative incidents or adverse publicity could erode customer trust and confidence in us, particularly if such incidents receive widespread adverse mainstream and social media publicity or attract regulatory investigations or litigation. The high level of media scrutiny and public attention that the industries in which we operate are subjected to, together with increasing consumer activism in India, has significantly increased the risk of negative publicity that may affect our reputation.

Litigation, employee misconduct, operational failures, regulatory investigations, press speculation and negative publicity, whether actual, unfounded or merely alleged, could damage our brands and our reputation and confidence of customers. Our brands and reputation may also be adversely affected if the products or services recommended by us (or any of our employees, agents or other intermediaries) do not perform as expected by the customers (irrespective of whether such expectations are legitimate or reasonable), or if there is a change in customers' expectations from the relevant product.

Negative publicity could be based, for instance, on allegations that we have failed to comply with regulatory requirements or result from failure in business continuity or the performance of our information technology systems, loss of customer data or confidential information, unsatisfactory service levels or insufficient transparency in product terms, administration of claims or alleged employee misconduct. In addition, there may be attempts by individuals unconnected with us, to fraudulently purport to sell our products to customers, in order to collect payments due to us. It is possible that the success or attempt of such frauds, illegally using our branding and/or our logo, may damage our reputation and perceived trustworthiness.

Any damage to our brand or our reputation may result in withdrawal of business by our existing customers or our intermediaries as well as loss of new business from potential customers and arrangements with new agents and other intermediaries. Furthermore, negative publicity may result in an increase in regulatory scrutiny of industry practices as well as an increase in claims litigation, which may further increase our costs of doing business and affect our profitability. Negative publicity may also influence market perception of our business and affect our ability to maintain our credit ratings. Accordingly, any harm to our brand and reputation may have an adverse effect on our business, results of operations, cash flows and financial condition.

**19. *We have entered into, and will continue to enter into, related party transactions. We cannot assure you that we could not have achieved more favorable terms had such transactions not been entered into with related parties.***

We have entered into transactions with several related parties in accordance with Ind AS, including in the last two Fiscals and in the six months ended September 30, 2023. While we believe that all such transactions have been conducted on an arm's length basis and contain commercially reasonable terms, we cannot assure you that we could not have achieved more favorable terms had such transactions been entered into with unrelated parties. It is likely that we may enter into related party transactions in the future subject to compliance with the applicable law. However, we cannot assure you that such transactions, individually or in the aggregate, will perform as expected or that we would not achieve more favorable terms if such transactions were to be entered into with related parties.

**20. *Conflicts of interest may arise out of common businesses undertaken by us and certain Aditya Birla group companies.***

Certain Aditya Birla group companies operate in the same business areas as us, including the production of VSF and caustic soda outside India. As a result, conflicts of interest may arise between our Company and such Aditya Birla

group companies in respect of business opportunities. There can be no assurance that we or other Aditya Birla group companies will not compete with our existing businesses or any future business that we may undertake. Any such present and future conflicts could have a material adverse effect on our reputation, business, financial condition, cash flows and results of operations.

**21. *Our Promoters and Directors may be interested in companies engaged in similar lines of business as ours. Any conflict of interest that may occur as a result could adversely affect our business, financial condition, results of operations and cash flows.***

Our Promoters and Directors may be appointed to the board of directors of companies engaged in similar lines of business as ours. These entities may provide comparable services, expand their presence, solicit our employees or acquire interests in competing ventures in the locations or segments in which we operate. A conflict of interest may occur between our business and the business of such entities, which could have an adverse effect on our business, financial condition, results of operations and cash flows. We cannot assure you that such conflicts will not arise in future or that we will be able to duly resolve such conflicts, should they arise.

**22. *Any failure to maintain quality of our customer service and deal with customer complaints could adversely affect our market reputation, business and operating results.***

Our business is significantly affected by the overall size of our customer base, and this customer base is determined by our ability to provide quality customer service, among other things. If we fail to provide quality customer service, our customers may be less inclined to buy our products, avail our services, or recommend us to new customers, and may choose to transact with our competitors. Failure to maintain the quality of customer services or satisfactorily resolve customer complaints, could harm our reputation and our ability to retain existing customers and attract new customers. Further, negative customer feedback, complaints or claims against us in consumer forums or otherwise, can result in diversion of management attention and other resources, which may adversely affect our business operations, brand name and market reputation. We may, from time to time, be involved in litigation involving customer claims, which may also invite regulatory actions against us.

**23. *Our profitability is largely correlated to sales realisations. Lower sales realisations in our business segments may affect our business, financial condition, cash flows and results of operations.***

Our results of operations are determined by the sales realisation for each of our segments. For instance, realisations in our electro chemical unit ("ECU") depend on chlorine, hydrochloric acid and caustic soda prices, and are calculated as the weighted average cost of the three. In the six months ended September 30, 2023, September 30, 2022 and in Fiscals 2023 and 2022, our ECU was ₹ 33,337.12 per ton, ₹ 51,467.75 per ton, ₹ 47,950.94 per ton and ₹ 36,033.52 per ton, respectively. The decline in ECU realisation during the six months ended September 30, 2023 was primarily attributable to a decline in international caustic soda prices, and over-supply in the domestic chlor-alkali market, leading to a decrease in the share of chlor-alkali revenue in the overall chemicals segment. This in turn led to a decline in our revenue and EBITDA from our chemicals business. Our Company tracks ECU realisations regularly, since ECU realisations are directly correlated to the Company's profitability and a significant and/or protracted decline in ECU realisations will result in the Company's business, financial condition, cash flows and results of operations being adversely affected.

**24. *Our business and activities may be further regulated by the Competition Act and any adverse application or interpretation of the Competition Act could materially and adversely affect our business, financial condition, cash flows and results of operations.***

The Competition Act seeks to prevent business practices that have or are likely to have an appreciable adverse effect on competition in India and has established the Competition Commission of India (the "CCI"). Under the Competition Act, any arrangement, understanding or action, whether formal or informal, which has or is likely to have an appreciable adverse effect on competition is void and attracts substantial penalties. Any agreement among competitors which, directly or indirectly, determines purchase or sale prices, results in bid rigging or collusive bidding, limits or controls the production, supply or distribution of goods and services, or shares the market or source of production or providing of services by way of allocation of geographical area or type of goods or services or number of customers in the relevant market or in any other similar way, is presumed to have an appreciable adverse effect on competition and shall be void. Further, the Competition Act prohibits the abuse of a dominant position by any enterprise. If it is proven that a breach of the Competition Act committed by a company took place with the consent or connivance or is attributable to any neglect on the part of any director, manager, secretary or other officer of such company, that person shall be guilty of the breach themselves and may be punished as an individual.

If we, or any of our employees, are penalised under the Competition Act, our business may be adversely affected. Further, the Competition Act also regulates combinations and requires approval of the CCI for effecting any acquisition of shares, voting rights, assets or control or mergers or amalgamations above the prescribed asset and turnover based thresholds. It is difficult to predict the impact of the Competition Act on our growth and expansion strategies in the future. If we are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act or any enforcement proceedings initiated by the CCI or any adverse publicity that may be generated due to scrutiny or

prosecution by the CCI, it may adversely affect our business, financial condition, cash flows and results of operations. For further information, see "Outstanding Litigation and Defaults" on page 594.

25. ***We have in this Letter of Offer included certain non-GAAP financial and operational measures and certain other industry measures related to our operations and financial performance that may vary from any standard methodology. We rely on certain assumptions and estimates to calculate such measures, therefore such measures may not be comparable with financial, operational or industry related statistical information of similar nomenclature computed and presented by other similar companies.***

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance which are Net Worth, Return on Net Worth, Net Asset Value per Equity Share, EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin, among others, have been included in this Letter of Offer. These are supplemental measures of our performance and liquidity that are not required by, or presented in accordance with, Ind AS, Indian GAAP, IFRS or US GAAP. Further, these Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP, IFRS or US GAAP and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years/ period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, Indian GAAP, IFRS or US GAAP. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of similar companies, many of which provide such non-GAAP financial measures and other statistical and operational information when reporting their financial results. In addition, these non GAAP measures are not standardised terms, hence a direct comparison of these Non-GAAP Measures between companies may not be possible. Other companies may calculate these Non-GAAP Measures differently from us, limiting its usefulness as a comparative measure. Accordingly, these non-GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other manufacturing companies.

26. ***Our auditors have referred to certain emphasis of matters in their reports on the Audited Consolidated Financial Statements and the Unaudited Consolidated Financial Results.***

Our Previous Statutory Auditors have referred to certain emphasis of matters in their report on the Audited Consolidated Financial Statements for Fiscal 2022 and our Statutory Auditors have referred to certain emphasis of matters in their report on the Audited Consolidated Financial Statements for Fiscal 2023 and the Unaudited Consolidated Financial Results as set out below:

Six months ended September 30, 2023

- (a) Our Statutory Auditors have drawn attention to Note 7 of the accompanying financial statements, which refers to orders dated August 31, 2016 (penalty of ₹ 1,449.51 crore) and January 19, 2017 (penalty of ₹ 68.30 crore) of the Competition Commission of India ("CCI") against which our Material Subsidiary, UltraTech, had filed appeals. Upon the National Company Law Appellate Tribunal ("NCLAT") disallowing its appeal against the CCI order dated August 31, 2016, UltraTech has filed an appeal before the Hon'ble Supreme Court of India, which has by its order dated October 5, 2018, granted a stay against the NCLAT order. Consequently, UltraTech has deposited an amount of ₹ 144.95 crore equivalent to 10% of the penalty of ₹ 1,449.51 crore recorded as an asset. UltraTech, backed by legal opinions, believes that it has a good case in both the matters basis which no provision has been recognized in the books of account. Our statutory auditors' opinion is not modified in respect of this matter.
- (b) Our Statutory Auditors have drawn attention to Note 7 of the accompanying financial statements, where in case of UltraTech Nathdwara Cement Limited ("UNCL"), a wholly owned subsidiary of UltraTech, one of the joint auditors of our Company has reviewed the financial results and without modifying their conclusion on the unaudited consolidated financial results of UNCL for the quarter ended September 30, 2023 and year-to-date results for the period from April 1, 2023 to September 30, 2023 reported that the Order dated August 31, 2016 (penalty of ₹ 167.32 crore) was passed by the CCI against which UNCL had filed appeal. Upon the NCLAT disallowing its appeal against the CCI order dated August 31, 2016, UNCL filed an appeal before the Hon'ble Supreme Court of India, which has by its order dated October 5, 2018, granted a stay against the NCLAT order. Consequently, UNCL has deposited an amount of ₹ 16.73 crore, equivalent to 10% of the penalty of ₹ 167.32 crore, recorded as asset in the consolidated financial results. Based on the legal opinion obtained by UltraTech on a similar matter, UNCL believes that it has a good case in this matter basis which, no provision has been recognised in the consolidated financial results. Our statutory auditors' opinion is not modified in respect of this matter.

Fiscal 2023

- (a) Our Statutory Auditors have drawn attention to Note 4.1.2 (a) of the consolidated financial statements, which refer to orders dated August 31, 2016 (penalty of ₹ 1,449.51 crore) and January 19, 2017 (penalty of ₹ 68.30 crore) of the CCI against

which Ultratech had filed appeal. Upon the NCLAT disallowing its appeal against the CCI order dated August 31, 2016, Ultratech has filed an appeal before the Hon'ble Supreme Court of India, which has by its order dated October 5, 2018, granted a stay against the NCLAT order. Consequently, Ultratech has deposited an amount of ₹ 144.95 crore, equivalent to 10% of the penalty of ₹ 1,449.51 crore recorded as asset. Ultratech, backed by legal opinions, believes that it has a good case in both the matters basis which no provision has been recognized in the books of account. Our statutory auditors' opinion is not modified in respect of this matter.

- (b) Our Statutory Auditors have drawn attention to Note 4.1.2 (a) of the consolidated financial statements, where in case of UNCL, one of the joint auditors of our Company has audited the financial statements and without modifying their opinion on the audited consolidated financial statements of UNCL for the year ended March 31, 2023 reported that the order dated August 31, 2016 (penalty of ₹ 167.32 crore) was passed by the CCI against which UNCL had filed appeal. Upon the NCLAT disallowing its appeal against the CCI order dated August 31, 2016, UNCL filed an appeal before the Hon'ble Supreme Court of India, which has by its order dated October 5, 2018, granted a stay against the NCLAT order. Consequently, UNCL has deposited an amount of ₹ 16.73 crore equivalent to 10% of the penalty of ₹ 167.32 crore recorded as asset in the consolidated annual financial results. Based on the legal opinion obtained by Ultratech on a similar matter, UNCL believes that it has a good case in this matter basis which, no provision has been recognised in the books of account of UNCL. Our statutory auditors' opinion is not modified in respect of this matter."

#### Fiscal 2022

- (a) The statutory auditors of UltraTech, without modifying their opinion on the audited consolidated financial statements of UltraTech, have drawn attention to the following (4.1.2(a) of the consolidated financial statements):
- (i) In terms of orders dated August 31, 2016 (penalty of ₹ 1,449.51 crore) and January 19, 2017 (penalty of ₹ 68.30 crore) of the CCI against which UltraTech had filed appeal, upon the NCLAT disallowing its appeal, UltraTech has filed an appeal before the Hon'ble Supreme Court of India, which has by its order dated October 5, 2018, granted a stay against the NCLAT order. Consequently, UltraTech has deposited an amount of ₹ 144.95 crore, equivalent to 10% of the penalty of ₹ 1,449.51 crore recorded as asset. UltraTech, backed by legal opinions, believes that it has a good case in both the matters basis which no provision has been recognized in the books of account.
- (ii) The statutory auditors of UNCL, one of the joint auditors of UltraTech, has audited the financial statements and without modifying their opinion on the audited consolidated financial statements of UNCL for the year ended March 31, 2022 reported that the order dated August 31, 2016 (penalty of ₹ 167.32 crore) was passed by the CCI against which UNCL had filed appeal. Upon the NCLAT disallowing its appeal against the CCI order dated August 31, 2016, UNCL filed an appeal before the Hon'ble Supreme Court of India, which has by its order dated October 5, 2018, granted a stay against the NCLAT order. Consequently, UNCL has deposited an amount of ₹ 16.73 crore, equivalent to 10% of the penalty of ₹ 167.32 crore recorded as asset in the consolidated annual financial statements. Based on the legal opinion obtained by UltraTech on a similar matter, UNCL believes that it has a good case in this matter basis which, no provision has been recognised in the books of accounts of UNCL.
- (b) The statutory auditors of ABCL, without modifying their opinion on the audited consolidated financial statements of ABCL, have stated that the extent to which the COVID-19 pandemic will impact the estimation of the carrying value of certain assets and liabilities and the financial performance of the Group, joint venture and associate companies, is dependent on future developments, which are highly uncertain and referred to note 4.12.3 of the consolidated financial statements. Further, the statutory auditors of ABCL have stated that the statutory joint auditors of Aditya Birla Finance Limited have also drawn attention to a note in the financial statements on the same matter, vide their report dated May 11, 2022. Further, the statutory auditors of ABCL, without modifying their opinion on the audited consolidated financial statements of ABCL have stated that:
- (i) The statutory joint auditors of Aditya Birla Sun Life Insurance Company Limited ("**ABSLICL**"), have drawn attention to a note in the financial statements, without modifying their opinion, which describes the uncertainties arising from the COVID 19 pandemic: For the year ended March 31, 2022, ABSLICL has assessed the impact of COVID-19 Pandemic ("**COVID-19**") on its operations as well its financial statements, including but not limited to the areas of valuation of investment assets, valuation of policy liabilities and solvency. Based on the assessment, ABSLICL is carrying a provision (net of reinsurance) of ₹ 60 crore for COVID-19 related non reported claims and IBNR as at March 31, 2022, which is included in the policyholder liabilities. Further, there have been no material changes in the controls or processes followed in the financial statement closing process of ABSLICL. The impact of COVID-19 in the future may be different from that estimated as at the date of approval of these financial results and ABSLICL will continue to closely monitor any material changes to future economic condition.
- (ii) The statutory joint auditors of Aditya Birla Health Insurance Company Limited ("**ABHICL**") have drawn attention to a note in the financial statements, without modifying their opinion, which describes the uncertainties arising from the COVID 19 pandemic: ABHICL has considered the possible effects that may arise out of still unfolding COVID-19 including but not limited to its assessment of various elements of the financial statement. ABHICL is well-positioned to manage the COVID-19 impact given its focus on digital, customer experience, and health-first model. ABHICL has launched various COVID-19 related products and benefits and enabled digital journeys to enable revenue. On customer

and wellness management, various initiatives such as healthcare at home, fitness at home, tele-medicines, digital servicing, etc to improve overall customer experience and health outcomes. ABHICL will continue to closely monitor any impact on revenue due to regional or local lockdown as well as COVID-19 related claims. Institute of Chartered Accountants of India (ICAI) has issued an advisory on "Impact of Corona Virus on Financial Reporting" to be considered for Financial Reporting. The impact of COVID-19 has been assessed on different components of Financial Statements specifically those required under the Guidance.

- Pursuant to such assessment, there are no indicators of impairment to Non-Financial Assets and Financial Assets as at the relevant reporting date.
- An assessment was also carried out of the investment portfolio considering the impact on the economic and credit environment of the economy and there is no additional impairment required specific due to COVID-19.
- There is no change in the discount rate emanating from the impact of COVID-19 on ABHICL's lease/defined benefit plan other than what has already been factored in. ABHICL remains comfortable on solvency and there is no indication or reason to believe that there is any uncertainty in continuing as a going concern in light of COVID-19's impact on business.

We cannot assure you that any similar emphasis of matters will not form part of our financial statements for the future fiscal periods, which could subject us to additional liabilities due to which our reputation and financial condition may be adversely affected.

**27. *Credit and non-payment risks of our customers, especially during times of economic uncertainty and tight credit markets, could have a material adverse effect on us.***

While we generally monitor the ability of our customers to pay open credit arrangements and limit the credit we extend to what we believe is reasonable based on an evaluation of each customer's financial condition and payment history, we may still experience losses because of a customer's inability to pay. As a result, while we maintain what we believe to be a reasonable allowance for doubtful receivables for potential credit losses based upon our historical trends and other available information, there is a risk that our estimates may not be accurate, particularly in times of economic uncertainty and tight credit markets.

There may also be delays associated with the collection of receivables from our customers. Our operations involve significant working capital requirements and an inability to collect receivables from our customers in a timely manner or at all, or inadequate provisions for doubtful receivables, could adversely affect our liquidity, cash flow, business and results of operations.

**28. *The formalities for transfer of title of certain of our premises may be incomplete. If our rights to these properties are challenged, we may have to vacate these premises, which may affect our business and operations.***

Property records in India have not been fully computerised and are generally maintained and updated manually through physical records of all land-related documents. In certain cases, our name may not have been updated in the land records (including revenue records and mutation extracts) as owners of the land. There can be no assurance that we would be able to enforce our rights under the relevant sale deed, and any inability to do so could impair our operations. Further, certain of our premises are located on leased premises. Any of these lease agreements can be terminated, and any such termination could result in any of these premises being shifted or shut down. There can be no assurance that we will, in the future, be able to retain and renew the leases for the existing locations on same or similar terms, or will be able to find alternate locations for these premises on similar terms favourable to us, or at all. In addition, sale or lease agreements are required to be duly registered and adequately stamped under Indian law and if any of our property agreements are not duly registered and adequately stamped, we may face challenges in enforcing them and they may be inadmissible as evidence in a court in India subject to penalties along with the requisite stamp duty prescribed under applicable Indian law being paid.

**29. *Industry information included in this Letter of Offer has been derived from an industry report prepared by CARE exclusively commissioned and paid for by us for such purpose.***

We have used the CARE Report prepared by CARE pursuant to appointment *vide* letter dated November 6, 2023 and exclusively commissioned by our Company for purposes of inclusion of such information in this Letter of Offer. One of our Company's Independent Directors is also an independent director on CARE's board of directors, and the preparation of the CARE Report may involve conflict of interest. The CARE Report is a paid report and is subject to various limitations and based upon certain assumptions, parameters and conditions that are subjective in nature. It also uses certain methodologies for market sizing and forecasting. Although we believe that the data and contents of the CARE Report may be considered to be reliable, there is no assurance that such information is stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. In addition, statements from third parties that involve estimates, projections, forecasts and assumptions are subject to change, and actual amounts may differ materially from those included in this Letter of Offer. You should consult your own advisors and undertake an independent assessment of information in this Letter of Offer based on, or derived from, the CARE Report.

**30. *Urbanization around our manufacturing facilities could have a material adverse effect on our operations.***

Certain of our manufacturing facilities are predominantly established in rural areas, while some are located in the fringes of urban locations. Any uncontrolled migration around our manufacturing facilities could lead to the proliferation of overpopulated areas, which can trigger pollution and social instability. Additionally, expansion of cities and relocation of the populace may bring residential areas close to our manufacturing facilities, which may give rise to health and safety concerns stemming from pollution and waste material. Increasing population or urbanisation around our manufacturing facilities may force us to move our manufacturing facilities to more suitable locations, incurring substantial costs, which in turn would have a material adverse effect on our business, financial condition, cash flows and results of operations.

**31. *Any failure to comply with sanctions administered by the United States or other governments could adversely affect our business and reputation.***

U.S. law generally prohibits U.S. persons from directly or indirectly investing or otherwise doing business in or with certain countries that are the subject of comprehensive sanctions and with certain persons or businesses that have been specially designated by the OFAC or other U.S. government agencies. Other governments and international or regional organizations also administer similar economic sanctions. Our customers may be located in jurisdictions to which certain OFAC-administered and other sanctions apply. Although we endeavor to conduct our activities in compliance with applicable laws and regulations, we cannot guarantee full compliance. We cannot assure you that persons and/or entities with whom we may engage in future transactions will not become the subject of sanctions-related prohibitions or restrictions, or that sanctions will not be imposed on the persons with whom we currently engage or countries in which we currently operate or conduct business. Our failure to successfully comply with applicable sanctions may expose us to adverse legal and business consequences, including civil or criminal penalties, government investigations, and reputational harm.

**32. *We are dependent on our Directors, Key Managerial Personnel and Senior Management. Any loss of or our inability to attract or retain such persons could adversely affect our business, results of operations, cash flows and financial condition.***

We are dependent on our Directors and other Key Managerial Personnel, Senior Management as well as persons with technical expertise for setting our strategic business direction and managing our business. We believe that the inputs and experience of our Directors are valuable for the development of our business and operations and the strategic directions taken by our Company. We cannot assure the shareholders that we will be able to retain these employees or find adequate replacements in a timely manner, or at all. Any loss or interruption in the services of our Key Management Personnel or Senior Management could significantly affect our ability to effectively manage our operations and to meet our strategic objectives. Our ability to meet continued success and address future business challenges depends on our ability to attract, recruit and train experienced, talented and skilled professionals and retain our service engineers and sales and marketing professionals. Further, as we expect to continue to expand our operations and develop new products, we will need to continue to attract and retain experienced management personnel. The loss of the services of any key personnel, our inability to recruit or train a sufficient number of experienced personnel, or our inability to manage the attrition levels in different employee categories, may have an adverse effect on our financial results and business prospects.

**33. *Our Promoters and Directors may have interests in our business other than reimbursement of expenses incurred or normal remuneration or benefits.***

Our Promoters and Directors may be deemed to be interested in our business other than reimbursement of expenses incurred or normal remuneration, commission or benefits owing to their shareholding in our Company, any guarantees extended by them, or other transactions they may separately enter into with our Company. We cannot assure you that conflicts of interest will not arise owing to such interest in our Company, or that any conflict will be resolved in our shareholders' best interests.

**B. *Risks relating to our Company's Standalone Businesses***

**34. *Our Company's business is dependent and will continue to depend on our manufacturing facilities, and we are subject to certain risks in our manufacturing processes. Any slowdown or shutdown in our manufacturing operations or strikes, work stoppages or increased wage demands by our employees that could interfere with our operations could have an adverse effect on our business, financial condition, cash flows and results of operations.***

As of September 30, 2023, our Company owns and operate 21 manufacturing facilities, and we are setting up six plants for our decorative paints business, across India. Our business is dependent upon our ability to manage our manufacturing facilities, which are subject to various operating risks, including those beyond our control, such as the breakdown, failure of equipment or industrial accidents, severe weather conditions and natural disasters. Any significant malfunction or breakdown of our machinery, our equipment, our reactors, our automation systems, our IT systems or any other part of our manufacturing processes or systems may entail significant repair and maintenance costs and cause delays in our operations. Slowdowns or shutdowns may result from extreme weather conditions, fire, natural catastrophes, raw material supply disruptions, legal disputes or labour unrest. In addition, there is a risk that production

difficulties such as capacity constraints, mechanical and systems failures, construction/upgrade delays or delays in the delivery of machinery may occur, causing the underutilization of our manufacturing facilities and reduction in output. Any significant manufacturing disruption could adversely affect our ability to make and sell products, which could have a material adverse effect on our business, financial condition, cash flows and results of operations.

**35. *Our operations are dependent on the continued supply of raw materials, the supply and price of which can be subject to significant variation due to factors beyond our control.***

Our Company requires dissolving grade wood pulp, large amounts of water, power, coal, salt and other raw materials for the manufacture of our products. Such raw materials are subject to supply disruptions and price volatility caused by various factors such as commodity market fluctuations, the quality and availability of raw materials, currency fluctuations, consumer demand, changes in government policies and regulatory sanctions. Our Company is particularly vulnerable to the scarcity of such raw materials.

The operations of our Company depend significantly on the cost and uninterrupted supply of power. Any disruptions in the supply of power from third parties or captive power plants, or any increase in the cost of power supplied by third parties, would have an adverse impact on the Company's business, financial condition, cash flows and results of operations.

We depend on a limited number of suppliers for certain of our key raw materials. Our Company also sources a large portion of its pulp requirements through captive joint venture units located outside India. If our Company's supply of pulp or any other raw material is interrupted, or proves insufficient to meet demand, its results of operations could be adversely impacted. There is no assurance that we will be able to maintain future arrangements with our suppliers for the long-term or at all. If we are unable to identify alternate sources of supply, or if we are unable to obtain raw materials at a competitive cost, our competitiveness would be affected and we may lose market share. Further, we might face challenges in entering into long-term contracts with our suppliers at competitive prices. If we are not able to obtain adequate supplies of raw materials in a timely manner or on acceptable commercial terms, or if there are significant increases in the cost of these supplies, our business and future results of operations may be materially and adversely impacted.

There is also a gap between when we order imported raw materials, such as wood pulp and epichlorohydrin, and when we eventually use such raw materials. While certain of these raw materials have remained correlated to the price of finished goods, our results of operations may be adversely impacted if there is a significant difference between prices at which raw materials were ordered and the prices at which finished products were eventually sold.

Transport of our raw materials is subject to various bottlenecks and other hazards beyond our control, including poor road and other transport infrastructure, accidents, adverse weather conditions, strikes and civil unrest. An increase in the price of transportation or interruptions in transportation of our raw materials could have an adverse effect on our business, financial condition, cash flows and results of operations. No assurance can be given that significant disruptions to the supply or transportation of our raw materials will not occur in the future. We typically use third-party transportation providers for the supply of our raw materials. Continuing increases in transportation costs or unavailability of freight and forwarding services for our products may have an adverse effect on our business, cash flows and results of operations.

**36. *Restrictions on import of raw materials and an increase in shipment cost may adversely impact our business, financial condition, cash flows and results of operations.***

The Manufacture, Storage and Import of Hazardous Chemical Rules, 1989, *inter alia*, allows the concerned authority to stop import of chemicals on safety or on environmental considerations. We cannot assure that such regulations would not be made more stringent which would consequently restrict our ability to import raw materials from other jurisdictions. We also cannot assure you that, under these circumstances, we will be successful in identifying alternate suppliers for raw materials or we will be able to source the raw materials at favourable terms in a timely manner. Any restriction on import of raw materials could have an adverse effect on our ability to deliver products to our customers, and our business, financial condition, cash flows and results of operations.

Further, in the future, if there are any trade restrictions, sanctions or higher tariffs being placed by India on imports from another country or similar restrictions placed by the exporting country for supply of products to India, such trade restrictions, sanctions or higher tariffs may significantly impact our sourcing decisions. It may lead to increased cost of purchase, and shortages of materials, which could impact our supply commitment to our customers and adversely affect our manufacturing activities. Such trade restrictions, sanctions or higher tariffs if imposed in future could have a material adverse effect on our business, financial condition, cash flows and results of operations.

**37. *We are subject to certain risks consequent to our operations involving the manufacture, usage and storage and disposal of various hazardous substances.***

Our manufacturing processes involve manufacturing, storage and transportation of various hazardous substances such

as chlorine, caustic soda, hydrochloric acid, sulphuric acid, amongst others, and we are required to obtain approvals from various authorities for storing hazardous substances. We are subject to operating risks associated with handling of such hazardous materials such as possibility of leakages and ruptures from containers, explosions, and the discharge or release of toxic or hazardous substances, which in turn may cause personal injury, property damage and environmental contamination. Our employees and others often work near heavy items, mechanised equipment, moving vehicles, manufacturing processes, dust, chemicals and other hazardous materials at our manufacturing sites and in the transportation of chlorine and other hazardous materials to and from our facilities. From time to time, the units are subject to a risk of discharges of dangerous substances, leaks, ruptures, fires, explosions, and other accidents. For instance, in September 2023, a third party tanker was ruptured at our Century Rayon plant in Kalyan, Maharashtra, while under inspection for material loading. The incident led to casualties and injuries, and we temporarily closed a portion of the plant. We cannot assure you that there will not be similar accidents in future.

Chlorine is produced as a by-product from the manufacture of caustic soda. Due to the hazardous nature of chlorine and capacity restrictions on the amount of chlorine that may be stored at manufacturing facilities, our Company is required to sell it as soon as possible. In the event there is an inadequate demand for chlorine, production at our Company's manufacturing facilities will have to stop, which if prolonged, would have an adverse effect on the Company's business, financial condition, cash flows and results of operations.

Tonnners as a storage medium are not permitted to be used to transport chlorine in certain countries and there is no assurance that the Government of India will not prohibit the use of tonners, as a storage medium for transportation of chlorine in the future. If the Company is unable to identify alternate sources of storage used during the transportation process, the Company's business, financial condition, cash flows and results of operations would be affected.

Our Company also uses a portion of chlorine for the production of chlorine derivatives such as stable bleaching powder, phosphoric acid, chlorinated paraffin wax, and chlorine derivatives and for sale through pipelines, due to the capacity restrictions on chlorine. In the event our Company is not successful in the full integration of chlorine due to lower demand for chlorine derivatives, its business, financial condition, cash flows and results of operations may be adversely impacted.

We cannot assure you that we will not experience operating risks or accidents associated with handling of such hazardous materials in the future. In the event of occurrence of any such accidents, our business operations may be interrupted. Any of these occurrences may result in the shutdown of one or more of our manufacturing facilities and expose us to civil and / or criminal liability which could have an adverse effect on our business, financial condition, cash flows and results of operations. Further, such occurrences may result in the termination of our approvals for storing such substances or penalties thereunder. Moreover, certain environmental laws impose strict liability for accidents and damages resulting from hazardous substances and any failure to comply with such laws may lead to closure, penalties, fines and imprisonment.

**38. *Our businesses are subject to operational risks, including compliance with evolving health, safety and environmental laws and regulatory standards.***

We are exposed to a range of operational risks in course of our manufacturing activities. Our operations can cause accidents during the manufacturing process, resulting in serious injuries or death of employees or other persons, if improperly handled, and cause damage to our properties or equipment and the properties of others or to the environment. We may also be required to halt our operations if adverse events occur and we have experienced accidents at our manufacturing facilities in the past. For instance, in April 2023, a fire occurred at our viscose manufacturing unit at Harihar, Karnataka. While the fire did not result in any casualties, operations at the unit were suspended temporarily while we assessed the loss of material and equipment.

We are subject to a broad range of health, safety and environmental laws and regulations at the national, state, and local level in the jurisdictions in which we operate. Besides conservation efforts which could affect the availability of critical raw materials like pulp and water, we must adhere to controls on the storage, handling, discharge and disposal of certain hazardous materials, employee exposure to hazardous substances, noise and plant emissions, the clean-up of pollutants and hazardous materials as well as other aspects of our operations.

Further, laws and regulations may limit the amount of hazardous and pollutant discharge that our manufacturing facilities may release into the air, soil and water. The discharge of chemicals or other hazardous materials beyond these limits may cause us to be liable to regulatory bodies or third parties. This could subject us to litigation, which could lower our profits in the event we were found liable and could also adversely affect our reputation. Additionally, the government or the relevant regulatory bodies may require us to shut down our manufacturing facilities, which in turn could lead to product shortages that delay or prevent us from fulfilling our obligations to customers.

Compliance with such laws and regulations may result in delays in production and/or material increases in our costs, including for reasons of investment in, among other things, environmental monitoring, pollution control equipment and emissions management. These and other factors may have an adverse effect on our business, financial condition, cash flows and results of operations. If we fail to comply with any such laws and regulations, we could be further exposed



to the revocation of key business licences, civil penalties, criminal sanctions and actions against us or our employees.

These environmental laws and regulations also prescribe penalties for certain violations. In addition to the costs associated with remedying damages, regulatory bodies may impose civil penalties and other sanctions.

The adoption of stricter health, safety and environmental laws and regulations, stricter interpretation of existing laws, increased governmental enforcement of laws or other developments in the future may require that we make additional capital expenditures, incur additional expenses or take other actions in order to remain compliant and maintain our current operations. Complying with these laws, and changes in such laws or regulations or terms of approval may increase our compliance costs and adversely affect our business, financial condition, cash flows and results of operations.

**39. *Our Company derives a significant part of our revenue from major customers and we do not have long term contracts with all of these customers. If one or more of such customers choose not to source their requirements from our Company or to terminate their contracts with us, our business, financial condition, cash flows and results of operations may be adversely affected.***

Our Company's customer base currently comprises a host of domestic and international companies. In Fiscal 2023, our Company's largest customer contributed to 5.31% of our standalone revenue from operations.

Certain Aditya Birla group companies such as Hindalco Industries Limited account for a portion of our Company's revenue from the sale of caustic soda. In the six months ended September 30, 2023 and Fiscal 2023, sales to Hindalco Industries Limited and its subsidiaries accounted for 8.89% and 8.84% of the total revenue from the chemicals segment. There is no assurance that these Aditya Birla group companies will continue to purchase caustic soda from us. In the event these or other significant customers stop purchasing our products, our business, financial condition, cash flows and results of operations may be adversely affected.

We expect that we will continue to be reliant on our major customers for the foreseeable future. Accordingly, any failure to retain these customers and/or negotiate and execute contracts on terms that are commercially viable, with these select customers, could adversely affect our business, financial condition, cash flows and results of operations. In addition, any defaults or delays in payments by a major customer or the insolvency or financial distress by a major customer may have an adverse effect on business, financial condition, cash flows and results of operations. Any defaults or delays in payments by major customers or the insolvency or financial distress by a major customer, we cannot assure you that we will not experience such risks in future.

We have a number of supply arrangements with customers. Our supply arrangements may be terminated at the end of their terms or on the basis of the notice provided by the customer to us. The termination of supply arrangements could adversely affect our business, financial condition, cash flows and results of operations. For other customers, we instead rely on purchase orders to govern the volume and other terms of our sales of products. Cancellation by customers or delay or reduction in their orders or instances where anticipated orders fail to materialize can result in mismatch between our inventories of raw materials and of manufactured products, thereby increasing our costs relating to maintaining our inventory and reduction of our margins, which may adversely affect our profitability and liquidity. Further, we may not find any customers or purchasers for the surplus or excess capacity, in which case we would be forced to incur a loss. Further, our inability to find customers for surplus products may result in excessive inventories which may become obsolete and may be required to be written off in the future. There are also a number of factors, other than our performance that could cause the loss of a customer, which include those customers who may demand price reductions, set-off any payment obligations, require indemnification for themselves or their affiliates, or replace their existing products with alternative products, any of which may have an adverse effect on our business, financial condition, cash flows and results of operations.

**40. *Our Company may not be successful in penetrating markets with new products, including through our new businesses of decorative paints and B2B e-commerce.***

Entry into new product segments, businesses and markets subjects us to various challenges, including those relating to our lack of familiarity with the intricacies of the operations, trends in customer preferences, relative strengths of competitors' products, difficulties in staffing and managing such operations, the lack of brand recognition and reputation in the segment, among others. In addition, the risks involved in entering new geographic markets and expanding operations, may be higher than expected owing to differing culture and economic conditions, and we may face significant competition in such markets. Additionally, by expanding into new segments and geographic regions, we could be subject to additional risks associated with establishing and conducting operations, including compliance with a wide range of laws, regulations and practices; exposure to expropriation or other government actions; and political, economic and social instability. We may not be able to execute expansion plans in a timely and cost-efficient manner. Further, our investment in the development of these new businesses or segments may not be successful if they do not perform as per our expectations. Our new products may not be accepted and we may need to scale back our involvement in such new products, segments or markets. We have recently forayed into the decorative paints business and we cannot

assure you that we will succeed in the highly competitive paints market. Similarly, we cannot assure you that our B2B e-commerce business will be successful.

- 41. *We are dependent on our R&D activities for our future success. If we do not successfully develop new products or continue our product portfolio expansion in a timely and cost-effective manner, our business, financial condition, cash flows and results of operations may be adversely affected.***

We are dependent on our R&D activities at our R&D facilities for our future success. Our future results of operations depend, to a significant degree, on our ability to successfully develop new products and continue our product portfolio expansion in a timely and cost-effective manner.

In addition, we intend to expand our capacities in existing products as well as expanding and strengthening our research capabilities in order to ensure rapid product innovation. The development and commercialisation of new products are complex, time-consuming, costly and involves a high degree of business risk. We may be unable to successfully create these new products or encounter unexpected delays in the launch of these products and even if launched as planned, such products may not perform as we expect. The success of our new product offerings will depend on several factors, including our ability to properly anticipate customer needs; obtain timely regulatory approvals; establish collaborations with suppliers and customers; develop and manufacture our products in a timely and cost-effective manner through our R&D efforts; and successfully market and sell our products. In addition, the development and commercialisation of new products is characterised by significant upfront costs, including costs associated with R&D, product development activities, obtaining regulatory approvals, building inventory and sales and marketing. Our planned investments in new manufacturing facilities and equipment for future expansion could result in higher costs, especially in the event of cost overruns, without a proportionate increase in revenues. Additionally, some of our competitors in the speciality chemicals segment may have greater financial, research and technological resources. They may also be in a better position to identify market trends, adapt to changes in industry and offer innovative new products. Accordingly, if we do not successfully develop new products or continue our product portfolio expansion in a timely, cost-effective manner that is attractive to our customers, our business, financial condition, cash flows and results of operations may be adversely affected.

- 42. *We are subject to strict quality requirements, regular inspections and audits by our customers, and any failure to comply with quality standards may lead to cancellation of existing and future orders and could negatively impact our business, financial condition, cash flows and results of operations.***

We develop, manufacture and market a diverse range of chlor-alkali, chlorine derivatives and specialty chemicals which have applications in the pharmaceutical, agrochemicals, textile, coatings, high performance photography, food additives, wind industry, adhesive, construction industry and oil and gas segments of the chemical industry. Our customers maintain strict qualification and/or certification procedures. Our products go through various quality checks at various stages including random sampling check and quality check internally. Many of our key customers in our specialty chemicals business have audited and approved our facilities and manufacturing processes in the past and may undertake similar audits periodically in the future. Any issues that arise in the course of these audit may lead to loss of the particular customer. Further, failure of our products to meet prescribed quality standards may result in rejection and reworking of our products. This may result in our customers cancelling present or future purchases of our products and could adversely affect our business, financial condition, cash flows and results of operations.

We also have procured ISO and OHSAS certifications for certain of our manufacturing facilities and our operations. While we have put in place quality control procedures, we cannot assure that our products will always be able to satisfy our prescribed quality standards. Our quality control procedures may fail to test for all possible conditions of use or identify all defects in the manufacturing of our products. While we have not faced such challenges in past, any failure on our part to successfully maintain quality standards for our products may affect our customer relationships, which may adversely affect our business, financial condition, cash flows and results of operations.

- 43. *We are entitled to certain export incentives for a specified period of time. Expiry or early withdrawal of export incentives may adversely affect our business, financial condition, cash flows and results of operations.***

We benefit from export incentives under export promotion schemes such as Duty Drawback Scheme and Remission of Duties and Taxes on Export Products (RoDTEP) scheme. In the Fiscal 2023 and Fiscal 2022, export incentives amounted to ₹ 74.07 crore and ₹ 81.25 crore, respectively, which constituted 0.06% and 0.08%, respectively, of our revenue from operations. If these export incentives are withdrawn, or there is a delay in disbursements of benefits under such schemes, our business, financial condition and results of operations may be adversely affected. In addition, our business, financial condition, cash flows and results of operations may be adversely affected if we are subject to any dispute with the tax authorities in relation to these benefits or in the event, we are unable to comply with the conditions required to be complied with in order to avail ourselves of these benefits. Further, we avail ourselves of exemptions from customs duties under advance authorization licenses. Under the advance authorization licenses, we import certain important raw materials without the payment of import duties, which are then used in the manufacture of goods to be exported. Our inability to fulfil our export obligations under such Advance Authorization Licenses, could subject us to payment of customs duties together with interest thereby adversely impacting our business, financial condition, cash

flows and results of operations. For further information on our tax benefits, see our “*Statement of Possible Special Tax Benefits*” on page 69.

**44. *We are dependent on third party transportation and logistics service providers. Any increase in the charges of these entities could adversely affect our business, financial condition, cash flows and results of operations.***

Pursuant to certain of our arrangements with our customers, based on customer preferences, we are required to pay the freight costs for the products we sell. In addition, we may have to pay for transportation costs in relation to the delivery of some of the raw materials and other inputs to our manufacturing facilities. We primarily rely on third party transportation and logistics providers for delivery of our raw materials and products. Disruptions in future of logistics could impair our ability to procure raw materials and/or deliver our products on time, which could materially and adversely affect our business, financial condition, cash flows and results of operations.

In the six months ended September 30, 2023 and September 30, 2022 and in Fiscal 2023 and Fiscal 2022, our expenses for freight and handling were ₹ 8,060.24 crore and ₹ 6,883.56 crore, ₹ 15,024.93 crore and ₹ 12,584.10 crore, respectively, which constituted 13.03%, 12.30%, 12.39% and 13.04%, respectively, of our total income in these periods/years. We are subject to the risk of increases in freight costs. If we cannot fully offset any increases in freight costs, through increases in the prices for our products, we would experience lower margins. In addition, any increase in export tariffs also will increase expenses which in turn may adversely affect our business, financial condition, cash flows and results of operations. While we believe we have adequately insured ourselves against the risk involved in transport, we may be responsible for the transport of our products and accordingly be exposed to the risk of theft, accidents and/or loss of our products in transit. Any such acts could result in serious liability claims (for which we may not be adequately insured) which could have an adverse effect on our business, financial condition, cash flows and results of operations.

**45. *Our textile products are subject to additional risks.***

Cotton and polyester staple fibres are substitutes for VSF and any substitution of VSF could lead to decrease in demand for VSF, which would have an adverse effect on our Company’s business, financial condition, cash flows and results of operations. Further, our Company’s textiles business primarily comprises of the manufacture of high-quality linen, wool and cotton. The market for such premium textiles has historically been subject to cyclical variation, recession or slowdown in the global economy and uncertainties regarding future economic prospects that affect consumer spending habits. Purchase of premium textiles tends to decline during recessionary periods, when disposable income is lower. Weakness in the economy may negatively affect consumer and wholesale purchase of our Company’s textile products and could have a material adverse effect on our business, financial condition, cash flows and results of operations.

**46. *Our performance may be adversely affected if we are not successful in managing our inventory or working capital.***

An inability to effectively plan and manage inventory turnover may result in excess or insufficient inventory or fulfilment capacity, resulting in increased costs and impairment charges. Such an inability to accurately forecast product demand or effectively manage such inventory would result in unexpected costs and adversely affect our business operations. If we do not effectively plan our production and related inventory requirements, and our assumptions are proven to be inaccurate (in particular, where such assumptions relate to projected customer demand), we may suffer shortages of required materials and components and consequently be forced to cease production. At the other extreme, we may order supplies in excess of our requirements, which may result in our working capital being tied up in inventory for a longer period of time than anticipated. This would affect our production or operational efficiency, impacting our profitability and competitiveness.

**47. *We may be unable to respond to technological advances and emerging industry standards in relation to the products we manufacture.***

Despite our continual R&D efforts, changes in technology may make newer plants or equipment more competitive than ours or may require us to make additional capital expenditures to upgrade our facilities. Equipment at our manufacturing facilities are susceptible to ageing and may not be as efficient over time. In addition, our manufacturing facilities are also subject to mechanical integrity failure on account of ageing. Any such failure due to ageing would affect our production and could adversely affect our business, cash flows and results of operations. Further, our future success will depend in part on our ability to respond to technological advances and emerging industry standards and practices on a cost-effective and timely basis. We cannot assure you that we will be able to successfully update plants and equipment, implement new technologies or adapt our processing systems to customer requirements or emerging industry standards.

**48. *Our revenues may be sensitive to changes in our production volumes on account of high fixed costs.***

In addition to our capital expenditure, our businesses need to fund large amounts of working capital through a mixture of debt and equity. We believe that our current cash balance, projected internal cash flows and available financing resources will provide adequate cash to support our currently anticipated operating needs. However, if we are unable to generate sufficient cash to operate and maintain the property and machinery necessary for our operations, we may be required to reduce production volumes. Due to the high levels of fixed capital required, our profitability is susceptible

to significant decreases in production volume. Such decreases could have an adverse effect on our financial condition, cash flow, results of operations and liquidity.

49. ***Our ability to pay dividends in the future will depend on our future earnings, cash flows, working capital requirements, capital expenditures and financial condition. Investors of Rights Equity Shares in the Issue are only entitled to dividend in proportion to the amount paid up and the voting rights (exercisable on a poll by investors) shall also be proportional to such investor's share of the paid-up equity capital of our Company.***

The amount of our future dividend payments, if any, will depend on various factors such as our future earnings, cash flows, financial condition, working capital requirements, capital expenditures and in accordance with applicable laws. We may decide to retain all of our earnings to finance the development and expansion of our businesses and, therefore, may not declare dividends on the Equity Shares. Additionally, in the future, we may be restricted by the terms of our financing agreements in making dividend payments unless otherwise agreed with our lenders. The amounts paid as dividends in the past are not necessarily indicative of our Company's dividend decisions in future or the dividend amounts, if any, in the future. There is no guarantee that any dividends will be declared or paid or that the amount thereof will not be decreased in the future.

Further, with respect to the present Issue, investors are only entitled to dividend in proportion to the amount paid up and the voting rights (exercisable on a poll by investors) shall also be proportional to such investor's share of the paid-up equity share capital of our Company.

C. ***Additional risks relating to our Subsidiaries' businesses***

*Cement business*

50. ***Our cement business may face a number of additional risks, which may adversely affect the value of our investment in this business, our financial condition, cash flows and results of operations.***

We operate our cement business through our Subsidiary, UltraTech Cement Limited ("UTCL"). Our cement business accounted for 54.54% and 52.96% of our total segment revenue in the six months ended September 30, 2023 and Fiscal 2023, respectively. In addition to general risks related to production and manufacturing, including the risk of accidents and other operational risks, our cement business is also subject to certain additional risks, examples of which are set out below.

- ***Reduction in construction activity:*** The cement industry is cyclical in nature and demand for cement is linked to economic growth. Hence, when the economy is strong, demand increases. Demand for our cement products is closely tied to residential, commercial and infrastructure related activities in India. The success and future growth prospects of our cement business depend, to a significant extent, on conditions in these end markets and the degree to which these markets perform in the future. Additionally, construction activity can also be affected in any period by adverse weather conditions such as storms, torrential rains and floods, natural disasters such as fires, earthquakes and similar events, any of which could reduce demand for UTCL's products, push back existing orders to later dates or lead to cancellations.
- ***Ability to mine sufficient limestone:*** Limestone is a key raw material used in the manufacture of cement. UTCL's ability to manufacture and produce cement is dependent on its ability to procure limestone in a cost-effective and efficient manner. There are numerous uncertainties inherent in estimating quantities of reserves, including many factors beyond UTCL's control. In general, estimates of reserves by UTCL or its independent consultants are based upon several variable factors and assumptions, such as geological and geophysical characteristics of the reserves. To the extent actual reserves are significantly less than estimates, UTCL's financial condition, cash flows and results of operations are likely to be materially and adversely impacted.

Mining rights are subject to compliance with certain conditions, including payment of royalties, and the central government and state governments have the power to take action with respect to mining rights in the event of noncompliance, including imposing fines or restrictions, revoking the mining rights. There can be no assurance that in the future mining royalties will not be increased further. UTCL's future production and increase in production of cement will be highly dependent upon its success in acquiring additional limestone reserves in a timely and cost-effective manner. If it is unsuccessful in doing so, UTCL's current limestone reserves and production of cement may decline, which will adversely affect our business, operations and financial condition.

If UTCL's mining rights are revoked/expire or are not re-granted through auction, or significant restrictions on the usage of the rights are imposed or applicable environmental standards are substantially increased, UTCL's ability to operate its plants adjacent to the affected mining sites could be disrupted until alternative limestone sources are located, which could materially and adversely affect our financial condition, cash flows and results of operations.

In addition, we may not be able to acquire new limestone mining lease agreements from relevant state

governments which is carried out through an auction process, due to not meeting certain eligibility requirements. Although UTCL believes that its mining rights are sufficient to meet its current and anticipated levels of production, any failure to retain its extant limestone mining leases or acquire other leases in the future may have an adverse impact on its production capacity, our business and market share, and consequently our results of operations.

- *Dependence on distribution network for the sale and distribution of products:* In addition to an in-house sales team, UTCL also sells products through a network of independent dealers and distributors. UTCL relies extensively on these network relationships, as its dealers and distributors play a significant part in growing and maintaining UTCL's market share. If UTCL is unable to grow its distribution network, this may preclude it from entering new geographic markets or retaining its leadership position in existing markets. There is no assurance that UTCL will be able to successfully identify and appoint new dealers. Further, it may not be able to enter into distribution arrangements in new geographic regions due to existing relationships of its competitors with dealers in such areas, including exclusive arrangements that may be in place.

The above list is indicative and not exhaustive. These risks and other similar risks may materially and adversely affect our reputation, our results of operations, cash flows and financial condition.

**51. *UTCL depends on limited suppliers for the supply of raw materials, coal and pet coke. The loss of one or more such suppliers could adversely affect our business, results of operations, financial condition and cash flows.***

UTCL is dependent on various domestic and foreign suppliers for the supply of coal, fuel oil and pet coke for its manufacturing process. It also relies on a number of domestic suppliers to provide certain other raw materials, including gypsum and additives such as silica sand and iron ore. The loss of one or more of its significant suppliers or a reduction in the amount of raw materials or coal or pet coke UTCL obtains from them could have an adverse effect on our business, results of operations, financial condition and cash flows.

UTCL's reliance on a select group of suppliers may also constrain its ability to negotiate its arrangements, which may have an impact on its profit margins and financial performance. The deterioration of the financial condition or business prospects of these suppliers could reduce their ability to meet UTCL's requirements and accordingly result in a significant decrease in our revenues. If UTCL experiences a significant or prolonged shortage of raw materials or coal or pet coke from any of UTCL's suppliers, and it cannot procure the raw materials or coal or pet coke from other sources, it will be unable to meet production schedules and to ship such products to customers on time, which will adversely affect UTCL's sales and customer relations.

**52. *The Indian cement industry is cyclical and is affected by a number of factors beyond our control which could affect our business, cash flows and results of operations adversely. Further, our results of operations are subject to seasonal changes in demand for cement products which can be affected adversely on account of fluctuations in revenues.***

Demand for cement products is typically seasonal, as climatic conditions, particularly the monsoon season, affect the level of activity in the construction industry. Sales during the monsoon season are typically lower than the normal season. The seasonal nature of the cement business has led to variation in our quarterly results in the past and may continue to do so in the future.

Construction activity can also be affected in any period by adverse weather conditions such as storms, torrential rains and floods, natural disasters such as fires, earthquakes and similar events, any of which could reduce demand for UTCL's products, push back existing orders to later dates or lead to cancellations. Furthermore, UTCL's ability to deliver products on time or at all to its customers can be significantly impeded by such conditions and events like those described above. These conditions, particularly when not anticipated, can leave both equipment and personnel underutilized. The general seasonality of UTCL's business and any severe or prolonged adverse weather conditions or other similar events could have a material adverse effect on our business, cash flows, results of operations and financial condition. Further, continued increase in raw material costs, mainly pet coke and diesel could have an adverse impact on UTCL's margins.

**53. *The introduction of substitutes for cement in the markets in which we operate and the development of new construction techniques could have an adverse effect on our business, results of operations, cash flows and financial condition.***

Materials such as plastic, aluminum, ceramics, glass, wood, steel, among others, can be used in construction to substitute cement. In addition, other construction techniques, such as the use of dry wall, could decrease the demand for cement, ready-mix concrete and mortars. Further, new construction techniques and modern materials may be introduced in the future. The increase in use of substitutes for cement could cause a significant reduction in the demand and prices for our cement products and have an adverse effect on our business, results of operations, cash flows and financial condition.

**54. *Product liability claims may be brought against us and, whether or not successful, could harm our business, financial condition, cash flows and results of operations.***

We are exposed to risks associated with product liability claims if the use of UTCL's cement products results in property damage or personal injury. UTCL's cement products are mainly used as construction materials. While UTCL seeks to conform its products to meet a variety of contractual specifications and regulatory requirements, we cannot assure you that product liability claims will not arise, whether due to product malfunctions, defects, or other causes. Any such claims, regardless of whether they are ultimately successful, could cause us to incur litigation costs, harm our business reputation and disrupt our operations. Further, we cannot assure you that we will be able to successfully defend such claims. If any such claims against us are ultimately successful, we could be required to pay substantial damages, which could materially and adversely affect our business, financial condition, cash flows and results of operations.

*Financial services business*

**55. *If our customers default in their repayment obligations, our business, results of operations, financial condition and cash flows may be adversely affected.***

We operate our financial services business through our Subsidiary, Aditya Birla Capital Limited ("**ABCL**"). We are exposed to the risk of default and non-payment by our customers in our NBFC and housing finance businesses. We expect that the size of our loan assets will grow as a result of our expansion strategy in new geographies and with the introduction of new products and services, which will expose us to an increased risk of customer default. Borrowers, and their guarantors under our loan agreements, may default in their repayment obligations due to various reasons including insolvency, lack of liquidity, increase in operating costs or business failure. Besides macroeconomic conditions, we face risks specific to each line of business, which may also result in increased defaults. In addition, our customers may not have credit histories supported by tax returns and other documents that would enable us to assess their creditworthiness, and we may not receive updated information regarding any change in the financial condition of our customers, or may receive inaccurate or incomplete information, as a result of any fraudulent misrepresentation by our customers. It may therefore be difficult to carry out precise credit risk analyses on all of our customers. Further, individuals to whom we lend are often considered to be higher credit risk customers and are generally less financially resilient than large corporate borrowers. Any decline in the economic conditions may impact the repayment capabilities of our borrowers, which may result in increase in defaults, thereby adversely affecting our business and financial condition.

To the extent that we are not able to successfully manage the risks associated with lending to our customers, it may become difficult for us to make recoveries on our loans. In addition, we may experience higher delinquency rates due to prolonged adverse economic conditions or a sharp increase in interest rates. An increase in delinquency rates could result in a reduction in our interest income or increase in provisions for expected credit losses, and as a result, lower revenue from our operations, while increasing costs as a result of the increased expenses required to service and collect delinquent loans. Further, negative trends or financial difficulties could unexpectedly increase delinquency rates and we could also reach a point in the future where we may not be able to expand our portfolio at high growth rates without allowing the overall credit quality of our loans to deteriorate. Moreover, given the geographical focus of our housing finance business on the low-income housing category, our business may be more susceptible to local developments that impact the repayment behavior as compared to its counterparts. We have previously faced certain instances of customers defaulting or failing to repay dues in connection with loans or finance provided by us. We have, in certain instances, initiated legal proceedings to recover amounts due from delinquent customers. If we are unable to effectively manage credit appraisal, portfolio monitoring and recovery processes, the proportion of NPAs in our loan portfolio could increase or there may be a delay in the recovery of dues, which may, in turn, have an adverse effect on our business, results of operations, financial condition and cash flows.

**56. *Any disruption in our sources of funding could adversely affect our liquidity and financial condition. The liquidity and profitability of our business depend, in large part, on our timely access to, and the costs associated with, raising funds.***

Our funding requirements historically have been met from various sources such as shareholder funding, secured and unsecured loans including rupee-denominated term loans and cash credit facilities from banks and financial institutions, secured and unsecured non-convertible debentures, unsecured subordinated bonds, commercial papers, market linked debentures, inter-corporate deposits, among others. The market for our funding sources is competitive and our ability to obtain funds on acceptable terms and at competitive rates continues to depend on various factors, including our ability to maintain our credit ratings, the regulatory environment and policy initiatives in India, developments in international markets affecting the Indian economy and our current and future cash flows, results of operations and financial condition. Furthermore, as one of our subsidiaries operates as an NBFC, we also face certain restrictions on our ability to raise capital from international markets, which could further inhibit our ability to raise funds at attractive and competitive rates. In addition, changes in priority sector lending guidelines by the RBI may lead to an increase in the rate at which capital has historically been offered to us, thereby leading to an increase in our borrowing costs. This could potentially adversely affect our cash flows, financial condition and results of operations.

Additionally, the RBI has imposed certain restrictions on banks from providing financing to non-banking financial companies registered with the Reserve Bank of India, including housing finance companies registered under Section 29 A of the National Housing Bank Act, 1987. Pursuant to such restrictions, certain activities are ineligible for financing by bank credit, including, inter alia (i) certain types of discounting and rediscounting of bills by NBFCs; (ii) loans and advances by NBFCs to their subsidiaries and group companies; (iii) financing by NBFCs to individuals for subscribing to initial public offerings and purchasing shares from the secondary market; (iv) unsecured loans or inter-corporate deposits by the NBFCs to/in any company or (v) investments of NBFCs by way of shares and debentures, except need based credit to stock broking companies against shares and debentures held by them as stock-in-trade. Additionally, banks are prohibited from (i) granting bridge loans of any nature or interim finance against capital or debenture issues and/or in the form of loans of a bridging nature pending the raising of long term funds from the market by way of capital, deposits or other means, to any category of NBFCs; (ii) accepting shares and debentures as collateral for secured loans granted to NBFCs; and (iii) executing guarantees covering inter-company deposits or loans that guarantee refund of deposits or loans accepted by NBFCs. Any disruption in our sources of funding could adversely affect our liquidity and financial condition.

**57. *We may be required to increase our capital adequacy ratio or amount of reserve funds, which may adversely affect our business, cash flows and results of operations.***

ABCL, which is a non-deposit taking systemically important core investment company, and Aditya Birla Finance Limited (“**ABFL**”), which is an NBFC, are subject to the minimum capital to risk weighted assets ratio (“**CRAR**”) requirements specified by RBI. Pursuant to the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulations) Directions, 2023 (“**Scale Based Regulations**”) issued by RBI, ABCL and ABFL are required to maintain a minimum capital ratio consisting of Tier I and Tier II capital of not less than 15.0% of their respective aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items. Additionally, since ABFL is categorized as an ‘Upper Layer’ NBFC under the Scale Based Regulations, it will be required to maintain a common equity Tier I capital of 9.00% of its risk weighted assets.

Further, we may be required to comply with additional financial ratios and standards in the future that may be imposed on us by the RBI. As we continue to grow our loan portfolio and asset base, we will be required to raise additional Tier I and Tier II capital in order to remain in compliance with the applicable capital adequacy ratios. There is no assurance that our NPA level will continue to stay at its current level. Further, the RBI may increase its current CRAR requirements, which may require us to raise additional capital. We cannot assure you that we will be able to raise adequate additional capital in the future on terms favorable to us or at all, which could result in non-compliance with applicable capital adequacy ratios and may adversely affect the growth of our business.

**58. *Changes in the regulatory environment in which our financial services businesses operate could have an adverse effect on our business, results of operations, cash flows and financial condition.***

NBFCs in India are subject to detailed supervision and regulation by the RBI including making provisions in respect of NPAs, the housing finance companies are subject to detailed supervision and regulation by the NHB and RBI. The life insurance, health insurance and insurance broking businesses are subject to detailed supervision and regulation by the IRDAI, and asset management and equity broking companies in India are subject to detailed supervision and regulation by SEBI. Our pension management business is regulated by the PFRDA. Our life and health insurance businesses are subject to a number of insurance laws and regulations governing their operations and a wide variety of issues, including foreign investment, solvency requirements, investments, money laundering, privacy, record keeping, marketing and selling practices. Any change in the policies by IRDAI may result in our inability to meet such increased or changed requirements as well as require us to increase our coverage to relatively riskier segments. Any changes in the regulatory framework affecting NBFCs, housing finance companies, insurance companies, asset management companies, or other financial services companies including the provisioning for NPAs, or capital adequacy requirements could adversely affect our profitability or our future financial performance, by requiring a restructuring of our activities or an increase in our costs to comply with regulations applicable to us.

**59. *Our inability to recover the full value of collateral or amounts outstanding under defaulted loans in a timely manner or at all could adversely affect our cash flows and results of operations.***

For our secured financing arrangements, we sanction an amount of credit that is less than the value of the asset which we take as collateral. We regulate this amount through restrictions on the loan to value (“**LTV**”) ratio of each financing. For instance, for our housing finance business, we offer a number of housing finance loans including home loans, home extension loans, plot and home construction loans, home improvement loans, loans against property and construction finance loans. The primary security for these loans is the underlying property and the value of this security is significantly dependent on the conditions prevalent in the real estate market at that time. The value of the collateral, however, may decline during the term of the loan for a variety of reasons, including adverse market conditions, including an economic downturn or a downward movement in real estate prices. As a result, if our customers default, we may receive less money from liquidating collateral than is owed under the relevant financing facility, and, in turn, incur losses, even where we successfully repossess and liquidate the collateral. While we require some borrowers to provide a guarantee on the basis of their profile, we may not be able to enforce or collect the amount owed under such guarantee, if at all.

In addition, home construction loans may be exposed to risks related to time and cost overruns and related factors. Factors such as third party performance risks, delays in obtaining the requisite approvals, environmental risks, changes in market conditions, changes in government or regulatory policies, permits, licenses or certifications from the relevant authorities as well as shortages of, or material increases in prices of, construction materials, equipment, technical skills and labor, or other unforeseeable problems and circumstances may lead to delays in, or prevent the completion of the homes and result in costs substantially exceeding those originally budgeted, which may affect our borrowers' ability to repay their loans.

We may also encounter difficulties in repossessing and liquidating collateral. When a customer defaults under a financing facility, we typically re-possess and then sell the collateral through an auction, if other means of collecting the dues are unsuccessful. However, we cannot assure you that we will be able to successfully repossess the collateral in the event of default under a loan agreement. We may also not be able to sell the collateral at a price sufficient to cover the amount owed under the financing facility, or at all. We may face additional delay and expense in conducting an auction to sell the collateral and may face significant delay in repossessing collateral, as litigation against defaulting customers, even if governed by an arbitration clause, can be slow and expensive in India. Further, we may face certain difficulties in being able to realize the value of other types of securities pledged to us, including, among others, equity shares and mutual funds. In the event of any inability or delay in the repossession and liquidation of the collateral securing loans in default, we may incur losses, which could adversely affect our cash flows and results of operations.

**60. *If we do not meet solvency ratio requirements imposed on our insurance business, we could be subject to regulatory actions, which could have an adverse effect on our business, cash flows and results of operations.***

Indian laws and regulations in relation to insurance companies require us to maintain a control level of solvency. Solvency ratio is the ratio of the excess of assets over liabilities to the required capital. An inability to maintain the relevant control level of solvency requirements may result in regulatory action from the IRDAI that could affect our ability to continue operations, acquire new business or implement our growth strategies. As of March 31, 2023, ABCL's solvency ratio was 173%, compared to the IRDAI mandated requirement of minimum 150%. Our solvency ratio may be affected by various factors, including the amount of capital available, the mix of insurance products sold by us, our business growth as well as profitability. In the event we are unable to comply with statutory solvency ratio requirements due to inadequacy of share capital and profit to support business growth, statutory solvency requirements being increased, or the decline of our financial condition, we will be required to raise additional capital to meet applicable solvency ratio requirements. In addition, the IRDAI may increase the control level of solvency or modify the existing regulatory framework in the future. Any such development, including the implementation of the risk-based solvency framework, may require us to raise additional capital to meet any modified regulatory requirement.

Our ability to raise additional capital in the future is subject to a variety of uncertainties, such as our future financial condition, results of operations, cash flows, regulatory approvals, changes in regulations relating to capital raising activities by insurance companies, our credit ratings, general market conditions for capital raising activities, and other economic and political conditions in India and globally. We may be unable to raise additional capital in a timely manner, or on acceptable terms, or at all. Any inability to meet the solvency ratio requirements may have an adverse effect on our business, cash flows and results of operations.

**61. *We may not be able to maintain a profitable mix of products which may have an adverse effect on our business, financial condition, cash flows and results of operations.***

We design and distribute a range of financial products and solutions. The mix of products that we offer to our customers through our multiple distribution channels affects our performance, as our capital requirements, pricing assumptions, level of reserves and profitability vary from product to product. Therefore, changes in our product mix may affect our financial condition. Further, our different lines of business present different levels of profitability and opportunity for growth. If we fail to increase or maintain the proportion of certain products that are profitable in our portfolio, our overall profitability may reduce.

Our business strategy also involves a high level of ongoing interaction with our customers. We believe that this involvement is an important part of developing our relationship with our customers, identifying new cross-selling opportunities and monitoring our performance. However, this level of involvement also entails higher levels of operating costs and also requires a relatively higher gross spread, or margin, on the lending products we offer in order to maintain profitability. There can be no assurance that we will be able to maintain our current levels of profitability if the gross spreads on our lending products were to reduce substantially, which could adversely affect our cash flows and results of operations.

**62. *We may face asset-liability mismatches, which could affect our liquidity and consequently may adversely affect our operations and profitability.***

We face potential liquidity risks because our assets and liabilities mature over different periods. As is typical for NBFCs and HFCs, our funding requirements are met through a combination of sources. Our inability to obtain additional credit



facilities or renew our existing credit facilities, in a timely and cost effective manner or at all, may lead to mismatches between our assets and liabilities, which in turn may adversely affect our business, future financial performance, cash flows and results of operations.

For instance, ABFL, meets a portion of its funding requirements through short-term funding sources, such as by issuing commercial paper, availing short-term loans from banks, sub-ordinated debt, perpetual debt and inter-corporate deposits. The majority of its loan assets, however, mature over the medium term. Consequently, its inability to obtain additional credit facilities or renew its existing credit facilities in a timely and cost-effective manner or at all may lead to mismatches between its assets and liabilities, which in turn may adversely affect our operations and profitability. Such funding mismatches between our assets and liabilities may be aggravated when our customers pre-pay any of the financing facilities we grant to them.

**63. *If the provisioning requirements applicable to our businesses are insufficient to cover our existing or future levels of non-performing loans, or if future regulation requires us to increase our provisions, our ability to raise additional capital and debt funds as well as our cash flows, results of operations and financial condition could be adversely affected.***

ABFL adheres to provisioning requirements related to its loan assets pursuant to the Scale Based Regulations. Further, ABHFL makes provisions for standard assets as well as NPAs in accordance with the prudential norms prescribed by the NHB under the Housing Finance Companies (National Housing Bank) Directions, 2010. Further, on November 12, 2021, as amended, the RBI issued a circular on prudential norms on income recognition, asset classification and provisioning pertaining to advances – clarifications (the “**Circular**”) pursuant to which certain aspects of the master circular on prudential norms on income recognition, asset classification and provisioning pertaining to advances dated October 1, 2021 were clarified and harmonized and made applicable to all lending institutions (including HFCs). Pursuant to the Circular it has been clarified that the classification of borrower accounts as special mention accounts or NPAs will be on a day-end position basis for the due date and accounts can only be upgraded from an NPA to a ‘standard’ asset after the clearance of all over dues (i.e., only if the entire arrears of interest and principal are paid by the borrower).

Additionally, pursuant to the classification of ABFL as an “upper layer” NBFC in September 2022, in terms of the Scale Based Regulatory Framework introduced by the RBI, it is subject to certain additional provisioning requirements.

We cannot assure you that we will be able to improve our collections and recoveries in relation to our NPAs, or adequately control the level of NPAs in the future. Further, more stringent provisioning norms may be introduced by the relevant regulators in the future, which may reduce our profit after tax and adversely impact our results of operations. We cannot assure you that our NPAs will continue to stay at their current level, or that the percentage of NPAs that we will be able to recover will be similar to our past experience of recoveries of NPAs. Further, we may face difficulties in disposing of the underlying assets relating to such loans, as a result of which, we may be unable to realize any liquidity from such assets. If our provisioning requirements are insufficient to cover our existing or future levels of nonperforming loans or if future regulation requires us to increase our provisions, our ability to raise additional capital and debt funds as well as our results of operations, cash flows and financial condition could be adversely affected.

**64. *Our businesses are subject to periodic inspections by various regulators and observations on non-compliance with regulations made during their periodic inspections could expose us to penalties and restrictions.***

As ABCL is a non-deposit taking systemically important core investment company and ABFL is an NBFC, ABCL and ABFL are subject to periodic inspection by the RBI under section 45N of the Reserve Bank of India Act, 1934 (the “**RBI Act**”), pursuant to which the RBI inspects the books of accounts and other records of our Company and ABFL for the purpose of verifying the correctness or completeness of any statement, information or particulars furnished to the RBI. In its past inspection reports, the issues RBI has commented upon in relation to ABFL have been mainly operational in nature and include observations such as segregation of real estate portfolio based on different characteristics, availability of data for loss given default calculations for real estate and infrastructure portfolios on individual basis, requirement to making asset classification system driven, degree of reliance on short term funding vis-à-vis longer tenor assets, risk categorization of customers, among others.

For our asset management business, SEBI has the power to inspect our books from time to time and ensure that we are in compliance with SEBI regulations, and we will continue to be subject to SEBI inspections. In its past inspection reports SEBI has, among other things, identified certain deficiencies in our systems and operations including amongst others passive breaches in group and sector level exposure in debt schemes, generic rationales being provided for inter scheme transfers, cases of delays in payment of redemption/repurchase proceeds, delay in NAV uploading, and incorrect reporting of overseas ETF investments limit, among others. Further, in the past SEBI has also issued administrative warning letters to Aditya Birla Sun Life AMC Limited (“**ABSLAMC**”) and ABSLAMC was directed to improve compliance standards to avoid recurrence of such instances and ensure strict compliance with the guidelines issued by SEBI.

In our health insurance business, IRDAI conducts onsite inspections and thematic inspections from time to time. IRDAI has issued reports which among other things, contain observations pertaining to purported non-compliance with certain

regulations pursuant to alleged mismatches in financial data and claims amounts, placement of reinsurance with a cross border reinsurer in excess of limits, non-compliance with corporate governance norms, delay in declining proposals and refunding proposal deposits etc. IRDAI is recently undertaken an inspection on certain of our reinsurance arrangements and the final report is awaited.

ABHFL is subject to periodic inspection by the NHB under the NHB Act, 1987. In the past inspection reports, the NHB has (a) identified certain deficiencies in our operations and classification of loans and assets, (b) made certain observations in relation to our operations and policies during its periodic inspections, and (c) sought certain clarifications on our operations, among others.

While we have responded to such regulatory observations in the past and addressed them, we cannot assure you that the regulators will not make similar or other observations in the future. In the event we are unable to resolve such observations to the satisfaction of the respective regulators, we may be restricted in our ability to conduct our business as we currently do. While we seek to comply with all regulatory provisions applicable to us, in the event we are unable to comply with the observations made by the regulators, we could be subject to penalties and restrictions which may be imposed on us. Imposition of any penalty or adverse findings by the regulators during the ongoing or any future inspections may have an adverse effect on our business, results of operations, cash flows, financial condition and reputation.

**65. *There may be significant variation between actual claim payments and the assumptions and estimates used in the pricing of, and setting reserves for, our various insurance products which could have an adverse effect on our business and financial condition.***

We price our life insurance products based on various assumptions relating to interest rates, expenses and claim patterns in relation to lapse and surrender of policies, along with death of the policyholder. The assumptions for expenses include policy issuance costs, infrastructure-related costs, branding and publicity expenses, employee costs, policy maintenance costs and other support costs. We determine liabilities that provide for future obligations relating to our various insurance products. Our earnings therefore are significantly dependent upon the extent to which actual claim payments are consistent with the assumptions we have used in the pricing of our products and formulated for determination of the appropriate amount of policy reserves. We maintain reserves to cover amounts we estimate will be required to settle claims in relation to survival, surrender, maturity and death, as well as for the expenses incurred to manage the block of policies. However, reserves do not, and will not in the future, represent any precise calculation of liability, but rather are estimates of the anticipated net future policy claims payments, and are consequently inherently uncertain. An estimation of payouts towards claims in relation to survival, surrender, maturity and death is an arduous and complex process that involves several variables and is determined based on subjective assumptions, estimates and judgment of our senior management.

Pricing our insurance products is therefore subject to several risks and uncertainties, many of which are outside our control, including the availability of sufficient data that we can rely on, any changes in applicable regulatory standards, our ability to obtain regulatory approvals, and other uncertainties that inherently characterize such estimates and assumptions. Therefore, it is possible that our actual claim payments experience is significantly worse than the assumptions used in the pricing of our insurance products. If this were to be the case, our payout incurred towards settlement of claims would increase reducing our net profit and require us to apply reserves towards the payment of claims.

**66. *Our expenses for our insurance business may be higher than permitted which could have an adverse effect on our business, financial condition, cash flows and results of our operations.***

The Insurance Regulatory Development Authority of India (Expenses of Management of Insurers Transacting Life Insurance Business) Regulations, 2023, read with the clarifications issued by IRDAI dated April 5, 2023, sets out the permissible limit for expenses of management on an overall basis and segment-wise basis. For instance, under these regulations, an insurer carrying on life insurance business in India is not permitted to spend in any financial year as expenses of management, an amount exceeding (i) the amount of commission paid to insurance agents and insurance intermediaries in respect of their business transacted in the financial year as may be allowed by IRDAI from time to time (subject to exceptions); (ii) commission and expenses reimbursed on reinsurance inward; and (iii) operating expenses of the life insurance business. The regulations also prescribe the aggregate sum which may be incurred as expenses of management in a financial year. Additionally, pursuant to the Insurance Regulatory and Development Authority of India (Expenses of Management of Insurers transacting General or Health Insurance business) Regulations, 2023, our health insurance business cannot incur expenses of management in excess of 35% of its gross premium written in India in a financial year. As regulation limits what portion of our fixed expenses can be passed on to customers, we are required to incur the balance of such expenses ourselves. As a portion of our expenses are fixed, they will not vary in accordance with future sales. Therefore, if future sales are lower than expected, our expenses may not fall proportionally, or at all. This could adversely affect business, financial condition, cash flows and results of our operations.

## Renewable energy business

**67. *Customers of our renewable power business may not be able to fulfil their contractual obligations as a result of their financial health or otherwise.***

We operate our renewable energy business through our Subsidiary, Aditya Birla Renewables Limited. We generate a portion of our income from our renewable power plants pursuant to power purchase agreements (“PPAs”) entered into with state government-run utilities, commercial and industrial customers. Certain of the customers may become subject to insolvency or liquidation proceedings during the term of the relevant contracts, and the credit support received from such customers may not be sufficient to cover our losses in the event of a failure to perform. There may also be delays associated with collection of receivables from government owned or controlled entities on account of the financial condition of these entities that deteriorated significantly in the past. Although the state governments in India have taken steps to improve the liquidity, financial condition and viability of state electricity distribution utility companies, there can be no assurance that the utility companies that are currently our customers will have the resources to pay on time or at all. In addition, our customers may, for any reason, become unable or unwilling to fulfil their related contractual obligations or otherwise terminate such agreements prior to the expiration thereof. If such events occur, our business, financial condition, cash flows and results of operations could be materially and adversely affected.

**68. *We bid for projects that expose us to risks related to projects of this nature.***

We bid for certain renewable projects from time to time, which exposes us to certain risks. In such projects, we are generally exposed to execution risks that could be caused by various factors, including delay in obtaining approvals, right of way, land availability and acquisition, delays in execution, cost overruns etc. This may result in levy of damages and may also result in revenue losses. In particular, large size renewable power projects typically involve longer execution periods to deliver and complete. The time and costs required to complete such projects may increase on account of factors such as price escalation, funding constraints, shortage of materials, equipment, technical constraints, adverse weather conditions, natural disasters, labour disputes, disputes with contractors, accidents, changes in government priorities and policies, changes in market conditions, interest rates, delays in obtaining requisite approvals from the relevant authorities or other unforeseeable circumstances. Any of these factors may delay or prevent completion of such projects and may lead to unforeseen increases in costs and could adversely impact of business, financial condition, cash flows and results of operations.

**69. *We bid for projects through a competitive bidding process, and we may not be able to qualify for, compete or win such projects, which could adversely affect our business prospects, cash flows and results of operations.***

We bid for projects through a competitive bidding process, where projects are awarded following competitive bidding processes and satisfaction of prescribed qualification criteria.

While quality of products and offerings, manufacturing capacity and performance, as well as reputation and experience and sufficiency of financial resources are important considerations in authority decisions, there can be no assurance that we would be able to meet such qualification criteria, particularly for larger projects. We cannot assure you that we would bid where we have been prequalified to submit a bid or that our bids, when submitted or if already submitted, would be accepted.

In addition, the government conducted tender processes may be subject to change in qualification criteria, unexpected delays and uncertainties. We are not in a position to predict whether and when we will be awarded a new contract. Projects awarded to us may be subject to litigation by unsuccessful bidders, which may result in delay in award of the projects and/or notification of appointed dates, for the bids where we have been successful, which may result in us having to retain unallocated resources and as a result, it would adversely affect our results of operations, cash flows and financial condition. Further, we may be required to incur substantial expenditure, time and resources in defending such litigation. Any unsuccessful outcome in any such proceedings may lead to termination of a contract awarded to us, which could have a material adverse effect on our future revenues, cash flows and profits.

**70. *We may be exposed to additional risks associated with engaging with government institutions and public sector undertakings that could materially and adversely affect our business, results of operations, financial position and cash flows.***

We depend on government institutions and public sector undertakings for some of our business, which may increase in the future. Contracts with government institutions and public sector undertakings may be subject to extensive internal processes and policy changes. Due to these and other factors, certain terms of such contracts, such as pricing terms, contract period, use of sub-contractors or ability to make appropriate adjustments may be less flexible than contracts with private companies. Further, payments from government entities may be subject to delays due to regulatory scrutiny and procedural formalities. In addition, certain government entities may be subject to audits by applicable regulatory authorities.

## EXTERNAL RISK FACTORS

**71. *Climate changes may lead to increase in frequency of natural disasters, which may in turn impact the regions in which we operate.***

Our operations are exposed to physical risks which are event-driven, including the increased severity of extreme weather events such as cyclones, hurricanes and floods. Such events may lead to reduced revenue from decreased production capacity owing to transportation difficulties, supply chain interruptions, health and safety concerns. These may also lead to write-offs and early retirement of assets due to damage to property in high-risk locations. The scarcity of water may impact business operations in our viscose and chemicals businesses. In addition, we may face increased operating costs due to rising raw material prices as a result of climate patterns, and may incur increased capital costs if natural disasters damage our facilities.

**72. *Our business is substantially affected by prevailing economic, political and other prevailing conditions in emerging and global markets.***

The Indian economy and securities markets are influenced by economic, political and market conditions in India and globally, including adverse geopolitical conditions such as increased tensions between India and China, the Israel-Hamas conflict and the Russia-Ukraine war. We are incorporated in India, and our operations are primarily located in India. As a result, we are highly dependent on prevailing economic conditions in India and the other emerging and global markets and our results of operations and cash flows are significantly affected by factors influencing the economy in these countries. Factors that may adversely affect the economy, and hence our results of operations and cash flows, may include:

- any increase in interest rates or inflation;
- any exchange rate fluctuations;
- any scarcity of credit or other financing, resulting in an adverse impact on economic conditions and scarcity of financing for our expansions;
- prevailing income conditions among consumers and corporates;
- volatility in, and actual or perceived trends in trading activity on, the relevant market's principal stock exchanges;
- changes in tax, trade, fiscal or monetary policies;
- political instability, terrorism or military conflict in the region or globally. For example, the recent hostilities between Russia and Ukraine;
- occurrence of natural or man-made disasters;
- prevailing regional or global economic conditions, including in the relevant country's principal export markets;
- any downgrading of debt rating by a domestic or international rating agency;
- instability in financial markets;
- disruption of supply chain and logistics arrangements; and
- other significant regulatory or economic developments in or affecting India or the emerging and global markets.

Further, any slowdown or perceived slowdown in the Indian economy or the economy of any emerging and global market, or in specific sectors of such economies, could adversely impact our business, results of operations, cash flows and financial condition and the price of the Equity Shares.

**73. *Natural calamities, climate change and health epidemics and pandemics such as COVID-19 could adversely affect the Indian economy and our business, financial condition, cash flows and results of operations. In addition, hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect our business, results of operations, cash flows and financial condition.***

India has experienced natural calamities, such as earthquakes and floods in recent years. Natural calamities could have an adverse impact on the Indian economy which, in turn, could adversely affect our business, and may damage or destroy our borrowers assets or projects. Any of these natural calamities could adversely affect our business, results of operations, cash flows and financial condition. A number of countries in Asia, including India, as well as countries in other parts of the world, are susceptible to contagious diseases and, for example, have had confirmed cases of the highly pathogenic H7N9, H5N1 and H1N1 strains of influenza in birds and swine. In addition, the COVID-19 pandemic, has caused a worldwide health crisis and economic downturn. Any future outbreak of health epidemics may restrict the level of business activity in affected areas, which may, in turn, adversely affect our business.

**74. *Changing laws, rules and regulations, including taxation laws, may adversely affect our business, results of operations, cash flows and prospects.***

Change on the quantum of taxes and duties levied globally, or in the terms of international trade agreements, environmental regulation or other applicable laws may require us to incur additional costs. The Government of India has implemented two major reforms in Indian tax laws, namely the Goods and Services Tax ("GST"), and provisions relating to general anti-avoidance rules ("GAAR"). The indirect tax regime in India has undergone a complete overhaul. The

indirect taxes on goods and services, such as central excise duty, service tax, central sales tax, state value added tax, surcharge and excise have been replaced by GST with effect from July 1, 2017. The GST regime continues to be subject to amendments and its interpretation by the relevant regulatory authorities is constantly evolving. GAAR became effective from April 1, 2017. The tax consequences of the GAAR provisions being applied to an arrangement may result in, among others, a denial of tax benefit to us and our business. In the absence of any substantial precedents on the subject, the application of these provisions is subjective. If the GAAR provisions are made applicable to us, it may have an adverse tax impact on us. Further, if the tax costs associated with certain of our transactions are greater than anticipated because of a particular tax risk materializing on account of new tax regulations and policies, it could affect our profitability from such transactions.

Earlier, distribution of dividends by a domestic company was subject to Dividend Distribution Tax (“DDT”), in the hands of the company at an effective rate of 20.56% (inclusive of applicable surcharge and cess). Such dividends were generally exempt from tax in the hands of the shareholders. However, the GoI has amended the Income-tax Act, 1961 (“IT Act”) to abolish the DDT regime. Accordingly, any dividend distribution by a domestic company is subject to tax in the hands of the investor at the applicable rate. Additionally, the domestic company is required to withhold tax on such dividends distributed at the applicable rate.

However, non-resident shareholders may claim benefit of an applicable tax treaty, subject to satisfaction of certain conditions. We may or may not grant the benefit of a tax treaty (where applicable) to a non-resident shareholder for the purposes of withholding tax pursuant to any corporate action including dividends. Further, the Finance Act, 2023 has introduced various amendments to the IT Act. There is no certainty on the impact that the Finance Act, 2023 may have on our business and operations or on the industry in which we operate. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may affect the viability of our current business or restrict our ability to grow our business in the future.

We cannot predict whether any new tax laws or regulations impacting our services will be enacted, the likely nature and impact of the specific terms of any such laws or regulations or whether, if at all, any laws or regulations would have an adverse effect on our business.

**75. *Fluctuation of the Rupee against foreign currencies may have an adverse effect on the price of the Equity Shares.***

Any adverse movement in currency exchange rates during the time that it takes to undertake such conversion may reduce the net dividend to foreign investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating outside India the proceeds from a sale of Equity Shares, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares may reduce the proceeds received by Equity shareholders. For example, the exchange rate between the Rupee and the U.S. dollar has fluctuated substantially in recent years and may continue to fluctuate substantially in the future, which may have an adverse effect on the trading price of our Equity Shares and returns on our Equity Shares, independent of our operating results.

**76. *A downgrade in ratings of India, may affect our financial performance and the trading price of the Equity Shares.***

India’s sovereign debt rating could be downgraded due to several factors, including changes in tax or fiscal policy or a decline in India’s foreign exchange reserves, all which are outside the control of our Company. Our borrowing costs and our access to the debt capital markets depend significantly on the sovereign credit ratings of India. Any adverse revisions to India’s credit ratings for domestic and overseas debt by international rating agencies may adversely impact our ability to raise additional external financing, and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our business and future financial performance, our ability to obtain financing for capital expenditures and the trading price of the Equity Shares.

**77. *Significant differences exist between Ind AS and other accounting principles, such as US GAAP and IFRS, which may be material to investors’ assessments of our financial condition.***

The Audited Consolidated Financial Statements included in this Letter of Offer have been prepared in accordance with Ind AS. In preparation of our consolidated financial statements/ results, certain fair value adjustments as per Ind AS 103 – Business Combinations, are made to ABCL’s financial statements/ results. Accordingly, ABCL’s consolidated financial statements/ results that are required to be prepared statutorily may not be strictly comparable with the financial information of ABCL reflected in our consolidated financial statements/ results. We have not attempted to quantify the impact of US GAAP or IFRS on the financial data included in this Letter of Offer, nor do we provide a reconciliation of our financial statements to those of US GAAP or IFRS. US GAAP and IFRS differ in significant respects from Ind AS. Accordingly, the degree to which the Ind AS financial statements, as per the SEBI ICDR Regulations included in this Letter of Offer, will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Letter of Offer should be limited accordingly.

**78. *Rights of shareholders under Indian laws may differ to those under the laws of other jurisdictions.***

Indian laws and legal principles related to corporate procedures, directors’ fiduciary duties and liabilities, and shareholders’ rights may differ from those that would apply to a company in another jurisdiction. Shareholders’ rights

under Indian law, including in relation to class actions, may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may face challenges in asserting their rights as shareholder in an Indian company than as a shareholder of an entity in another jurisdiction.

**79. *Investors may not be able to enforce a judgment of a foreign court against us.***

We are incorporated under the laws of India and a majority of our Directors and Key Management Personnel reside in India. Majority of our assets, and the assets of certain of our Directors, Key Management Personnel and Senior Management, are also located in India. Where investors wish to enforce foreign judgments in India, they may face difficulties in enforcing such judgments. India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. India exercises reciprocal recognition and enforcement of judgments in civil and commercial matters with a limited number of jurisdictions. In order to be enforceable, a judgment obtained in a jurisdiction which India recognises as a reciprocating territory must meet certain requirements of the Civil Procedure Code, 1908 ("CPC"). Further, the CPC only permits enforcement of monetary decrees not being in the nature of any amounts payable in respect of taxes or, other charges of a similar nature or in respect of a fine or other penalty and does not provide for the enforcement of arbitration awards. Judgments or decrees from jurisdictions not recognised as a reciprocating territory by India, cannot be enforced or executed in India. Even if a party were to obtain a judgment in such a jurisdiction, it would be required to institute a fresh suit upon the judgment and would not be able to enforce such judgment by proceedings in execution. Further, the party which has obtained such judgment must institute the new proceedings within three years of obtaining the judgment. As a result, the investor may be unable to: (i) effect service of process outside of India upon us and such other persons or entities; or (ii) enforce in courts outside of India judgments obtained in such courts against us and such other persons or entities.

It cannot be assured that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with Indian practice. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the RBI to repatriate any amount recovered pursuant to the execution of such foreign judgment, and any such amount may be subject to income tax in accordance with applicable laws. In addition, the regulatory regime of our various international territories may have similar restrictions on enforcement of foreign judgments.

## **RISKS RELATING TO THE ISSUE**

**80. *The Rights Entitlement of Eligible Equity Shareholders holding Equity Shares in physical form may lapse in case they fail to furnish the details of their demat account to the Registrar.***

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI ICDR Master Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form.

Our Company has opened a separate demat suspense escrow account (namely, "Grasim Industries Ltd Suspense Escrow Demat Account") ("**Demat Suspense Account**") and would credit Rights Entitlements on the basis of the Equity Shares: (a) held by Eligible Equity Shareholders which are held in physical form as on Record Date; or (b) which are held in the account of the Investor Education and Protection Fund ("**IEPF**") authority; or (c) of the Eligible Equity Shareholder whose demat accounts are frozen or where the Equity Shares are lying in the unclaimed suspense account / demat suspense account (including those pursuant to Regulation 39 of the SEBI LODR Regulations) or details of which are unavailable with our Company or with the Registrar on the Record Date or where Equity Shares have been kept in abeyance or where entitlement certificate has been issued or where instruction has been issued for stopping issue or transfer or where letter of confirmation lying in escrow account; or (d) where credit of the Rights Entitlements have returned/reversed/failed for any reason; or (e) where ownership is currently under dispute, including any court or regulatory proceedings or where legal notices have been issued, if any.

Our Company shall credit the Rights Entitlements to the Demat Suspense Account on the basis of information available with our Company and to serve the interest of relevant Eligible Equity Shareholders to provide them with a reasonable opportunity to participate in the Issue. The credit of the Rights Entitlements to the Demat Suspense Account by our Company does not create any right in favour of the relevant Eligible Equity Shareholders for transfer of Rights Entitlement to their demat account or to receive any Equity Shares in the Issue.

With respect to the Rights Entitlements credited to the Demat Suspense Account, the Eligible Equity Shareholders are required to provide relevant details (such as applicable regulatory approvals, self-attested PAN and client master sheet of demat account, details/ records confirming the legal and beneficial ownership of their respective Equity Shares, etc.) to our Company or the Registrar no later than two clear Working Days prior to the Issue Closing Date, i.e., by Tuesday, January 23, 2024 to enable credit of their Rights Entitlements by way of transfer from the Demat Suspense Account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. In the event that the Eligible Equity Shareholders are not able to provide relevant details to our Company or the Registrar by the end of two clear Working Days prior to the Issue Closing Date, Rights Entitlements credited to the

Demat Suspense Account shall lapse and extinguish in due course and such Eligible Equity Shareholder shall not have any claim against our Company and our Company shall not be liable to any such Eligible Equity Shareholder in any form or manner and such lapsing of Rights Entitlement may dilute and adverse impact the interest of certain Eligible Equity Shareholders. For details, please see “*Terms of the Issue*” on page 617.

- 81. *Our funding requirements and proposed deployment of the Net Proceeds are based on management estimates and have not been independently appraised and may be subject to change based on various factors, some of which are beyond our control.***

Our funding requirements and proposed deployment of the Net Proceeds are based on management estimates and have not been independently appraised and may be subject to change based on various factors, some of which are beyond our control. Our funding requirements and deployment of the Net Proceeds are based on internal management estimates based on current market conditions, and have not been appraised by any bank or financial institution or other independent agency. Further, in the absence of such independent appraisal, our funding requirements may be subject to change based on various factors which are beyond our control. For details, see “*Objects of the Issue*” on page 64. However, the deployment of the Net Proceeds will be monitored by the Monitoring Agency, CARE Ratings Limited. Two of our Independent Directors are also non-executive independent directors on CARE Ratings Limited's board of directors. Accordingly, we cannot assure you a conflict of interest will not arise with regard to monitoring the deployment of Net Proceeds of the Issue.

- 82. *A portion of the Net Proceeds may be utilized for repayment or prepayment of borrowings availed by our Company from Axis Bank Limited, which is an affiliate of Axis Capital Limited, one of the Lead Managers.***

We propose to repay or prepay borrowings availed by our Company from Axis Bank Limited from the Net Proceeds. Axis Bank Limited is an affiliate of Axis Capital Limited, and is not an associate of our Company in terms of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992. The loans sanctioned to our Company by Axis Bank Limited were done as part of their lending activities in the ordinary course of business and we do not believe that there is any conflict of interest under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended, or any other applicable SEBI rules or regulations. The Board of Directors of our Company has chosen the loans and facilities to be repaid/ prepaid based on commercial considerations. For further information, see “*Objects of the Issue*” on page 64. However, we cannot assure you that the repayment/ prepayment of such borrowings from the Net Proceeds to an affiliate of the Lead Managers will not be perceived as a current or potential conflict of interest.

- 83. *The Eligible Equity Shareholders holding Equity Shares in physical form will have no voting rights in respect of Rights Equity Shares until they provide details of their demat account and Rights Equity Shares are transferred to such demat account from the demat suspense account thereafter.***

In accordance with the SEBI ICDR Master Circular, the credit of Rights Entitlement and Allotment of Equity Shares shall be made in dematerialised form only. Accordingly, the Rights Entitlements of the Physical Shareholders shall be credited in a suspense escrow demat account opened by our Company during the Issue Period. The Physical Shareholders are requested to furnish the details of their demat account to the Registrar no later than two clear Working Days prior to the Issue Closing Date to enable the credit of their Rights Entitlements in their demat accounts at least one day before the Issue Closing Date. The Rights Entitlements of the Physical Shareholders who do not furnish the details of their demat account to the Registrar no later than two clear Working Days prior to the Issue Closing Date, shall lapse. Further, pursuant to a press release dated December 3, 2018 issued by the SEBI, with effect from April 1, 2019, a transfer of listed Equity Shares cannot be processed unless the Equity Shares are held in dematerialized form (except in case of transmission or transposition of Equity Shares). For further information, see “*Terms of the Issue*” on page 617.

- 84. *Applicants to this Issue are not allowed to withdraw their Applications after the Issue Closing Date.***

In terms of the SEBI ICDR Regulations, Applicants in this Issue are not allowed to withdraw their Applications after the Issue Closing Date. The Allotment in this Issue and the credit of such Rights Equity Shares to the Applicant's demat account with its depository participant shall be completed within such period as prescribed under the applicable laws. There is no assurance, however, that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in our business, results of operation, cash flows or financial condition, or other events affecting the Applicant's decision to invest in the Rights Equity Shares, would not arise between the Issue Closing Date and the date of Allotment in this Issue. Occurrence of any such events after the Issue Closing Date could also impact the market price of our Equity Shares. The Applicants shall not have the right to withdraw their applications in the event of any such occurrence. We cannot assure you that the market price of our Equity Shares will not decline below the Issue Price. To the extent the market price for our Equity Shares declines below the Issue Price after the Issue Closing Date, the shareholder will be required to purchase Rights Equity Shares at a price that will be higher than the actual market price for the Equity Shares at that time. Should that occur, the shareholder will suffer an immediate unrealized loss as a result. We may complete the Allotment even if such events may limit the Applicants' ability to sell our Equity Shares after this Issue or cause the trading price of our Equity Shares to decline.

**85. *Failure to exercise or sell the Rights Entitlements will cause the Rights Entitlements to lapse without compensation and result in a dilution of shareholding.***

Rights Entitlements that are not exercised prior to the end of the Issue Closing Date will expire and become null and void, and Eligible Equity Shareholders will not receive any consideration for them. The proportionate ownership and voting interest in our Company of Eligible Equity Shareholders who fail (or are not able) to exercise their Rights Entitlements will be diluted. Even if you elect to sell your unexercised Rights Entitlements, the consideration you receive for them may not be sufficient to fully compensate you for the dilution of your percentage ownership of the equity share capital of our Company that may be caused as a result of the Issue. Renounees may not be able to apply in case of failure of completion of renunciation through off-market transfer in such a manner that the Rights Entitlements are credited to the DEMAT account of the Renounees prior to the Issue Closing Date. Further in case, the Rights Entitlements do not get credited in time, in case of On Market Renunciation, such Renounee will not be able to apply in this Issue with respect to such Rights Entitlements. For details, see “*Terms of the Issue*” on page 617.

**86. *Our Company will not distribute the Letter of Offer and other Issue related materials to overseas shareholders who have not provided an address in India for service of documents.***

We will not distribute the Issue Material to the shareholders who have not provided an address in India for service of documents. The Issue Material will not be distributed to addresses outside India on account of restrictions that apply to circulation of such materials in various overseas jurisdictions. In the case that Eligible Equity Shareholders have provided their valid e-mail address, this Letter of Offer will be sent only to their valid e-mail address and in the case that such Eligible Equity Shareholders have not provided their e-mail address, then this Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

However, the Companies Act, 2013 requires companies to serve documents at any address which may be provided by the members as well as through e-mail. Presently, there is lack of clarity under the Companies Act, 2013 and the rules thereunder with respect to distribution of Issue Material in overseas jurisdictions where such distribution may be prohibited under the applicable laws of such jurisdiction. While our Company will request its shareholders to provide an address in India for the purposes of distribution of Issue Material, our Company cannot assure that the regulator would not adopt a different view with respect to compliance with the Companies Act, 2013 and may subject our Company to fines or penalties.

**87. *Overseas shareholders may not be able to participate in the Company’s future rights offerings or certain other equity issues.***

If our Company offers or causes to be offered to holders of its Equity Shares rights to subscribe for additional Equity Shares or any right of any other nature, our Company will have discretion as to the procedure to be followed in making such rights available to overseas holders of the Equity Shares or in disposing of such rights for the benefit of such holders and making the net proceeds available to such holders. For instance, our Company may not offer such rights to the holders of Equity Shares who have a registered address in the United States unless: (i) a registration statement is in effect, if a registration statement under the U.S. Securities Act is required in order for the Company to offer such rights to holders and sell the securities represented by such rights; or (ii) the offering and sale of such rights or the underlying securities to such holders are exempt from registration under the provisions of the U.S. Securities Act. Our Company has no obligation to prepare or file any registration statement. Accordingly, shareholders who have a registered address in the United States may be unable to participate in future rights offerings and may experience a dilution in their holdings as a result.

**88. *Investors will be subject to market risks until our Equity Shares credited to the investor’s demat account are listed and permitted to trade.***

Investors can start trading the Rights Equity Shares Allotted to them only after they have been credited to an investor’s demat account, are listed and permitted to trade. Since our Equity Shares are currently traded on the Stock Exchanges, investors will be subject to market risk from the date they pay for the Rights Equity Shares to the date when trading approval is granted for the same. Further, there can be no assurance that the Rights Equity Shares allocated to an investor will be credited to the investor’s demat account or that trading in such Equity Shares will commence in a timely manner.

**89. *From the Call Record Date for each Call prior to the final Call, the trading of the Rights Equity Shares would be suspended for a period under applicable law. Further, the Rights Equity Shares will not be traded with effect from the Call Record Date for the final call fixed for the determination of the Investors liable to pay Call Monies, with terms and conditions such as the number of Calls and the timing and quantum of each Call as may be decided by our Board or Rights Issue Committee from time to time. The holders of the Rights Equity Shares will not be able to trade in these securities till they are credited to the holders’ account as fully paid-up. Further, until the subsistence of Rights Equity Shares issued by way of this Issue, we may not be able to undertake certain forms of equity capital raising.***

The Issue Price is ₹ 1,812 per Rights Equity Share. Investors will have to pay ₹ 453 per Rights Equity Share, which constitutes 25% of the Issue Price on Application and the balance ₹ 1,359 per Rights Equity Share, which constitutes



75% of the Issue Price, in up to three additional Calls, with terms and conditions such as the number of Calls and the timing and quantum of each Call as may be decided by our Board or Rights Issue Committee from time to time, to be completed on or prior to March 2026.

The Rights Equity Shares offered under this Issue will be listed under a separate ISIN. An active market for trading may not develop for the Rights Equity Shares. This may affect the liquidity of the Rights Equity Shares and restrict your ability to sell them. If our Company does not receive the Call Money as per the timelines stipulated in the Call notice, unless extended by our Board or Rights Issue Committee, the defaulting Rights Equity Shareholders will be liable to pay interest as may be fixed by our Board or Rights Issue Committee unless waived or our Company may forfeit the Application Money and any Call Money received for previous Calls made, in accordance with the Companies Act, 2013 and our Articles of Association. For details, see “*Terms of the Issue*” on page 617.

Rights Equity Shareholders are only entitled to dividend in proportion to the amount paid up and the voting rights (exercisable on a poll) by investors shall also be proportional to such investor's share of the paid-up equity capital of our Company. If certain investors do not pay the full amount, we may not be able to raise the amount proposed under this Issue. The ISIN representing partly paid-up Rights Equity Shares will be terminated after the Call Record Date for the final Call. On payment of the final Call in respect of the partly paid-up Rights Equity Shares, such partly paid-up Rights Equity Shares would be converted into fully paid-up Rights Equity Shares and shall be listed and identified under the existing ISIN for our fully paid-up Equity Shares. Our Company would fix a Call Record Date for the purpose of determining the list of allottees to whom the notice for the final Call would be sent. From the Call Record Date for each Call prior to the final Call, the trading of the Rights Equity Shares would be suspended for a period under the applicable law. Further, with effect from the Call Record Date, trading in the partly paid-up Rights Equity Shares for which final Call have been made, would be suspended prior to the Call Record Date, for such period as may be applicable under the rules and regulations.

Furthermore, the holders of the partly paid-up Rights Equity Shares will not be able to trade in these shares until they are credited to the holders' account as fully paid-up Rights Equity Shares. Further, there is limited history of trading partly paid-up shares in India and therefore, there could be less liquidity in the trading of partly paid-up shares, which may cause the price of the Equity Shares to fall and may limit ability of Investors to sell the Equity Shares. There may also be a risk of the Rights Equity Shares not forming part of the index. Further, until the subsistence of Rights Equity Shares, we cannot undertake further rights issues, further public offers or bonus issues, since in terms of Regulations 62 and 104 of the SEBI ICDR Regulations, an issuer making a rights issue or further public offer is required to ensure that all its existing partly paid-up equity shares have either been fully paid-up or have been forfeited. Additionally, a bonus issue will not be permitted under law till the subsistence of partly paid-up equity shares in terms of Regulation 293 of the SEBI ICDR Regulations.

**90. *Non-receipt of complete Call Money(ies) may have an impact of a consequential shortfall in Net Proceeds and shall also result in forfeiture of the Rights Equity Shares allotted to such Eligible Equity Shareholders who fail to pay Call Money(ies).***

The Calls shall be deemed to have been made at the time when the resolution authorizing such calls is passed at the meeting of our Board. The Calls may be revoked or postponed at the discretion of our Board, from time to time. Pursuant to the provisions of the Articles of Association, investors will be given at least 14 days' notice for the payment of the Calls. Our Board may, from time to time at its discretion, extend the time fixed for the payments of the Calls. Our Company, at its sole discretion, may send reminders for the calls as it deems fit, and if it does not receive the Call Money(ies) as per the timelines stipulated, it would forfeit the Application Money. Non-receipt of complete Call Money(ies) and a consequential forfeiture of the Application Money may lead to a shortfall in the Net Proceeds, which may have to be met out of internal accruals and may impact the business and capital expenditure plans. For details, see “*Objects of the Issue*” on page 64.

The non-receipt of the Call Monies within the timelines stipulated would also result in forfeiture of the Rights Equity Shares of such Eligible Equity Shareholders in accordance with the Companies Act, 2013 and Articles of Association.

**91. *Any future issuance of Equity Shares by our Company or sales of our Equity Shares by any of our Company's significant shareholders may adversely affect the trading price of our Equity Shares.***

Any future issuance of Equity Shares by us could dilute your shareholding. Any such future issuance of our Equity Shares or sales of our Equity Shares by any of our significant shareholders may also adversely affect the trading price of our Equity Shares, and could impact our ability to raise capital through an offering of our securities. We cannot assure you that we will not issue further equity shares or that the shareholders will not dispose of, pledge, or otherwise encumber their equity shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares.

**92. *The Rights Equity Shares may experience price and volume fluctuations.***

The market price of the Rights Equity Shares can be volatile as a result of several factors beyond our control, including volatility in the Indian and global securities markets, our results of operations, the performance of our competitors,

developments in the Indian finance and lending sector, changing perceptions in the market about investments in this sector in India, investor perceptions of our future performance, adverse media reports about us or our sector, changes in the estimates of our performance or recommendations by financial analysts, significant developments in India's economic liberalization and deregulation policies, and significant developments in India's fiscal regulations. In addition, the stock exchanges may experience significant price and volume fluctuations, which may have a material adverse effect on the market price of the Rights Equity Shares.

General or industry specific market conditions or stock performance or domestic or international macroeconomic and geopolitical factors unrelated to our performance also affect the price of the Rights Equity Shares. In particular, the stock market as a whole recently experienced extreme price and volume fluctuations that have affected the market price of many companies in ways that may have been unrelated to the companies' operating performances. For these reasons, investors should not rely on recent trends to predict future share prices, results of operations or cash flow and financial condition.

**93. *No market for the Rights Entitlements may develop and the price of the Rights Entitlements may be volatile.***

No assurance can be given that an active trading market for the Rights Entitlements will develop on the Stock Exchanges during the Renunciation Period or that there will be sufficient liquidity in Rights Entitlements trading during this period. The trading price of the Rights Entitlements will not only depend on supply and demand for the Rights Entitlements, which may be affected by factors unrelated to the trading in the Equity Shares, but also on the quoted price of the Equity Shares, amongst others. Factors affecting the volatility of the price of the Equity Shares, as described herein, may magnify the volatility of the trading price of the Rights Entitlements, and a decline in the price of the Equity Shares will have an adverse impact on the trading price of the Rights Entitlements. Since the trading of the Rights Equity Shares will be on a separate segment compared to the Equity Shares on the floor of the Stock Exchanges, the trading of Rights Equity Shares may not track the trading of Equity Shares.

**94. *Foreign investors are subject to foreign investment restrictions under Indian law that limit our Company's ability to attract foreign investors, which may adversely affect the market price of the Equity Shares.***

Under the foreign exchange regulations currently in force in India, transfers of shares between nonresidents and residents and issuances of shares to non-residents are freely permitted (subject to certain exceptions) if they comply with the requirements specified by the RBI. If such issuances or transfers of shares are not in compliance with such requirements or fall under any of the specified exceptions, then prior approval of the RBI will be required. We have undertaken or recorded such transactions in the past based on a *bona fide* interpretation of the law. We cannot assure you that our interpretation would be upheld by the Indian regulators. Any change in such interpretation could impact the ability of our Company to attract foreign investors.

In addition, shareholders who seek to convert the Indian Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no-objection or tax clearance certificate from the income tax authority. Additionally, the Government of India may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the Government of India experiences extreme difficulty in stabilizing the balance of payments, or where there are substantial disturbances in the financial and capital markets in India. These restrictions may require foreign investors to obtain the Government of India's approval before acquiring Indian securities or repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. We cannot assure you that any approval required from the RBI or any other government agency can be obtained on any particular terms, or at all.

**95. *Rights of shareholders under Indian law may differ or may be more limited than under the laws of other jurisdictions.***

The Companies Act and rules made thereunder, the rules and regulations issued by SEBI and other regulatory authorities, the Memorandum of Association, and the Articles of Association govern the corporate affairs of our Company. Indian legal principles relating to these matters and the validity of corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. In accordance with the provisions of the Companies Act the voting rights of an equity shareholder in a company shall be in proportion to the share of a person in the paid-up equity share capital of that company. Further, Section 106(1) of the Companies Act read with the Articles of Association specifically provides that no member shall exercise any voting right in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid.

**96. *You may be subject to Indian taxes arising out of capital gains on the sale of the Rights Equity Shares.***

Under the current Indian tax laws and regulations, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. Additionally, a securities transaction tax ("STT") is levied both at the time of transfer and acquisition of the equity shares (unless exempted under a prescribed notification), and the STT is collected by an Indian stock exchange on which equity shares are sold. Any gains realized on the sale of equity shares held for more than 12 months are subject to long term capital gains tax in India. Such long-term capital gains exceeding ₹100,000 arising from the sale of listed equity shares on the stock exchange are subject to tax at the rate of 10% (plus applicable surcharge and

cess). This beneficial provision is, *inter alia*, subject to payment of STT. Further, any capital gains realised on the sale of listed equity shares of an Indian company, held for more than 12 months, which are sold using any platform other than a recognized stock exchange and on which no STT has been paid, will be subject to long-term capital gains tax in India at the rate of 10% (plus applicable surcharge and cess), without indexation benefits.

Further, any capital gains realized on the sale of listed equity shares held for a period of 12 months or less immediately preceding the date of transfer will be subject to short term capital gains tax in India at the rate of 15% (plus applicable surcharge and cess), subject to STT being paid at the time of sale of such shares. Otherwise, such gains will be taxed at the applicable rates.

Capital gains arising from the sale of the Rights Equity Shares will not be chargeable to tax in India in cases where relief from such taxation in India is provided under a treaty between India and the country of which the seller is resident and the seller is entitled to avail benefits thereunder, subject to certain conditions.

Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Rights Equity Shares.

Investors are advised to consult their own tax advisors and to carefully consider the potential tax consequences of owning, investing or trading in the Rights Equity Shares.

**97. *Investors may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby may suffer future dilution of their ownership position.***

Under the Companies Act, a company having share capital and incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages before the issuance of any new equity shares, unless the pre-emptive rights have been waived by adoption of a special resolution by the company. However, if the law of the jurisdiction the investors are in, does not permit them to exercise their pre-emptive rights without our Company filing an offering document or registration statement with the applicable authority in such jurisdiction, the investors will be unable to exercise their pre-emptive rights unless our Company makes such a filing. If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for the investor's benefit. The value such custodian receives on the sale of such securities and the related transaction costs cannot be predicted. In addition, to the extent that the investors are unable to exercise pre-emptive rights granted in respect of the Equity Shares held by them, their proportional interest in our Company would be reduced.

## SECTION III: INTRODUCTION

### THE ISSUE

The Issue has been authorized by way of resolution passed by our Board on October 16, 2023, pursuant to Section 62(1)(a) and other applicable provisions of the Companies Act, 2013. The terms and conditions of the Issue including the Rights Entitlement, Issue Price, Record Date, timing of the Issue and other related matters, have been approved by a resolution passed by our Board at its meeting held on January 4, 2024.

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in the section entitled “*Terms of the Issue*” beginning on page 617.

<b>Rights Equity Shares being offered by our Company</b>	Up to 2,20,73,935* Rights Equity Shares
<b>Rights Entitlement for the Rights Equity Shares</b>	6 Rights Equity Share for every 179 Equity Shares held on the Record Date
<b>Record Date</b>	Wednesday, January 10, 2024
<b>Face Value per Equity Share</b>	₹2 each
<b>Issue Price</b>	₹1,812 per Rights Equity Share (including a premium of ₹1,810 per Rights Equity Share)  On Application, Investors will have to pay ₹453 (25% of the Issue Price) per Rights Equity Share. The balance amount will be payable by the Rights Equity Shareholders in up to three additional Calls, with terms and conditions such as the number of Calls and the timing and quantum of each Call as may be decided by our Board/ Rights Issue Committee from time to time, to be completed on or prior to March 2026, which constitutes 75% of the Issue Price, pursuant to the Payment Schedule, after payment of the Application Money. For further details on Payment Schedule, see “ <i>Terms of the Issue – Payment Terms</i> ” beginning on page 636
<b>Dividend</b>	Such dividend, in proportion to the amount paid-up on the Rights Equity Shares, as may be recommended by our Board and declared by our Shareholders, in accordance with applicable law
<b>Issue Size</b>	₹3,999.80* crore
<b>Equity Shares issued, subscribed, paid-up and outstanding prior to the Issue</b>	65,84,48,791 Equity Shares <sup>(1)(2)</sup> . For details, see “ <i>Capital Structure</i> ” beginning on page 60
<b>Equity Shares outstanding after the Issue</b>	68,05,22,726* fully paid-up Equity Shares <sup>(3)(4)</sup>
<b>Security Codes for the Equity Shares</b>	ISIN for Equity Shares: INE047A01021 BSE: 500300 NSE: GRASIM
<b>ISIN for Rights Entitlements</b>	INE047A20013
<b>Terms of the Issue</b>	For further information, see “ <i>Terms of the Issue</i> ” beginning on page 617
<b>Use of Issue Proceeds</b>	For further information, see “ <i>Objects of the Issue</i> ” beginning on page 64

\*Assuming full subscription in the Issue, Allotment and receipt of all Call Monies with respect to the Rights Equity Shares. Subject to finalisation of Basis of Allotment. Our Company would obtain a separate ISIN for the Rights Equity Shares for each Call, as may be required under applicable law.

<sup>(1)</sup> Including 4.76% of the paid up Equity Share capital of our Company held by our Promoter and members of the Promoter Group and 3.91% of the paid up Equity Share capital of our Company held by the public shareholders by way of GDRs.

<sup>(2)</sup> Excluding 28,295 Equity Shares to be issued as fully paid up pursuant to acquisition of the cement business of Aditya Birla Nuvo Limited under scheme of arrangement without the payment being received in cash and 61,985 Equity Shares kept in abeyance pursuant to the provisions of Section 126 of the Companies Act, 2013, which along with the issued, subscribed, paid-up and outstanding Equity Shares prior to the Issue aggregates to 65,85,39,071 Equity Shares.

<sup>(3)</sup> Including 4.61% of the paid up Equity Share capital of our Company held by our Promoter and members of the Promoter Group and 3.78% of the paid up Equity Share capital of our Company held by public shareholders by way of GDRs.

<sup>(4)</sup> Excluding 28,295 Equity Shares to be issued as fully paid up pursuant to acquisition of the cement business of Aditya Birla Nuvo Limited under scheme of arrangement without the payment being received in cash and 61,985 Equity Shares kept in abeyance pursuant to the provisions of Section 126 of the Companies Act, 2013, which along with the issued, subscribed, paid-up and outstanding Equity Shares post the Issue aggregates to 68,06,13,006 Equity Shares.

For details in relation to fractional entitlements, see “*Terms of this Issue – Fractional Entitlements*” on page 632.

#### Terms of Payment

Due Date	Face Value (₹)	Premium(₹)	Total (₹)
On Application	0.50	452.50	453.00 <sup>(1)</sup>
Up to three additional Calls, with terms and conditions such as the number of Calls and the timing and quantum of each Call as may be decided by our Board/ Rights Issue Committee from time to time, to be completed on or prior to March 2026	1.50	1,357.50	1,359.00 <sup>(2)</sup>
<b>Total (₹)</b>	<b>2.00</b>	<b>1,810.00</b>	<b>1,812.00</b>

<sup>(1)</sup> Constitutes 25% of the Issue Price.

<sup>(2)</sup> Constitutes 75% of the Issue Price.

## GENERAL INFORMATION

Our Company was originally incorporated as “Gwalior Rayon Silk Manufacturing (Weaving.) Co. Ltd.” on August 25, 1947 as a company limited by shares under the Gwalior Companies Act (I of Samvat 1963) at Gwalior, Madhya Pradesh, pursuant to a certificate of incorporation dated August 25, 1947 issued by the Registrar, Joint Stock Companies, Gwalior Government. Subsequently, the name of our Company was changed to “Grasim Industries Limited” and consequently, a fresh certificate of incorporation consequent on change of name dated July 22, 1986 under the Companies Act, 1956 was issued by the Registrar of Companies, Madhya Pradesh at Gwalior.

### Registered Office

P.O. Birlagram Nagda  
Ujjain 456 331  
Madhya Pradesh, India

### Corporate Office

Aditya Birla Centre, ‘A’ Wing, 2<sup>nd</sup> Floor  
S.K. Ahire Marg  
Worli, Mumbai 400 030  
Maharashtra India

**Corporate Identity Number:** L17124MP1947PLC000410

**Registration Number:** 000410

### Address of the RoC

Our Company is registered with the RoC, which is situated at the following address:

### Registrar of Companies, Madhya Pradesh at Gwalior

3rd Floor, ‘A’ Block, Sanjay Complex  
Jayendra Ganj, Gwalior 474 009,  
Madhya Pradesh, India

### Company Secretary and Compliance Officer

Sailesh Kumar Daga is the Company Secretary and Compliance Officer of our Company. His details are as follows:

### Sailesh Kumar Daga

Aditya Birla Centre, ‘A’ Wing, 2<sup>nd</sup> Floor  
S.K. Ahire Marg  
Worli, Mumbai 400 030  
Maharashtra India

**Tel:** +91 22 6652 5000, +91 22 2499 5000

**E-mail:** grasim.secretarial@adityabirla.com

### Lead Managers to the Issue

#### Axis Capital Limited

1<sup>st</sup> Floor, Axis House  
C-2 Wadia International Centre  
Pandurang Budhkar Marg  
Worli, Mumbai 400 025  
Maharashtra, India  
**Tel:** +91 22 4325 2183  
**E-mail:** grasim.rights@axiscap.in  
**Investor Grievance ID:** complaints@axiscap.in  
**Website:** www.axiscapital.co.in  
**Contact Person:** Sagar Jatakiya  
**SEBI Registration No.:** INM000012029

#### BofA Securities India Limited

Ground Floor, “A” Wing One BKC  
G Block, Bandra Kurla Complex  
Bandra (East), Mumbai 400 051  
Maharashtra, India  
**Tel:** +91 22 6632 8000  
**E-mail:** dg.grasim\_rights@bofa.com  
**Investor Grievance ID:** dg.india\_merchantbanking@bofa.com  
**Website:** https://business.bofa.com/bofas-india  
**Contact Person:** Siddharth Sahoo  
**SEBI Registration No.:** INM000011625

#### Jefferies India Private Limited

Level 16, Express Towers  
Nariman Point, Mumbai 400 021  
Maharashtra, India  
**Tel:** +91 22 4356 6000

#### JM Financial Limited

7<sup>th</sup> Floor, Cnergy  
Appasaheb Marathe Marg  
Prabhadevi, Mumbai 400 025  
Maharashtra, India

**E-mail:** Grasim\_rights@jefferies.com  
**Investor Grievance ID:** jipl.grievance@jefferies.com  
**Website:** www.jefferies.com  
**Contact Person:** Suhani Bhareja  
**SEBI Registration No.:** INM000011443

**Tel:** +91 22 6630 3030  
**E-mail:** grasim.rights@jmfl.com  
**Investor Grievance ID:** grievance.ibd@jmfl.com  
**Website:** www.jmfl.com  
**Contact Person:** Prachee Dhuri  
**SEBI Registration No.:** INM000010361

#### **Kotak Mahindra Capital Company Limited**

1<sup>st</sup> Floor, 27 BKC, Plot No. 27  
G Block, Bandra Kurla Complex  
Bandra (East), Mumbai 400 051  
Maharashtra, India  
**Tel:** +91 22 4336 0000  
**E-mail:** Grasim.rights@kotak.com  
**Investor Grievance ID:** kmccredressal@kotak.com  
**Website:** https://investmentbank.kotak.com  
**Contact Person:** Ganesh Rane  
**SEBI Registration No.:** INM000008704

#### **SBI Capital Markets Limited**

1501, 15th Floor, A&B Wing, Parinee Crescenzo  
G Block, Bandra Kurla Complex  
Bandra (East), Mumbai 400 051  
Maharashtra, India  
**Tel:** +91 22 4006 9807  
**E-mail:** grasim.rights@sbicaps.com  
**Investor Grievance ID:**  
investor.relations@sbicaps.com  
**Website:** www.sbicaps.com  
**Contact Person:** Vaibhav Shah  
**SEBI Registration No.:** INM000003531

#### **Legal Counsel to our Company as to Indian Law**

##### **Cyril Amarchand Mangaldas**

5<sup>th</sup> Floor, Peninsula Chambers  
Peninsula Corporate Park  
Ganpatrao Kadam Marg  
Lower Parel, Mumbai 400 013  
Maharashtra, India  
**Tel:** +91 22 2496 4455

#### **Statutory Auditors of our Company**

##### **B S R & Co. LLP, Chartered Accountants**

14th Floor, Central B Wing and North C Wing,  
Nesco IT Park 4, Nesco Center, Western Express  
Highway, Goregaon (East), Mumbai 400 063  
India  
**Tel:** +91 22 6257 1000  
**E-mail:** vikask@bsraffiliates.com  
**Firm Registration Number:** 101248W/W-100022  
**Peer Review Certificate Number:** 014196

##### **KKC & Associates LLP**

(formerly *Khimji Kunverji & Co LLP*), Chartered  
Accountants  
Sunshine Tower, Level 19,  
Senapati Bapat Marg  
Elphinstone Road, Mumbai – 400 013  
India  
**Tel:** +91 22 6143 7333  
**E-mail:** info@kkcllp.in  
**Firm Registration Number:** 105146W/W-100621  
**Peer Review Certificate Number:** 013336

#### **Registrar to the Issue**

##### **KFin Technologies Limited** (formerly known as *KFin Technologies Private Limited*)

Selenium, Tower B, Plot No-31 and 32  
Financial District, Nanakramguda  
Serilingampally, Hyderabad  
Rangareddi 500 032  
Telangana, India  
**Tel:** 1800 309 4001/+91 40 6716 2222  
**E-mail:** gil.rights@kfintech.com  
**Investor grievance email:** einward.ris@kfintech.com  
**Website:** www.kfintech.com  
**Contact Person:** M Murali Krishna  
**SEBI Registration No.:** INR000000221

Investors may contact the Registrar to the Issue or our Company Secretary and Compliance Officer for any pre-Issue or post-Issue related matters. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB giving full details such as name, address of the Applicant, contact number(s), e-mail address of the sole/ first holder, folio number or demat account, number of Rights Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSB where the Application Forms, or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip. For details on the ASBA process, see “*Terms of the Issue*” beginning on page 617.

## Experts

Our Company has received consent from the Statutory Auditors, namely B S R & Co. LLP, Chartered Accountants and KKC & Associates LLP (*formerly Khimji Kunverji & Co LLP*), Chartered Accountants, through their letters dated December 19, 2023 and January 3, 2024, respectively, to include their names as required under Section 26(1) of the Companies Act, 2013 in this Letter of Offer and as an “expert” as defined under Section 2(38) of the Companies Act, 2013 in respect of and inclusion of (i) the Audited Consolidated Financial Statements and the Unaudited Consolidated Financial Results and the audit reports dated May 26, 2023 and May 24, 2022, respectively, in respect of the Audited Consolidated Financial Statements and the review reports dated November 13, 2023 and November 14, 2022, respectively, in respect of the Unaudited Consolidated Financial Results, the Unaudited Standalone Financial Results for six months ended September 30, 2023 and the review report dated November 13, 2023, as applicable, and (ii) the statement of possible special tax benefits available to our Company, its shareholders and our Material Subsidiaries dated December 19, 2023, and such consents have not been withdrawn as of the date of this Letter of Offer.

Our Company has received consent by way of a certificate dated January 4, 2024 from a cost accountant, namely D C Dave & Co. to include its name in this Letter of Offer, as an “expert” as defined under section 2(38) of the Companies Act, 2013 in respect of the certificate issued by them in their capacity as a cost accountant, and such consent has not been withdrawn as on the date of this Letter of Offer. However, the term “expert” shall not be construed to mean an “expert” as defined under the U.S. Securities Act.

## Banker to the Issue

### Axis Bank Limited

Axis House, 6<sup>th</sup> Floor

C-2, Wadia International Centre

Pandurang Budhkar Marg

Worli, Mumbai 400 025

Maharashtra, India

**Tel:** +91 22 2425 3672

**E-mail:** vishal.lade@axisbank.com

**Website:** www.axisbank.com

**Contact Person:** Vishal M. Lade

**SEBI Registration No.:** INBI00000017

## Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at [www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34](http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34) and updated from time to time. For a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA Forms from the Designated Intermediaries, please refer to the above-mentioned link.

## Issue Schedule

Last Date for credit of Rights Entitlements	Tuesday, January 16, 2024
<b>Issue Opening Date</b>	Wednesday, January 17, 2024
Last date for On Market Renunciation of Rights Entitlements #	Tuesday, January 23, 2024
<b>Issue Closing Date*</b>	Monday, January 29, 2024
Finalization of Basis of Allotment (on or about)	Wednesday, February 7, 2024
Date of Allotment (on or about)	Thursday, February 8, 2024
Date of credit (on or about)	Friday, February 9, 2024
Date of listing (on or about)	Monday, February 12, 2024

# Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renounees on or prior to the Issue Closing Date.

\* Our Board or the Rights Issue Committee will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

The above schedule is indicative and does not constitute any obligation on our Company or the Lead Managers.

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two clear Working Days prior to the Issue Closing Date, *i.e.*, Tuesday, January 23, 2024 to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date, *i.e.*, Thursday, January 25, 2024. Such Eligible Equity Shareholders holding shares in physical form can update the details of their respective demat accounts on the website of the Registrar (*i.e.* <https://rights.kfintech.com>). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts.

Investors are advised to ensure that the Application Forms are submitted on or before the Issue Closing Date. Our Company, the Lead Managers or the Registrar will not be liable for any loss on account of non-submission of Application Forms on or before the Issue Closing Date. Further, it is also encouraged that the applications are submitted well in advance before Issue Closing Date. For details on submitting Application Forms, see “*Terms of the Issue - Process of making an Application in the Issue*” on page 619.

The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar at <https://rights.kfintech.com> after keying in their respective details along with other security control measures implemented thereat. For further details, see “*Terms of the Issue- Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders*” on page 629.

Please note that if no Application is made by the Eligible Equity Shareholders of Rights Entitlements on or before the Issue Closing Date, such Rights Entitlements shall lapse and shall be extinguished after the Issue Closing Date. No Rights Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from market and the purchaser will lose the premium paid to acquire the Rights Entitlements. Persons who are credited the Rights Entitlements are required to make an Application to apply for Rights Equity Shares offered under the Issue for subscribing to the Rights Equity Shares.

### Inter se allocation of responsibilities

The following table sets forth the responsibilities of the Lead Managers for various activities in relation to the Issue:

S. No.	Activity	Responsibility	Coordination
1.	Capital structuring with the relative components and formalities such as type of instrument, number of instruments to be issued, etc.	Lead Managers	Axis
2.	Coordination for drafting and design of the Letter of Offer as per the SEBI ICDR Regulations, SEBI LODR Regulations and other stipulated requirements and completion of prescribed formalities with the Stock Exchanges and SEB	Lead Managers	Axis
3.	Drafting, design and distribution of the Abridged Letter of Offer, Application Form, Rights Entitlement Letter etc. and memorandum containing salient features of the Letter of Offer	Lead Managers	Axis
4.	Selection of various agencies connected with the Issue, namely Registrar to the Issue, printers, escrow bank, advertisement agencies, and Monitoring Agency and coordination of execution of related agreements	Lead Managers	Axis
5.	Drafting and approval of all statutory advertisements	Lead Managers	Axis
6.	Drafting and approval of all publicity material including corporate advertisement, brochures, corporate films, etc.	Lead Managers	JM Financial
7.	Formulating and coordination of international marketing strategy and issue structuring	Lead Managers	BofA
8.	Preparation of presentation	Lead Managers	Jefferies
9.	Formulating and coordination of domestic marketing strategy	Lead Managers	Axis
10.	Formulating retail strategy (including high net worth individual/portfolio management services) which will cover, <i>inter alia</i> , distribution of publicity and Issue materials including application form, brochure and Letter of Offer and coordination for queries related to retail investors	Lead Managers	Kotak
11.	Submission of 1% security deposit and formalities for use of online software with stock exchanges	Lead Managers	SBICAPS
12.	Post-Issue activities, which shall involve essential follow-up steps including follow-up with Banker to the Issue and the SCSBs to get quick estimates of collection and advising our Company about the closure of the Issue, finalization of the Basis of Allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds and coordination with various agencies connected with the post-issue activity such as Registrar to the Issue, Banker to the Issue, SCSBs, etc., and coordination for underwriting arrangement, if any	Lead Managers	Axis

### Credit Rating

As the Issue is of Equity Shares, there is no credit rating required for the Issue.

### Debenture Trustee

As the Issue is of Equity Shares, the appointment of a debenture trustee is not required.



## **Monitoring Agency**

Our Company has appointed CARE Ratings Limited to monitor the utilization of the Net Proceeds in terms of Regulation 82 of the SEBI ICDR Regulations.

### **CARE Ratings Limited**

4<sup>th</sup> Floor, Godrej Coliseum  
Somaiya Hospital Road, off Eastern Express Highway  
Sion (East), Mumbai 400 022  
Tel: +91 22 6754 3456

**Contact Person:** Maheshkumar Narhare

**E-mail:** maheshkumar.narhare@careedge.in

**Website:** <https://www.careratings.com>

## **Appraising Entity**

None of the purposes for which the Net Proceeds are proposed to be utilized have been financially appraised by any banks or financial institution or any other independent agency.

## **Book Building Process**

As the Issue is a rights issue, the Issue shall not be made through the book building process.

## **Minimum Subscription**

The objects of the Issue involve (i) repayment or prepayment, in full or part, of certain borrowings availed by our Company; and (ii) general corporate purposes. Further, pursuant to certificates each dated January 4, 2024, our Promoters and Promoter Group have confirmed that they will (i) subscribe to the full extent of their Rights Entitlements in the Issue and that they shall not renounce the Rights Entitlements (except to the extent of Rights Entitlements renounced by any of them in favour of our Promoters or other member(s) of our Promoter Group); (ii) subscribe to additional Rights Entitlements over and above their Rights Entitlements, if any, which are renounced in their favour by our Promoters or any other member(s) of our Promoter Group; and (iii) subscribe to additional Rights Equity Shares, if any, which may remain unsubscribed in the Issue, each as may be applicable, subject to the aggregate shareholding of our Promoters and Promoter Group being compliant with the minimum public shareholding requirements under the SCRR and the SEBI LODR Regulations. Accordingly, in terms of the proviso to Regulation 86(1) of the SEBI ICDR Regulations, the requirement of minimum subscription is not applicable to the Issue.

Any participation by our Promoters and Promoter Group, over and above their Rights Entitlements, shall not result in a breach of the minimum public shareholding requirements prescribed under applicable law. For details on the manner in which our Promoters and members of the Promoter Group holding GDRs will participate in the Issue, see “*Notice to Investors – Notice to GDR Holders*” on page 12.

## **Underwriting**

This Issue is not underwritten.

## **Filing**

This Letter of Offer is being filed with the Stock Exchanges and SEBI as per the provisions of the SEBI ICDR Regulations. Further, our Company will simultaneously while filing this Letter of Offer with the Designated Stock Exchange, do an online filing with SEBI through the SEBI intermediary portal at [www.siportal.sebi.gov.in](http://www.siportal.sebi.gov.in), in terms of the SEBI ICDR Master Circular.

## CAPITAL STRUCTURE

The share capital of our Company as at the date of this Letter of Offer and the details of the Equity Shares proposed to be issued in the Issue, and the issued, subscribed and paid-up share capital after the Issue is as set forth below:

		<i>(In ₹, except share data)</i>	
	Particulars	Aggregate Value at Face Value	Aggregate Value at Issue Price
<b>A</b>	<b>AUTHORISED SHARE CAPITAL</b>		
	2,06,25,00,000 Equity Shares	4,12,50,00,000	NA
	11,00,000 Redeemable Cumulative Preference Shares	11,00,00,000	NA
<b>B</b>	<b>ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE ISSUE</b>		
	65,84,48,791 Equity Shares <sup>(1)(2)</sup>	1,31,68,97,582	NA
<b>C</b>	<b>PRESENT ISSUE IN TERMS OF THIS LETTER OF OFFER</b>		
	Up to 2,20,73,935 Rights Equity Shares <sup>(3)(4)</sup>	Up to 4,41,47,870	Up to 39,99,79,70,002
<b>D</b>	<b>ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE ISSUE</b> <sup>(4) (5)(6)</sup>		
	<b>Issued share capital</b>		
	68,05,22,726 Equity Shares <sup>(7)</sup>	1,32,79,34,550	NA
	<b>Subscribed and paid-up share capital</b>		
	65,84,48,791 fully paid-up Equity Shares	1,31,68,97,582	NA
	2,20,73,935 Rights Equity Shares	Up to 1,10,36,968 <sup>(8)</sup>	NA
<b>SECURITIES PREMIUM ACCOUNT</b>			<i>(in ₹ crore)</i>
Before the Issue			23,742.38
After all the Calls are made in respect of the Rights Equity Shares <sup>(5)</sup>			27,737.76

<sup>(1)</sup> Excluding 28,295 Equity Shares to be issued as fully paid up pursuant to acquisition of the cement business of Aditya Birla Nuvo Limited under scheme of arrangement without the payment being received in cash and 61,985 Equity Shares kept in abeyance pursuant to the provisions of Section 126 of the Companies Act, 2013, which along with the issued, subscribed, paid-up and outstanding Equity Shares prior to the Issue aggregates to 65,85,39,071 Equity Shares.

<sup>(2)</sup> Including 4.76% of the paid up Equity Share capital of our Company held by our Promoter and members of the Promoter Group and 3.91% of the paid up Equity Share capital of our Company held by the public shareholders by way of GDRs.

<sup>(3)</sup> The Issue has been authorised by our Board pursuant to a resolution dated October 16, 2023. The terms of the Issue including the Record Date and Rights Entitlement ratio, have been approved by the Board pursuant to a resolution dated January 4, 2024.

<sup>(4)</sup> On Application, the Investors will have to pay ₹453 per Rights Equity Share (including a premium of ₹452.50 per Rights Equity Share) which constitutes 25% of the Issue Price and the balance ₹1,359 per Rights Equity Share (including a premium of ₹1,357.50 per Rights Equity Share) which constitutes 75% of the Issue Price, will have to be paid, in up to three additional Calls, with terms and conditions such as the number of Calls and the timing and quantum of each Call as may be decided by our Board/ Rights Issue Committee from time to time, to be completed on or prior to March, 2026, pursuant to the Payment Schedule, after payment of the Application Money.

<sup>(5)</sup> Assuming full subscription in the Issue, Allotment and subject to full payment of all Call Monies by the Rights Equity Shareholders. Subject to finalisation of Basis of Allotment and deduction of Issue related expenses.

<sup>(6)</sup> Including 4.61% of the paid up Equity Share capital of our Company held by our Promoter and members of the Promoter Group and 3.78% of the paid up Equity Share capital of our Company held by the public shareholders by way of GDRs.

<sup>(7)</sup> Excluding 28,295 Equity Shares to be issued as fully paid up pursuant to acquisition of the cement business of Aditya Birla Nuvo Limited under scheme of arrangement without the payment being received in cash and 61,985 Equity Shares kept in abeyance pursuant to the provisions of Section 126 of the Companies Act, 2013, which along with the issued, subscribed, paid-up and outstanding Equity Shares post the Issue aggregates to 68,06,13,006 Equity Shares.

<sup>(8)</sup> To the extent of Application Money.

### Notes to the Capital Structure

#### 1. Shareholding pattern of our Company as per the last filing with the Stock Exchanges in compliance with the provisions of the SEBI LODR Regulations

a) The shareholding pattern of our Company as on September 30, 2023, can be accessed on the website of BSE at [www.bseindia.com/stock-share-price/grasim-industries-ltd/grasim/500300/shareholding-pattern/](http://www.bseindia.com/stock-share-price/grasim-industries-ltd/grasim/500300/shareholding-pattern/); and NSE at [www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=GRASIM&tabIndex=equity](http://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=GRASIM&tabIndex=equity);

b) The statement showing holding of Equity Shares of persons belonging to the category “Promoters and Promoter Group” including the details of lock-in, pledge of and encumbrance thereon, as on September 30, 2023, can be accessed on the website of BSE at [www.bseindia.com/corporates/shpPromoterNGroup.aspx?scripcd=500300&qtrid=119.00&QtrName=September%202023](http://www.bseindia.com/corporates/shpPromoterNGroup.aspx?scripcd=500300&qtrid=119.00&QtrName=September%202023) and NSE at [www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=GRASIM&tabIndex=equity](http://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=GRASIM&tabIndex=equity);

c) The statement showing holding of securities (including Equity Shares, warrants, convertible securities) of persons belonging to the category “Public” including Equity Shareholders holding more than 1% of the total

number of Equity Shares as on September 30, 2023, as well as details of shares which remain unclaimed for public can be accessed on the website of BSE at [www.bseindia.com/corporates/shpPublicShareholder.aspx?scripcd=500300&qtrid=119.00&QtrName=September%202023](http://www.bseindia.com/corporates/shpPublicShareholder.aspx?scripcd=500300&qtrid=119.00&QtrName=September%202023) and NSE at [www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=GRASIM&tabIndex=equity](http://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=GRASIM&tabIndex=equity).

2. No Equity Shares have been acquired by our Promoters or members of our Promoter Group in the last one year immediately preceding the date of filing of this Letter of Offer with the Designated Stock Exchange.
3. Except as provided below, there are no outstanding options or convertible securities, including any outstanding warrants or rights to convert debentures, loans or other instruments convertible into our Equity Shares as on the date of this Letter of Offer:

#### ***Employee stock option schemes***

Our Company has three employee stock option schemes (“**ESOS**”), namely Grasim Industries Limited Employee Stock Option Scheme 2013 (“**ESOS 2013**”), Grasim Industries Limited Employee Stock Option Scheme 2018 (“**ESOS 2018**”) and Grasim Industries Limited Employee Stock Option and Performance Stock Unit Scheme 2022 (“**ESOS 2022**”), and collectively the “**ESOS Schemes**”)

#### **ESOS 2013**

Our Company has formulated ESOS 2013, which was approved pursuant to a Board resolution dated May 4, 2013, and shareholders’ resolution dated August 17, 2013.

The details as to grants, exercise and lapse of options as on the date of this Letter of Offer are as follows:

<b>Particulars</b>	<b>ESOS 2013</b>
Options granted	10,44,245
Options vested	9,54,790
Options exercised	8,93,915
Vesting period	Ranging from 1-4 years from the date of grant
Total number of Equity Shares that would arise as a result of full exercise of options granted (net of cancelled options)	60,875
Options forfeited/lapsed/cancelled	89,455
Variation in terms of options	N/A
Money realized by exercise of options	₹ 43.47 crore
Total number of options in force	60,875

#### **ESOS 2018**

Our Company has formulated ESOS 2018, which was approved pursuant to a Board resolution dated August 14, 2018, and shareholders’ resolution dated September 14, 2018.

The details as to grants, exercise and lapse of options as on the date of this Letter of Offer are as follows:

<b>Particulars</b>	<b>ESOS 2018</b>
Options granted	31,37,138
Options vested	14,31,001
Options exercised	6,19,407
Vesting period	Ranging from 1-4 years from the date of grant
Total number of Equity Shares that would arise as a result of full exercise of options granted (net of cancelled options)	N/A*
Options forfeited/lapsed/cancelled	9,55,417
Variation in terms of options	N/A
Money realized by exercise of options	₹ 38.91 crore
Total number of options in force	15,62,314

\* ESOS 2018 is implemented through an employee welfare trust established by our Company and not through direct allotment of Equity Shares upon exercise of vested options. Accordingly, on the exercise of the options, the employee welfare trust transfers the Equity Shares to eligible employees upon payment of the options exercise price and the eligible employees are not directly allotted new Equity Shares by our Company upon exercise of vested options.

#### **ESOS 2022**

Our Company has formulated the ESOS 2022, which was approved pursuant to a Board resolution dated July 19, 2022, and shareholders’ resolution dated August 29, 2022.

The details as to grants, exercise and lapse of options as on the date of this Letter of Offer are as follows:

Particulars	ESOS 2022
Options granted	5,64,126
Options vested	-
Options exercised	-
Vesting period	Ranging from 1-3 years from the date of grant
Total number of Equity Shares that would arise as a result of full exercise of options granted (net of cancelled options)	N/A*
Options forfeited/lapsed/cancelled	1,835
Variation in terms of options	N/A
Money realized by exercise of options	-
Total number of options in force	5,62,291

\* ESOS 2022 is implemented through an employee welfare trust established by our Company and not through direct allotment of Equity Shares upon exercise of vested options. Accordingly, on the exercise of the options, the employee welfare trust transfers the Equity Shares to eligible employees upon payment of the options exercise price and the eligible employees are not directly allotted new Equity Shares by our Company upon exercise of vested options.

#### 4. **Intention and extent of participation by our Promoters and Promoter Group**

Pursuant to certificates each dated January 4, 2024, our Promoters and Promoter Group have confirmed that they will (i) subscribe to the full extent of their Rights Entitlements in the Issue and that they shall not renounce the Rights Entitlements (except to the extent of Rights Entitlements renounced by any of them in favour of our Promoters or other member(s) of our Promoter Group); (ii) subscribe to additional Rights Entitlements over and above their Rights Entitlements, if any, which are renounced in their favour by our Promoters or any other member(s) of our Promoter Group; and (iii) subscribe to additional Rights Equity Shares, if any, which may remain unsubscribed in the Issue, each as may be applicable, subject to the aggregate shareholding of our Promoters and Promoter Group being compliant with the minimum public shareholding requirements under the SCRR and the SEBI LODR Regulations. For details on the manner in which our Promoters and members of the Promoter Group holding GDRs will participate in the Issue, see “*Notice to Investors – Notice to GDR Holders*” on page 12.

The acquisition of Rights Equity Shares by our Promoters and other members of our Promoter Group in this Issue shall be eligible for exemption from open offer requirements in terms of Regulation 10(4)(a) and 10(4)(b) of the SEBI Takeover Regulations, and the Issue shall not result in a change of control of the management of our Company in accordance with provisions of the SEBI Takeover Regulations. Our Company is in compliance with Regulation 38 of the SEBI LODR Regulations and will continue to comply with the minimum public shareholding requirements under applicable law, pursuant to this Issue.

5. The ex-rights price of the Equity Shares as per regulation 10(4)(b) of the SEBI Takeover Regulations is ₹2,000.75.
6. The Company has facilitated the issuance of global depository receipts (“GDRs”) by way of certain deposit agreements which are listed on the Luxembourg Stock Exchange and each of the GDRs represent a beneficial ownership in one equity share of face value of ₹2 each of the Company. The GDR holders represent 8.67% of the paid up Equity Share capital of our Company, out of which 4.76% of the paid up Equity Share capital of our Company is held by GDR holders that are part of the Promoter and Promoter Group (“P&PG GDR Holders”).
7. Our Company shall ensure that any transaction in the specified securities by our Promoters and members of our Promoter Group during the period between the date of filing this Letter of Offer with the Stock Exchanges and the date of closure of the Issue shall be reported to the Stock Exchange within 24 hours of such transaction.
8. At any given time, there shall be only one denomination of the Equity Shares of our Company.
9. All Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Letter of Offer. Further, under Regulation 89 of the SEBI ICDR Regulations and Clause 4.3 of the Reserve Bank of India Master Direction – Foreign Investment in India, bearing reference no. RBI/FED/2017-18/60, dated January 4, 2018, as amended, the Rights Equity Shares Allotted through the Issue are not required to be made fully paid-up, or forfeited for non-payment of calls within twelve months from the date of allotment of the Rights Equity Shares, as our Company has appointed a Monitoring Agency for the purposes of the Issue. The Rights Equity Shares, when issued, shall be partly paid-up. For further details on the terms of the Issue, see “*Terms of the Issue*” beginning on page 617.
10. **Details of the Equity Shareholders holding more than 1% of the issued and paid-up Share Capital**

The table below sets forth details of Equity Shareholders holding more than 1% of the issued and paid-up Share Capital of our Company, as of September 30, 2023:

Sr. No	Name of the Equity Shareholders	Number of Equity Shares held	Percentage of Equity Shares held (%)
1.	Birla Group Holdings Private Limited	12,50,04,398	18.98
2.	Life Insurance Corporation of India	5,77,26,936	8.77
3.	IGH Holdings Private Limited	4,24,36,393	6.44
4.	Hindalco Industries Limited	2,82,22,468	4.29
5.	Umang Commercial Company Private Limited	2,67,46,262	4.06
6.	Citibank N.A. New York, NYADR Department*	2,57,45,521	3.91
7.	Pilani Investment and Industries	2,47,14,527	3.75
8.	P.T. Indo Bharat Rayon*	2,00,04,020	3.04
9.	Government Pension Fund Global	1,01,93,029	1.55
10.	Gagandeep Credit Capital Private Ltd	97,23,232	1.48
11.	Shamyak Investment Private Limited	91,88,957	1.40
12.	SBI Nifty 50 ETF	91,11,901	1.38
13.	Samyaktva Construction LLP	85,00,125	1.29
14.	ICICI Prudential Bluechip Fund	68,74,981	1.04

\*Holders of GDRs

## OBJECTS OF THE ISSUE

Our Company intends to utilize the Net Proceeds from the Issue towards funding of the following objects:

1. Repayment or prepayment, in full or in part, of certain borrowings availed by our Company; and
2. General corporate purposes.

The main objects and objects incidental or ancillary to the main objects as stated in the Memorandum of Association enable our Company to undertake (i) its existing business activities; and (ii) activities for which borrowings were availed and which are proposed to be repaid from the Net Proceeds.

The details of the Net Proceeds are summarized in the table below:

Particulars	Amount <span style="float: right;"><i>(in ₹ crore)</i></span>
Issue Proceeds*	3,999.80
Less: Estimated Issue related expenses**	22.15
<b>Net Proceeds**</b>	<b>3,977.65</b>

\* Assuming full subscription in the Issue, Allotment and receipt of Call Monies with respect to the Rights Equity Shares. Subject to finalization of the Basis of Allotment.

\*\* Estimated and subject to change for factors. See “- Estimated Issue Related Expenses” on page 67.

### Requirement of Funds and Utilisation of Net Proceeds

The Net Proceeds are proposed to be used in accordance with the details set forth in the following table:

Particulars	Estimated amount (up to)** <span style="float: right;"><i>(in ₹ crore)</i></span>
Repayment or prepayment, in full or in part, of certain borrowings availed by our Company	3,000.00
General corporate purposes*	977.65
<b>Total Net Proceeds**</b>	<b>3,977.65</b>

\* Subject to finalisation of Basis of Allotment and Allotment. The amount utilised for general corporate purposes shall not exceed 25% of the Issue Proceeds.

\*\*Assuming full subscription in the Issue, Allotment and receipt of Call Monies with respect to the Rights Equity Shares. Subject to finalization of the Basis of Allotment.

### Means of Finance

The funding requirements mentioned above are based on the internal management estimates of our Company and have not been appraised by any bank, financial institution, or any other external agency. They are based on the current circumstances of our business and our Company may have to revise its estimates from time to time on account of various factors beyond its control, such as market conditions, competitive environment, costs of commodities and interest or exchange rate fluctuations. Consequently, the funding requirements of our Company and deployment schedules are subject to revision in the future at the discretion of our management and may also be subject to the timing of making Calls in the future, as determined by our Board or a committee thereof at its sole discretion, in accordance with applicable laws. If additional funds are required for the purposes as mentioned above, such requirement may be met through internal accruals, additional capital infusion, debt arrangements or any combination of them, subject to compliance with applicable laws. Further, in the event of any shortfall of funds for any of the activities proposed to be financed out of the Net Proceeds, our Company may re-allocate the Net Proceeds to the activities where such shortfall has arisen, subject to compliance with applicable laws.

Since our Company is not proposing to fund any specific project from the Net Proceeds, the requirement to make firm arrangements of finance through verifiable means towards 75% of the stated means of finance for such project proposed to be funded from the Net Proceeds, excluding the amount to be raised through the Issue or existing identifiable internal accruals, is not applicable to us.

### Proposed Schedule of Implementation and Deployment of funds

Our Company shall raise 25% of the Issue Proceeds on Application with balance monies being raised in up to three additional Calls, with terms and conditions such as the number of Calls and the timing and quantum of each Call as may be decided by our Board/ Rights Issue Committee from time to time, to be completed on or prior to March 2026, which constitutes 75% of the Issue Price, pursuant to the Payment Schedule, after payment of the Application Money. The following table provides for the proposed deployment of funds to be raised at Application after deducting Issue related expenses:

(in ₹ crore)

Particulars	Amount proposed to be funded from the Net Proceeds at Application (post adjustment of estimated Issue related expenses)	Proposed schedule for deployment of the Net Proceeds at Application in Fiscal 2024
Repayment or prepayment, in full or in part, of certain borrowings availed by our Company	977.80	977.80
General corporate purposes*	0.00	0.00
<b>Total**</b>	<b>977.80</b>	<b>977.80</b>

\* Subject to finalisation of Basis of Allotment and Allotment. The amount utilised for general corporate purposes shall not exceed 25% of the Issue Proceeds.

\*\*Assuming full subscription in the Issue, Allotment and receipt of Call Monies with respect to the Rights Equity Shares. Subject to finalization of the Basis of Allotment.

Our Company proposes to deploy the entire Net Proceeds towards the objects as described herein from Fiscal 2024 to Fiscal 2027. However, if the Net Proceeds raised in Fiscal 2024, Fiscal 2025 and Fiscal 2026, as applicable are not completely utilised for the objects stated above by Fiscal 2024, Fiscal 2025 and Fiscal 2026, as applicable due to various factors beyond our control, such as economic and business conditions, market conditions, competitive environment, costs of commodities, interest or exchange rate fluctuations and including any terms and conditions of our Company's borrowings and any other business and commercial considerations, the remaining Net Proceeds would be utilised (in part or in full) in Fiscal 2024, Fiscal 2025, Fiscal 2026 and Fiscal 2027, as applicable. The deployment scheduled from Fiscal 2024 to Fiscal 2027 will be contingent upon Call Monies received, subject to 75% being utilized for repayment or prepayment of borrowings. The details in relation to utilization of Net Proceeds of the Issue are set forth herein below.

As and when our Company makes the Calls for the balance monies with respect to the Rights Equity Shares, our Company shall endeavour to utilize the proceeds raised from such Calls within the same Fiscal as the receipt of the said Call Monies, failing which our Company shall utilize the said Call Monies in the subsequent Fiscal. Our Board and/ or the Rights Issue Committee retain the right to change the above schedule of implementation and deployment of Net Proceeds, including the manner, method, and timing of deployment of the Net Proceeds, in case of any delay in payment and/or non-receipt of Call Monies and/or change in our business requirements and other commercial considerations, subject to compliance with applicable laws.

#### Details of the objects to be financed from the Net Proceeds

The details in relation to objects of the Issue are set forth herein below.

#### I. Repayment or prepayment, in full or in part, of certain borrowings availed

Our Company has, in the ordinary course of business, entered into financing arrangements with banks, financial institutions and other entities to avail term loans, working capital facilities, non-convertible debentures and commercial papers amongst other financial instruments. As of September 30, 2023, our Group's total borrowings (non-current borrowings and current borrowings) were ₹ 120,068.09 crore (excluding interest).

Our Company proposes to utilise an estimated amount of ₹3,000.00 crore from the Net Proceeds towards full or partial repayment or prepayment of borrowings availed by our Company. However, given that our Company is raising only 25% of the Issue Proceeds on Application, with the balance being raised in Calls, our Company retains the right to utilize the Net Proceeds to repay or prepay in full or in part the borrowings identified herein below, including any refinancing/ roll overs undertaken by our Company to repay or prepay these borrowings, as well as repay or prepay any other existing or fresh borrowings taken by our Company in due course.

The following table provides details of certain borrowings availed by our Company which are outstanding as on December 12, 2023, which are currently proposed to be repaid, in full or in part, from the Net Proceeds. The amounts outstanding against the borrowings disclosed below may vary from time to time, in accordance with the amounts drawn down, repayment or prepayment and the prevailing interest rates. Further, given the nature of borrowings disclosed in the table below, our Company may refinance/ roll over some or all of such borrowings in the ordinary course of business depending on the requirements of our Company. Accordingly, our Company may utilise the Net Proceeds for repayment or prepayment of such refinanced/ rolled over borrowings or fresh borrowings obtained by our Company.

Sr. No.	Name of lender / ISIN number	Nature of borrowing	Principal amount sanctioned as on December 12, 2023 (₹ in crore)	Principal amount outstanding as on December 12, 2023 (₹ in crore)	Rate of Interest (% per annum)	Prepayment or Redemption, as applicable	Purpose*	Maturity/ Validity Date
1.	INE047A14842 <sup>#</sup>	Commercial paper	500.00	500.00	7.17%	-	Raw material payment /bridge finance	January 23, 2024
2.	INE047A14859 <sup>#</sup>	Commercial paper	600.00	600.00	7.30%	-	Working Capital	January 29, 2024
3.	INE047A14867 <sup>#</sup>	Commercial paper	650.00	650.00	7.37%	-	Refinance existing debt	March 7, 2024
4.	Debenture	Non-	500.00	500.00	7.85%	Debentures are	Inter alia, for	April 15,

Sr. No.	Name of lender / ISIN number	Nature of borrowing	Principal amount sanctioned as on December 12, 2023 (₹ in crore)	Principal amount outstanding as on December 12, 2023 (₹ in crore)	Rate of Interest (% per annum)	Prepayment or Redemption, as applicable	Purpose*	Maturity/ Validity Date
	holders/ INE047A08141 <sup>#</sup>	convertible debentures				required to be fully redeemed on a pari passu basis by our Company by way of bullet repayment in a single installment on the final redemption date.	refinancing of existing borrowings/ capex/ and/ or for any other purpose in the ordinary course of business of our Company	2024
5.	Debenture holders/ INE047A08158 <sup>#</sup>	Non-convertible debentures	750.00	750.00	7.60%	Debentures are required to be fully redeemed on a pari passu basis by our Company by way of bullet repayment in a single installment on the final redemption date.	<i>Inter alia</i> , for refinancing of existing borrowings/ capex and/ or for any other purpose in the ordinary course of business of our Company	June 4, 2024
6.	Debenture holders/ INE047A08216	Non-convertible debentures	1,000.00	1,000.00	7.35%	Debentures are required to be fully redeemed on a pari passu basis by our Company by way of bullet repayment in a single installment on the final redemption date.	<i>Inter alia</i> , for refinancing of existing borrowings/ capex / reimbursement of last 12 month capex	July 31, 2026 <sup>^</sup>
7.	Axis Bank Limited <sup>§</sup>	Term loan	2,500.00	1,300.00	Three month treasury-bill + 1.30% per annum payable at monthly intervals	Prepayment without any prepayment penalty subject to prior intimation.	Capital expenditure to be incurred; reimbursement of capital expenditure already incurred in last 12 months; or re-payment of existing borrowings	34 structured installments with prepayment of principal installments commencing on December 31, 2024 and concluding on April 1, 2033
	<b>Total</b>		<b>6,500.00</b>	<b>5,300.00</b>				

\* Our Company has obtained a certificate dated January 4, 2024 from J. Kala & Associates, Chartered Accountants, certifying that the borrowings mentioned in the table above have been utilised towards the purposes for which such borrowings were availed.

<sup>#</sup> These debentures and commercial papers are repayable during the Financial Year 2024 and Financial Year 2025 and could be repaid or rolled over or refinanced through short term or long-term borrowings and accordingly, in such an event such rolled over or refinanced borrowings would be repaid through Net Proceeds.

<sup>^</sup> December 27, 2024 (in case the put/ call option is exercised).

<sup>§</sup> Axis Bank Limited is an affiliate of Axis Capital Limited. For details, see "Risk Factors – A portion of the Net Proceeds may be utilized for repayment or prepayment of borrowings availed by our Company from Axis Bank Limited, which is an affiliate of Axis Capital Limited, one of the Lead Managers." on page 49.

The selection of borrowings proposed to be repaid above will be based on various factors, including (i) costs and expenses relating to the borrowings, including applicable interest rates, (ii) presence of onerous terms and conditions applicable to the borrowings, (iii) provisions of any law, rules or regulations governing such borrowings, and (iv) other commercial considerations including, among others, the amount outstanding and the remaining tenor of the borrowings.



We believe that such repayment or prepayment will help reduce our outstanding indebtedness and our debt-equity ratio and enable utilization of our internal accruals for further investment in business growth. In addition, we believe that the strength of our balance sheet and our leverage capacity may further improve, which may enable us to raise further capital in the future at competitive rates to fund potential business development opportunities and plans to grow and expand our business in the coming years.

## II. General corporate purposes

Our Company intends to deploy the balance Net Proceeds aggregating up to ₹977.65 crore towards general corporate purposes, provided that the amount to be utilized for general corporate purposes shall not exceed 25% of the Issue Proceeds, in compliance with the SEBI ICDR Regulations. Such utilisation towards general corporate purposes shall be to drive our business growth, including, amongst other things, (a) funding growth opportunities, (b) employee expenses, (c) meeting of exigencies which our Company may face in the course of any business, (d) advertising, brand building and other marketing expenses, (e) additional Issue expenses, if any, and any other purpose in the ordinary course of business as may be approved by the Board or a duly appointed committee from time to time, subject to compliance with applicable laws.

Our management will have flexibility in utilizing the proceeds earmarked for general corporate purposes. In the event that we are unable to utilize the entire amount that we have currently estimated for use out of Net Proceeds in a Fiscal, we will utilize such unutilized amount in the subsequent Fiscals.

### Estimated Issue Related Expenses

The estimated Issue related expenses are as follows:

<i>(unless otherwise specified, in ₹ crore)</i>				
Sr. No.	Particulars	Estimated amount*	Percentage of total estimated Issue expenditure (%)	Percentage of Issue Size (%)
1.	Fees payable to the Lead Managers	5.00	22.57%	0.13%
2.	Fees payable to legal advisors and other professional service providers (includes Statutory Auditors, practising company secretary, independent chartered account, etc.)	9.50	42.89%	0.24%
3.	Fees payable to the Registrar to the Issue	0.75	3.39%	0.02%
4.	Advertising, marketing and shareholder outreach expenses	0.50	2.26%	0.01%
5.	Fees payable to regulators, including Stock Exchanges, SEBI, depositories and other statutory fees	4.80	21.67%	0.12%
6.	Printing and stationery, distribution, postage, etc.	0.60	2.71%	0.02%
7.	Other expenses (including miscellaneous expenses and stamp duty)	1.00	4.51%	0.03%
<b>Total estimated Issue related expenses*</b>		<b>22.15</b>	<b>100.00%</b>	<b>0.55%</b>

\* Includes applicable taxes. Subject to finalisation of Basis of Allotment. In case of any difference between the estimated Issue related expenses and actual expenses incurred, the shortfall or excess shall be adjusted with the amount allocated towards general corporate purposes. All Issue related expenses will be paid out of the Issue Proceeds received at the time of receipt of the Application Money.

### Bridge Financing Facilities

Our Company has not availed any bridge loans from any banks or financial institutions as on the date of this Letter of Offer, which are proposed to be repaid from the Net Proceeds.

### Interim Use of Net Proceeds

Our Company shall deposit the Net Proceeds, pending utilisation of the Net Proceeds for the purposes described above, by depositing the same with scheduled commercial banks included in second schedule of Reserve Bank of India Act, 1934.

### Monitoring Utilization of Funds from the Issue

Our Company has appointed CARE Ratings Limited as the Monitoring Agency for the Issue to monitor the utilization of the Net Proceeds. The Monitoring Agency shall submit a report to our Board, till 100% of the Net Proceeds has been utilised, as required under Regulation 82 of the SEBI ICDR Regulations. Our Company will disclose the utilization of the Net Proceeds under a separate head in our balance sheet along with the relevant details, for all such amounts that have not been utilized. Our Company will indicate instances, if any, of unutilized Net Proceeds in the balance sheet of our Company for the relevant Fiscals subsequent to receipt of listing and trading approvals from the Stock Exchanges.

Pursuant to Regulation 32(3) of the SEBI LODR Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Net Proceeds. Further, pursuant to Regulation 32(5) of the SEBI LODR Regulations, our Company shall, on an annual basis, prepare a statement of funds utilised for purposes other than those stated in this Letter of Offer and place it before the Audit Committee and make other disclosures as may be required until such time as the Net Proceeds remain unutilised. Such disclosure shall be made only until such time that all the Net Proceeds have been utilised in full. The statement shall be certified by the Statutory Auditor(s) of our Company, which shall be submitted by our Company with the Monitoring Agency.

Furthermore, in accordance with Regulation 32(1) of the SEBI LODR Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilisation of the proceeds of the Issue from the objects of the Issue as stated above; and (ii) details of category wise variations in the actual utilisation of the proceeds of the Issue from the objects of the Issue as stated above. This information will also be published on our website and explanation for such variation (if any) will be included in our Director's report, after placing it before the Audit Committee.

#### **Strategic or Financial Partners**

There are no strategic or financial partners to the Objects of the Issue.

#### **Appraising entity**

None of the objects for which the Net Proceeds will be utilized have been appraised by any agency or any financial institution.

#### **Other confirmations**

No part of the proceeds of the Issue will be paid by our Company to our Promoters, our Promoter Group, our Directors or our Key Managerial Personnel or Senior Management, except in the normal course of business.

Our Promoters, our Promoter Group and our Directors do not have any interest in the objects of the Issue, and there are no material existing or anticipated transactions in relation to utilization of the Net Proceeds with our Promoters, Promoter Group, Directors, Key Managerial Personnel, Senior Management or associate companies (as defined under the Companies Act, 2013).

Our Company does not require any material government and regulatory approvals in relation to the objects of the Issue.

## STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS

The Board of Directors

Grasim Industries Limited

Aditya Birla Centre, 'A' Wing, 2nd Floor,

S.K. Ahire Marg, Worli, Mumbai- 400 030,

Maharashtra, India.

Date: December 19, 2023

**Subject: Statement of possible special tax benefits (“the Statement”) available to Grasim Industries Limited (“the Company” or “the Holding Company”), its shareholders and its material subsidiaries prepared in accordance with the requirement under Schedule VI – Part B - Clause (4)(VIII) (M) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“the ICDR Regulations”)**

This report is issued in accordance with the Engagement Letter dated 15 December, 2023.

We hereby report that the enclosed Annexure II prepared by the Company, initialed by us for identification purpose, states the possible special tax benefits available to the Company, its shareholders and its material subsidiaries, which is defined in Annexure I (**List of Material Subsidiaries Considered As Part Of The Statement**), under direct and indirect taxes (together “**the Tax Laws**”), presently in force in India as on the signing date, which are defined in Annexure I. These possible special tax benefits are dependent on the Company, its shareholders and its material subsidiaries, fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Company, its shareholders and its material subsidiaries to derive these possible special tax benefits is dependent upon their fulfilling such conditions, which is based on business imperatives the Company and its material subsidiaries may face in the future and accordingly, the Company, its shareholders and its material subsidiaries may or may not choose to fulfill.

The benefits discussed in the enclosed Annexure II cover the possible special tax benefits available to the Company, its shareholders and its material subsidiaries and do not cover any general tax benefits available to the Company, its shareholders and its material subsidiaries. Further, the preparation of the enclosed Annexure II and its contents is the responsibility of the Management of the Company. We were informed that the Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed Right issue offering of equity shares of the Company (the Issue”) particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the possible special tax benefits, which an investor can avail. Neither we are suggesting nor advising the investors to invest money based on the Statement.

We conducted our examination in accordance with the “Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)” (the “**Guidance Note**”) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

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.

We do not express any opinion or provide any assurance as to whether:

- i. the Company, its shareholders and its material subsidiaries will continue to obtain these possible special tax benefits in future; or
- ii. the conditions prescribed for availing the possible special tax benefits where applicable, have been/would be met with.

The contents of the enclosed Annexures I and II are based on the information, explanation and representations obtained from the Company and its material subsidiaries, and on the basis of our understanding of the business activities and operations of the Company and its material subsidiaries.

We did not verify the special tax benefits available to the list of material subsidiaries given in Annexure I. The Statement of Possible Special Tax Benefits for the list of material subsidiaries given in Annexure I has been verified by auditors of the respective material subsidiaries, whose reports have been furnished to us by the Management, and our opinion, insofar as it relates to the special tax benefits included in respect of such subsidiaries, is based solely on the reports of such other auditors.

Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our views are based on the existing provisions of the Tax Laws and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to the Company for any claims, liabilities or expenses relating to this

assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to the Company and any other person in respect of this Statement, except as per applicable law.

We hereby give consent to include this Report in the Letter of Offer (“LoF”) and in any other material used in connection with the Issue, and it is not to be used, referred to or distributed for any other purpose without our prior written consent.

For **B S R & Co. LLP**

*Chartered Accountants*

Firm's Registration No.:

101248W/W-100022

For **KKC & Associates LLP**

*Chartered Accountants*

Firm's Registration No.:

105146W/W100621

**Vikas R Kasat**

*Partner*

Membership No: 105317

ICAI UDIN: 23105317BGVTRA6131

Place: Calgary (Canada)

Date: December 19, 2023

**Gautam Shah**

*Partner*

Membership No: 117348

ICAI UDIN: 23117348BGSZMD7822

Place: Mumbai

Date: December 19, 2023

## ANNEXURE I

### LIST OF DIRECT AND INDIRECT TAX LAWS ('TAX LAWS')

<b>Sr. No.</b>	<b>Details of tax laws</b>
1.	Income-tax Act, 1961 and Income-tax Rules, 1962
2.	Central Goods and Services Tax Act, 2017
3.	Integrated Goods and Services Tax Act, 2017
4.	State Goods and Services Tax Act, 2017
5.	Customs Act, 1962 and Customs Tariff Act, 1975 read with respective Rules, Circulars and Notifications issued thereunder.
6.	Foreign Trade Policy 2023 read with Handbook of Procedures

### LIST OF MATERIAL SUBSIDIARIES CONSIDERED AS PART OF THE STATEMENT (Note 1)

1. Ultratech Cement Limited (UTCL)
2. Aditya Birla Capital Limited (ABCL)

Note 1: Material subsidiaries identified in accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, includes a subsidiary whose income or net worth in the immediately preceding year (i.e., 31 March 2023) exceeds 10% of the consolidated income or consolidated net worth respectively, of the holding company and its subsidiaries in the immediate preceding year.

## ANNEXURE II

### STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO GRASIM INDUSTRIES LIMITED ("THE COMPANY") AND ITS SHAREHOLDERS AND ITS MATERIAL SUBSIDIARIES UNDER THE APPLICABLE DIRECT AND INDIRECT TAXES ("TAX LAWS")

Outlined below are the Possible Special Tax Benefits available to the Company, its shareholders and its material subsidiaries under the Tax Laws. These Possible Special Tax Benefits are dependent on the Company, its shareholders and its material subsidiaries fulfilling the conditions prescribed under the Tax Laws. Hence, the ability of the Company, its shareholders and its material subsidiaries to derive the Possible Special Tax Benefits is dependent upon fulfilling such conditions, which are based on business imperatives it faces in the future, it may or may not choose to fulfill.

#### UNDER THE DIRECT TAX LAWS

##### A. Special tax benefits available to the Company

###### 1. Lower corporate tax rate under Section 115BAA of the Income Tax Act, 1961 ('the Act')

Section 115BAA has been inserted in the Act w.e.f. 1 April 2020 (A.Y. 2020 - 21). Section 115BAA of the Act grants an option to a domestic company to be governed by the section from a particular assessment year. If a company opts for section 115BAA of the Act, it can pay corporate tax at a reduced rate of 25.168% (22% plus surcharge of 10% and education cess of 4%). Section 115BAA of the Act further provides that domestic companies availing the said option will not be required to pay Minimum Alternate Tax ('MAT') on their 'book profits' under Section 115JB of the Act.

However, such a company will no longer be eligible to avail specified exemptions / incentives/deductions under the Act and will also need to comply with the other conditions specified in section 115BAA of the Act. Further, it shall not be allowed to claim set-off of any brought forward loss arising to it on account of additional depreciation and other specified incentives.

The Company has opted to apply section 115BAA of the Act.

###### 2. Section 80M - Deduction in respect of inter-corporate dividends

Section 80M provides for deduction from gross total income of a domestic company, of an amount equal to dividends received by such company from another domestic company or a foreign company or a business trust as does not exceed the amount of dividend distributed by it on or before one month prior to the due date of filing its tax return as prescribed under Section 139(1) of the Act.

Where the Company receives any such dividend during a Financial Year and also, distributes dividend to its shareholders before the aforesaid date, as may be relevant to the said Financial Year, it shall be entitled to the deduction under Section 80M of the Act.

###### 3. Section 80JJAA - Deduction in respect of employment of new employees

As per the section 80JJAA of the Act, the Company is entitled to claim deduction of an amount equal to thirty per cent of additional employee cost (relating to specified category of employees) incurred in the course of business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided. The eligibility to claim the deduction is subject to fulfillment of prescribed conditions specified in sub-section (2) of section 80JJAA of the Act.

##### B. Special tax benefits available to Shareholders of the Company

1. As per section 112A of the Act, long-term capital gains arising from transfer of an equity share, or a unit of an equity-oriented fund or a unit of a business trust shall be taxed at 10% (without indexation) of such capital gains subject to fulfillment of prescribed conditions under the Act as well as per Notification No. 60/2018/F. No.370142/9/2017-TPL dated 1 October 2018. It is worthwhile to note that tax shall be levied where such capital gains exceed INR 100,000.
2. As per section 111A of the Act, short term capital gains arising from transfer of an equity share, or a unit of an equity-oriented fund or a unit of a business trust shall be taxed at 15% subject to fulfillment of prescribed conditions under the Act.
3. With respect to resident corporate shareholders, deduction under section 80M of the Act as mentioned above could be available subject to fulfillment of certain conditions.

## C. Special tax benefits available to material subsidiaries of the Company

### I. Ultratech Cement Limited (UTCL)

#### 1. Lower corporate tax rate under Section 115BAA of the Income Tax Act, 1961 ('the Act')

Section 115BAA has been inserted in the Act w.e.f. 1 April 2020 (A.Y. 2020 - 21). Section 115BAA of the Act grants an option to a domestic company to be governed by the section from a particular assessment year. If a company opts for section 115BAA of the Act, it can pay corporate tax at a reduced rate of 25.168% (22% plus surcharge of 10% and education cess of 4%). Section 115BAA of the Act further provides that domestic companies availing the said option will not be required to pay Minimum Alternate Tax ('MAT') on their 'book profits' under Section 115JB of the Act.

However, such a company will no longer be eligible to avail specified exemptions / incentives/deductions under the Act and will also need to comply with the other conditions specified in section 115BAA of the Act. Further, it shall not be allowed to claim set-off of any brought forward loss arising to it on account of additional depreciation and other specified incentives.

UTCL has decided to opt to apply section 115BAA of the Act from Financial Year 2023-24 (Assessment Year 2024-25).

#### 2. Section 80M - Deduction in respect of inter-corporate dividends

Section 80M provides for deduction from gross total income of a domestic company, of an amount equal to dividends received by such company from another domestic company or a foreign company or a business trust as does not exceed the amount of dividend distributed by it on or before one month prior to the due date of filing its tax return as prescribed under Section 139(1) of the Act.

Where the company receives any such dividend during a Financial Year and also, distributes dividend to its shareholders before the aforesaid date, as may be relevant to the said Financial Year, it shall be entitled to the deduction under Section 80M of the Act.

#### 3. Special tax benefits available to Shareholders

- i. As per section 112A of the Act, long-term capital gains arising from transfer of an equity share, or a unit of an equity-oriented fund or a unit of a business trust shall be taxed at 10% (without indexation) of such capital gains subject to fulfillment of prescribed conditions under the Act as well as per Notification No. 60/2018/F. No.370142/9/2017-TPL dated 1 October 2018. It is worthwhile to note that tax shall be levied where such capital gains exceed INR 100,000.
- ii. As per section 111A of the Act, short term capital gains arising from transfer of an equity share, or a unit of an equity-oriented fund or a unit of a business trust shall be taxed at 15% subject to fulfillment of prescribed conditions under the Act.
- iii. With respect to resident corporate shareholders, deduction under section 80M of the Act as mentioned above could be available subject to fulfillment of certain conditions

### II. Aditya Birla Capital Limited (ABCL)

#### 1. Lower corporate tax rate under Section 115BAA of the Income Tax Act, 1961 ('the Act')

Section 115BAA has been inserted in the Act w.e.f. 1 April 2020 (A.Y. 2020 - 21). Section 115BAA of the Act grants an option to a domestic company to be governed by the section from a particular assessment year. If a company opts for section 115BAA of the Act, it can pay corporate tax at a reduced rate of 25.168% (22% plus surcharge of 10% and education cess of 4%). Section 115BAA of the Act further provides that domestic companies availing the said option will not be required to pay Minimum Alternate Tax ('MAT') on their 'book profits' under Section 115JB of the Act.

However, such a company will no longer be eligible to avail specified exemptions / incentives/deductions under the Act and will also need to comply with the other conditions specified in section 115BAA of the Act. Further, it shall not be allowed to claim set-off of any brought forward loss arising to it on account of additional depreciation and other specified incentives.

ABCL has opted to apply section 115BAA of the Act.

**2. Section 80M - Deduction in respect of inter-corporate dividends**

Section 80M provides for deduction from gross total income of a domestic company, of an amount equal to dividends received by such company from another domestic company or a foreign company or a business trust as does not exceed the amount of dividend distributed by it on or before one month prior to the date of filing its tax return as prescribed under Section 139(1) of the Act.

Where the company receives any such dividend during a Financial Year and also, distributes dividend to its shareholders before the aforesaid date, as may be relevant to the said Financial Year, it shall be entitled to the deduction under Section 80M of the Act.

**3. Special tax benefits available to Shareholders**

- i. As per section 112A of the Act, long-term capital gains arising from transfer of an equity share, or a unit of an equity-oriented fund or a unit of a business trust shall be taxed at 10% (without indexation) of such capital gains subject to fulfillment of prescribed conditions under the Act as well as per Notification No. 60/2018/F. No.370142/9/2017-TPL dated 1 October 2018. It is worthwhile to note that tax shall be levied where such capital gains exceed INR 100,000.
- ii. As per section 111A of the Act, short term capital gains arising from transfer of an equity share, or a unit of an equity-oriented fund or a unit of a business trust shall be taxed at 15% subject to fulfillment of prescribed conditions under the Act.
- iii. With respect to resident corporate shareholders, deduction under section 80M of the Act as mentioned above could be available subject to fulfillment of certain conditions.

**4. Special tax benefits available to material subsidiaries of ABCL**

The following special tax benefits are available to the material subsidiaries of the ABCL under Direct Tax Laws:

**i. Aditya Birla Finance Limited (ABFL)**

**Section 36(1)(viiia)(d) - Special deduction from income**

Section 36(1)(viiia)(d) of the Act provides that a deduction equivalent to of 5 percent of the total income shall be allowed in respect of any provision for bad and doubtful debts in case of non-banking financial company (computed before making any deduction under this clause and Chapter VI-A).

However, it is pertinent to note that the subsequent claim of deduction of actual debts incurred in the subsequent assessment years under section 36(1)(vii) of the Act shall be reduced to the extent of the provision of bad debts already claimed as deduction under section 36(1)(viiia) of the Act. Further, it is to be noted that where the deduction is already allowed under section 36(1)(vii)/36(1)(viiia) of the Act and subsequently the amount is recovered, then, the amount recovered shall be deemed to be the profits and gains of business or profession subject to the provisions of section 41(4) of the Act

**Section 43D - Special provisions for taxability of Interest income from certain prescribed bad debts**

Section 43D of the Act provides, inter-alia, for special provision in case of interest income of deposit- taking Non-Banking Financial Companies and Systemically Important Non-Deposit taking Non- Banking Financial Companies. Interest income in relation to certain categories of bad or doubtful debts as specified in Rule 6EA of the Income-tax Rules, 1961 ('Rules') received by such



NBFCs is chargeable to tax in the previous year in which it is credited to its profit and loss account for that year or in which it is actually received, whichever is earlier.

#### **Section 80M - Deduction in respect of inter-corporate dividends**

Section 80M of the Act, provides for deduction from gross total income of a domestic company, of an amount equal to dividends received by such company from another domestic company or a foreign company or a business trust as does not exceed the amount of dividend distributed by it on or before one month prior to the date of filing its tax return.

Where the company receives any such dividend during a Financial Year and also, distributes dividend to its shareholders before the aforesaid date, as may be relevant to the said Financial Year, it shall be entitled to the deduction under Section 80M of the Act. It is to be noted that the dividend is taxable in the hands of shareholder; hence, the company shall be required to comply with the withholding tax provisions of the Act.

#### **Section 80JJAA - Deduction in respect of employment of new employees**

As per the section 80JJAA of the Act, the company is entitled to claim deduction of an amount equal to thirty per cent of additional employee cost (relating to specified category of employees) incurred in the course of business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided. The eligibility to claim the deduction is subject to fulfillment of prescribed conditions specified in sub-section (2) of section 80JJAA of the Act.

#### **Section 115BAA - Lower corporate tax rate**

Section 115BAA of the Act grants an option to domestic companies to compute corporate tax at a reduced rate. The Section 115BAA grants an option to domestic companies to compute corporate tax at a reduced rate of 25.17% (22% plus surcharge of 10% and cess of 4%) from the financial year 2019-20 i.e., assessment year 2020-21 onwards. However, the company opting for the concessional corporate tax as prescribed under section 115BAA of the Act will not be eligible to avail specified exemptions/incentives under the Act and will also be required to comply with the other conditions of specified in section 115BAA of the Act.

ABFL has opted for concessional corporate tax rate as prescribed under section 115BAA of the Act from assessment year 2020-21. and does not avail specified exemptions/incentives and complies with the other conditions as specified in section 115BAA of the Act.

Further, as per the CBDT Circular 29/2019 dated October 02, 2019, the taxpayer availing such option will not be required to pay Minimum Alternate Tax (“MAT”) on its book profits under section 115JB of the Act.

#### **ii. Aditya Birla Sun life Insurance Company Limited (ABSICL)**

##### **Concessional tax rate under section 115B**

Section 115B of the Act provides for a concessional tax rate of 12.5 % (plus applicable surcharge and cess) on the profits earned from life insurance business.

##### **Special tax provisions under section 44**

Section 44 read with First Schedule to the Act provides for a special tax regime for tax on profits of insurance business. The profits and gains of life insurance business are to be taken as the annual average of the surplus arrived at by adjusting the surplus or deficit disclosed by the actuarial valuation made in accordance with the Insurance Act, 1938, in respect of the last inter-valuation period ending before the commencement of the assessment year, so as to exclude from it any surplus or deficit included therein which was made in any earlier inter-valuation period.

The provisions of section 44 have an overriding effect over the applicability of sections 28 to 43B under the Act in case of an insurance company such as ABSLICL.

#### **Tax exemption on income of a pension fund**

ABSICL has pension business as one of its business segment and claims exemption under section 10(23AAB) of the Act. Section 10(23AAB) of the Act provides that any income of a fund set up by the Life Insurance Corporation of India on or after the 01<sup>st</sup> August 1996 or any other insurer under a pension scheme is exempt from income-tax subject to the fund fulfilling the below conditions:

- i. Contribution to the fund is made by any person for the purpose of receiving pension from such fund.
- ii. the fund is approved by the Controller of Insurance or the Insurance Regulatory and Development Authority established under sub-section (1) of section 3 of the Insurance Regulatory and Development Authority Act, 1999, as the case may be.

#### **Exclusion from Minimum Alternate Tax (MAT)**

MAT provisions are not applicable to a company engaged in life insurance business.

### **UNDER THE INDIRECT TAX LAWS**

#### **A. Special tax benefits available to the Company**

There are No special tax benefits available to the Company under the Indirect Tax Laws.

#### **B. Special tax benefits available to Shareholders**

There are No special tax benefits available to the Shareholders under the Indirect Tax Laws

#### **C. Special tax benefits available to material subsidiaries**

There are No special tax benefits available to the material subsidiaries under Indirect Tax Laws

### **NOTES:**

1. The above is as per the current Tax Laws.
2. The above Statement of possible special tax benefits sets out the provisions of Tax Laws in a summary manner only and is not a complete analysis or listing of all the existing and potential tax consequences of the purchase, ownership and disposal of equity shares of the Company.
3. The possible special tax benefits are subject to several conditions and eligibility criteria which need to be examined for precise tax implications.
4. This Statement does not discuss any tax consequences in any country outside India of an investment in the equity shares of the Company. The shareholders / investors in any country outside India are advised to consult their own professional advisors regarding possible income tax consequences that apply to them under the laws of such jurisdiction.

#### **For Grasim Industries Limited**

##### **(Authorised Signatory)**

Name: Hemant Kadel

Designation: Senior President, CFD

Place: Mumbai

Date: December 19, 2023

Name: Mahendra Bhandari

Designation: Joint President, Corporate Accounts

Place: Mumbai

Date: December 19, 2023

## SECTION IV: ABOUT OUR COMPANY

### INDUSTRY OVERVIEW

The industry-related information contained in this section is derived from the industry report titled 'Industry Research Report on BFSI, Renewable Energy, Paint, Chemicals, Cement and Textile' dated December 2023 prepared by CARE Analytics and Advisory Private Limited ("CARE" and such report, the "CARE Report") appointed by our Company pursuant to an engagement letter dated November 6, 2023.

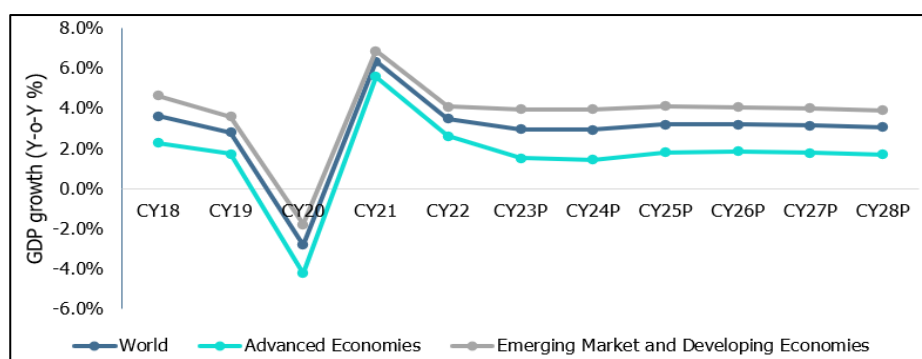
The CARE Report has been commissioned and paid for by our Company in connection with the Issue. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. The recipient should not construe any of the contents in the CARE Report as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the Issue. Unless otherwise indicated, financial, operational, industry and other related information derived from the CARE Report and included herein with respect to any particular year refers to such information for the relevant calendar year.

### ECONOMIC OUTLOOK

#### Global Economic Outlook

As per the International Monetary Fund ("IMF") World Economic Outlook growth projections released in October 2023, the global economic growth for 2022 stood at 3.5% on a year-on-year basis, down from 6.3% in 2021 due to disruptions resulting from the Russia-Ukraine conflict and higher than expected inflation worldwide. The global economic growth for 2023 is projected to slow down to 3.0% and 2.9% in 2024, attributed to compressing global financial conditions, expectant steeper interest rate hikes by major central banks to fight inflation, and spill-over effects from the Russia-Ukraine conflict, with gas supplies from Russia to Europe expected to remain constrained. For the four following years, the IMF projects world economic growth in the range of 3.0% - 3.2% on a year-on-year basis.

#### Global Growth Outlook Projections (Real GDP, year-on-year change in percentage)



Notes: P-Projection; Source: IMF – World Economic Outlook, October 2023

#### GDP growth trend comparison - India versus Other Emerging and Developing Economies (Real GDP, year-on-year change in percentage)

	Real GDP (Y-o-Y change in %)									
	CY19	CY20	CY21	CY22	CY23P	CY24P	CY25P	CY26P	CY27P	CY28P
India	3.9	-5.8	9.1	7.2	6.3	6.3	6.3	6.3	6.3	6.3
China	6.0	2.2	8.5	3.0	5.0	4.2	4.1	4.1	3.7	3.4
Indonesia	5.0	-2.1	3.7	5.3	5.0	5.0	5.0	5.0	5.0	5.0
Saudi Arabia	0.8	-4.3	3.9	8.7	0.8	4.0	4.2	3.3	3.3	3.1
Brazil	1.2	-3.3	5.0	2.9	3.1	1.5	1.9	1.9	2.0	2.0
Euro Area	1.6	-6.1	5.6	3.3	0.7	1.2	1.8	1.7	1.5	1.3
United States	2.3	-2.8	5.9	2.1	2.1	1.5	1.8	2.1	2.1	2.1

P- Projections; Source: IMF- World Economic Outlook Database (October 2023)

## INDIAN ECONOMIC OUTLOOK

### GDP growth and Outlook

#### Resilience to External Shocks remains critical for near-term outlook

India's real GDP grew by 9.1% in Fiscal 2022 and stood at approximately ₹ 149 trillion despite the pandemic and geopolitical Russia-Ukraine spill overs. In the first quarter of Fiscal 2023, India recorded 13.1% year-on-year growth in real GDP, largely attributed to improved performance by the agriculture and services sectors. Following this growth, the second quarter of 2023 witnessed 6.2% year-on-year growth, while the third quarter of Fiscal 2023 registered 4.5% year-on-year growth. The slowdown during the second quarter of Fiscal 2023 and the third quarter of Fiscal 2023 compared to the first quarter of Fiscal 2023 can be attributed to the normalization of the base and a contraction in the manufacturing sector's output.

Subsequently, the fourth quarter of Fiscal 2023 registered broad-based improvement across sectors compared to the third quarter of Fiscal 2023 with a growth of 6.1% year-on-year. The investments, as announced in the Union Budget for Fiscal 2023 on boosting public infrastructure through enhanced capital expenditure, have augmented growth and encouraged private investment through large multiplier effects in Fiscal 2023. Supported by fixed investment and higher net exports, real GDP for Fiscal 2023 was valued at approximately ₹ 160 trillion, registering an increase of 7.2% year-on-year.

Furthermore, in the first quarter of Fiscal 2024, the economic growth accelerated to 7.8%. The manufacturing sector maintained an encouraging pace of growth, given the favourable demand conditions and lower input prices. The growth was supplemented by a supportive base alongside robust services and construction activities. This momentum was maintained in the second quarter of Fiscal 2024, with GDP growth at 7.6%, mainly supported by acceleration in investments. However, private consumption growth was muted due to weak rural demand and some moderation in urban demand amid elevated inflationary pressures in the second quarter of Fiscal 2024.

On the supply side, a significant improvement in manufacturing and construction activities supported growth. Overall, the economy expanded by 7.7% in the first half of Fiscal 2024 compared to 5.3% in the second half of Fiscal 2023.

#### GDP Growth Outlook

Driven by resilience in urban demand and the front loading of the government's capital expenditure, the first half of Fiscal 2024 witnessed strong growth. While festive cheer is likely to support urban demand in the third quarter of Fiscal 2024, the outlook for rural demand revival remains clouded amid monsoon deficiency and is likely to hit agricultural production. The recent announcements of various relief measures such as LPG price reduction and extension of Pradhan Mantri Garib Kalyan Anna Yojna are expected to provide some cushion and so far, investment demand has remained robust.

However, there could be some moderation in the second half of Fiscal 2024 as both the government and private sector may restrain their capital spending ahead of the general elections. Despite some expected moderation in the second half of Fiscal 2024, India's overall GDP growth for Fiscal 2024 is expected to remain on a firm footing. Strong credit growth, resilient financial markets, and the government's continual push for capital spending and infrastructure are likely to create a compatible environment for investments. External demand is likely to remain subdued with a slowdown in global activities, thereby indicating adverse implications for exports.

Additionally, heightened inflationary pressures and resultant policy tightening may pose a risk to the growth potential. Taking all these factors into consideration, in December 2023, the RBI in its bi-monthly monetary policy meeting forecasted a real GDP growth of 7.0% year-on-year for Fiscal 2024.

#### RBI's GDP Growth Outlook (Year-on-year, in percentage)

Fiscal 2024P (complete year)	Third quarter of Fiscal 2024P	Fourth quarter of Fiscal 2024P	First quarter of Fiscal 2025P	Second quarter of Fiscal 2025P	Third quarter of Fiscal 2025P
7.0%	6.5%	6.0%	6.7%	6.5%	6.4%

P: Projected; Source: Reserve Bank of India

#### Sectoral Growth (Year-on-year, in percentage) at Constant Prices

At constant Prices	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	First half of Fiscal 2023	First half of Fiscal 2024
			(3RE)	(2RE)	(1RE)	(PE)		
Agriculture, Forestry and Fishing	6.6	2.1	6.2	4.1	3.5	4	2.4	2.4
Industry	5.9	5.3	-1.4	-0.9	11.6	4.4	4.3	9.3
Mining and Quarrying	-5.6	-0.8	-3	-8.6	7.1	4.6	5.1	7.6
Manufacturing	7.5	5.4	-3	2.9	11.1	1.3	0.9	9.3

At constant Prices	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	First half of Fiscal 2023	First half of Fiscal 2024
			(3RE)	(2RE)	(1RE)	(PE)		
Electricity, Gas, Water Supply and Other Utility Services	10.6	7.9	2.3	-4.3	9.9	9	10.3	6.4
Construction	5.2	6.5	1.6	-5.7	14.8	10	10.7	10.5
<b>Services</b>	<b>6.3</b>	<b>7.2</b>	<b>6.4</b>	<b>-8.2</b>	<b>8.8</b>	<b>9.5</b>	<b>12.6</b>	<b>8.0</b>
Trade, Hotels, Transport, Communication and Broadcasting	10.3	7.2	6	-19.7	13.8	14	20.1	6.6
Financial, Real Estate and Professional Services	1.8	7	6.8	2.1	4.7	7.1	7.8	9.0
Public Administration, Defence and Other Services	8.3	7.5	6.6	-7.6	9.7	7.2	12.6	7.7
<b>GVA at Basic Price</b>	<b>6.2</b>	<b>5.8</b>	<b>3.9</b>	<b>-4.2</b>	<b>8.8</b>	<b>7</b>	<b>8.6</b>	<b>7.6</b>

Note: 3RE – Third Revised Estimate, 2RE – Second Revised Estimates, 1RE – First Revised Estimates, PE – Provisional Estimate;  
Source: MOSPI

The major headwinds to global economic growth are escalating geopolitical tensions, volatile global commodity prices, and a shortage of key inputs. Despite the global economic growth uncertainties, the Indian economy is relatively better placed in terms of real GDP growth compared to other emerging economies. It is expected to grow at 6.3% in 2024, compared to the world real GDP growth projection of 3%.

The bright spots for the economy are continued healthy domestic demand, support from the government towards capital expenditure, moderating inflation, and improving business confidence. Likewise, several high-frequency growth indicators including the purchasing managers index, auto sales, bank credit, and GST collections have shown improvement in Fiscal 2023. Moreover, normalizing the employment situation after the opening up of the economy is expected to improve and provide support to consumption expenditure.

Further, as per the Indian Meteorological Department ("IMD"), rainfall witnessed a deficit until September 2023. A drop in yield due to irregular monsoons and a lower acreage can lead to a demand-supply mismatch, further increasing the inflationary pressures on the food basket. Moreover, the consumption demand is expected to pick up in the third quarter of Fiscal 2024 due to the festive season. Going forward, the rising domestic demand will be driven by the rural economy's performance and continual growth in urban consumption. However, high domestic inflation and global headwinds pose a downside risk to domestic demand.

At the same time, public investment is expected to exhibit healthy growth as the government has allocated a strong capital expenditure of about ₹ 10 lakh crore for Fiscal 2024. The private sector's intent to invest is also showing improvement as per the data announced on new project investments. However, volatile commodity prices and economic uncertainties emanating from global turbulence may slow down the improvement in private capital expenditure and investment cycle.

## TEXTILE INDUSTRY

### Overview on Indian Textile Industry

The Indian textile industry stands out globally, primarily due to unparalleled raw material base and high manufacturing strength. The market size of the Indian textile industry in Fiscal 2021 was estimated to be at US\$ 223 billion. The industry has the potential to grow at a CAGR of 10% in the next five years. Being the third largest exporter of textile and apparel in the world, the share of exports of textile and apparel, including handicraft, to total India's merchandised export stood at a significant 10.5% in Fiscal 2022.

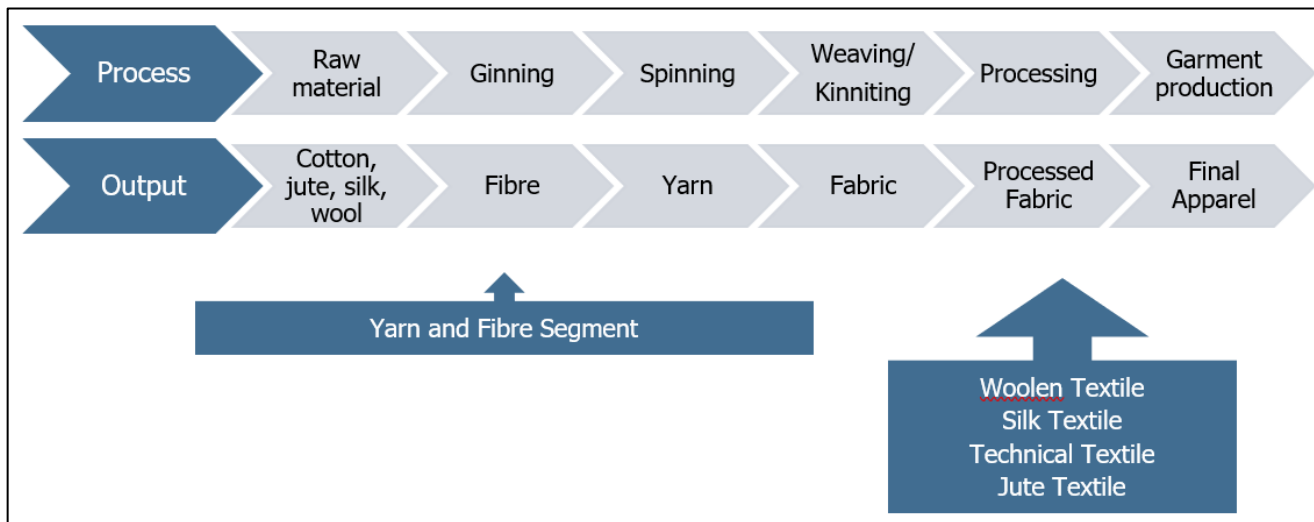
India contributes 4.6% of the global trade of textile and apparel. India has the advantage of the entire value chain for textile production present within the country vis-à-vis other competing nations. From a sector development perspective, the government has been continuously providing focused support to increase the textile manufacturing by building best infrastructure for production, technological upgradation, enhancement of skills and traditional strength. The sector is well aligned with the key initiatives of Make in India, Skill India, Women Empowerment and Rural Youth Employment.

The textile industry contributes approximately 3% to India's GDP and 14% to overall manufacturing in economy.

### Key Segments of Textile Industry

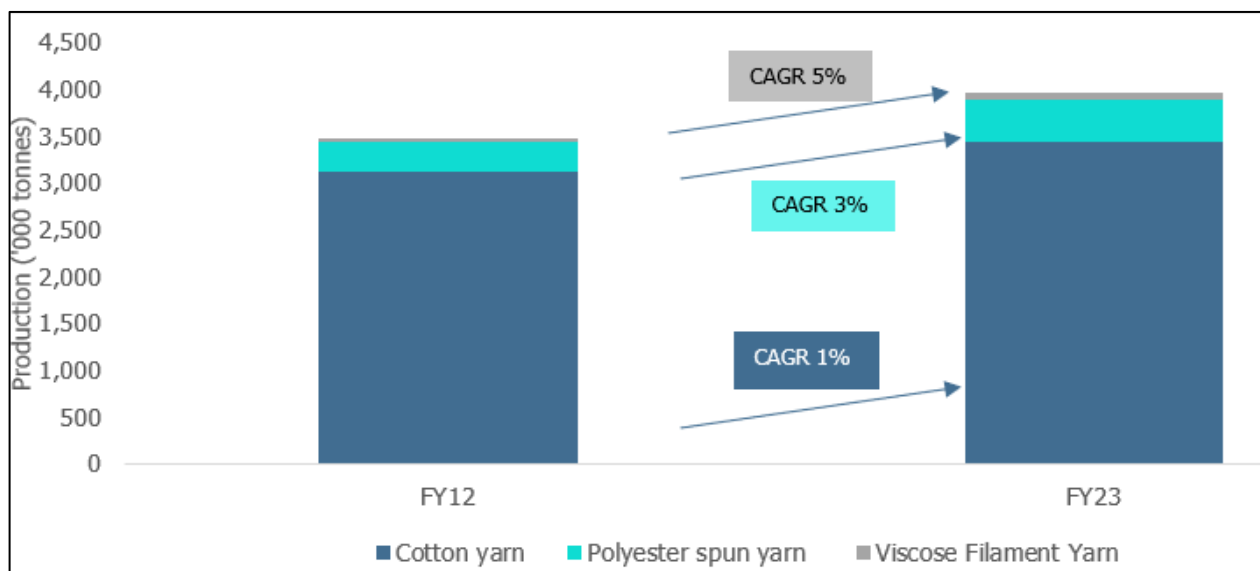
In broader sense, textile industry can be classified into two segments: (i) Fibres and yarn segment; and (ii) Processed fabric segment.

### Key segments of the textile industry



In terms of production, the market for cotton yarn has registered a CAGR of 1% between Fiscal 2012 and Fiscal 2023, while the market for polyester spun yarn has marked a CAGR of 3%. The market for viscose filament yarn has registered a CAGR of 5%.

### Production trend of Cotton Yarn, Polyester Spun Yarn and Viscose Filament Yarn



Source: CMIE, CARE Research

### Overview on Viscose Staple Fibre and Viscose Filament Yarn

Viscose Staple Fibre ("VSF") is a natural and biodegradable fiber having characteristics similar to cotton. These are basically artificial cotton fibres which are made from cellulosic materials such as wood pulp and cotton pulp. Due to its versatility like the softness, drapability and absorbency, VSF is widely used for manufacturing apparels, home textiles, dress materials, knitted wear and non-woven applications.

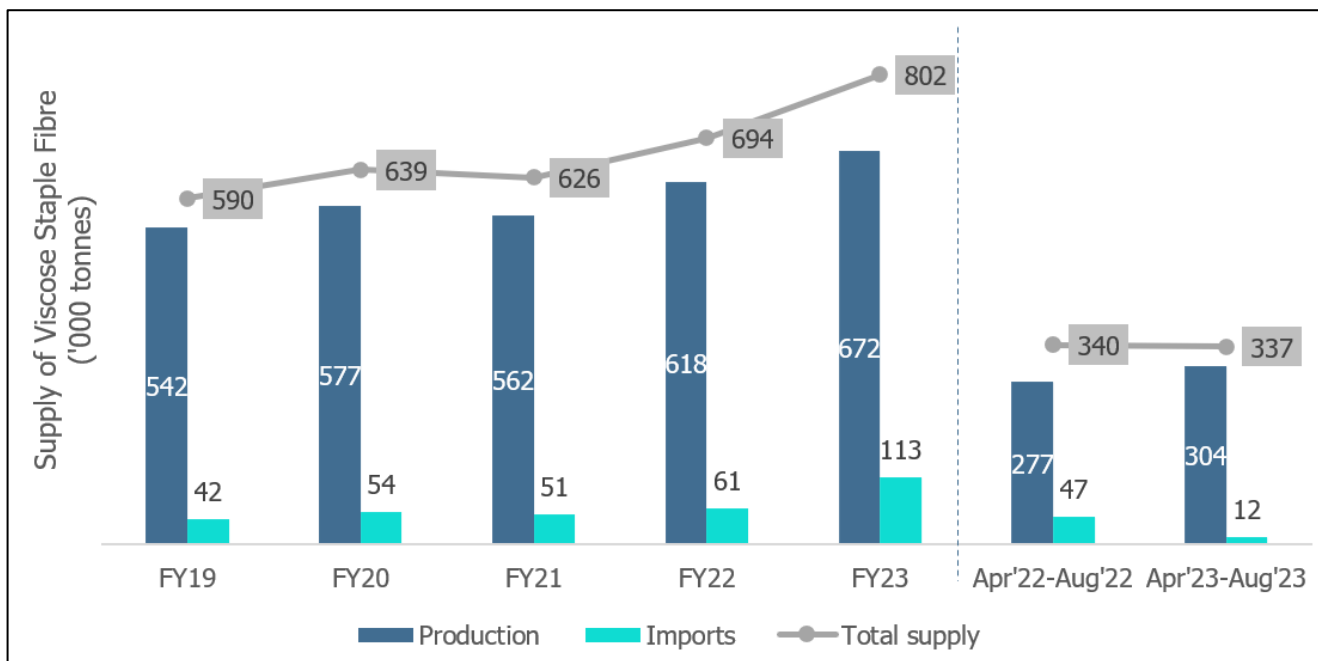
Viscose fibre is expected to make significant growth among the man-made fibre segment in coming years as it possesses similar features as cotton. On the other hand, Viscose Filament Yarn ("VFY") is a spun thread ready for weaving into textiles made using viscose fibres. These are also called rayon yarn.

### Supply Trend

The production of VSF has witnessed notable growth in the past few years. This growth can be attributed to robust growth in demand for this fibre. During Fiscal 2023, production rose by about 9% while in Fiscal 2024, for the period from April 2023 - August 2023, production increased by approximately 10%. The government's decision to implement quality control on VSF by making the Bureau of Indian Standard Certification mandatory with effect from March 2023, is expected to restrict import of sub-standard VSF products. The impact of such implementation was observed in imports from China and Thailand which

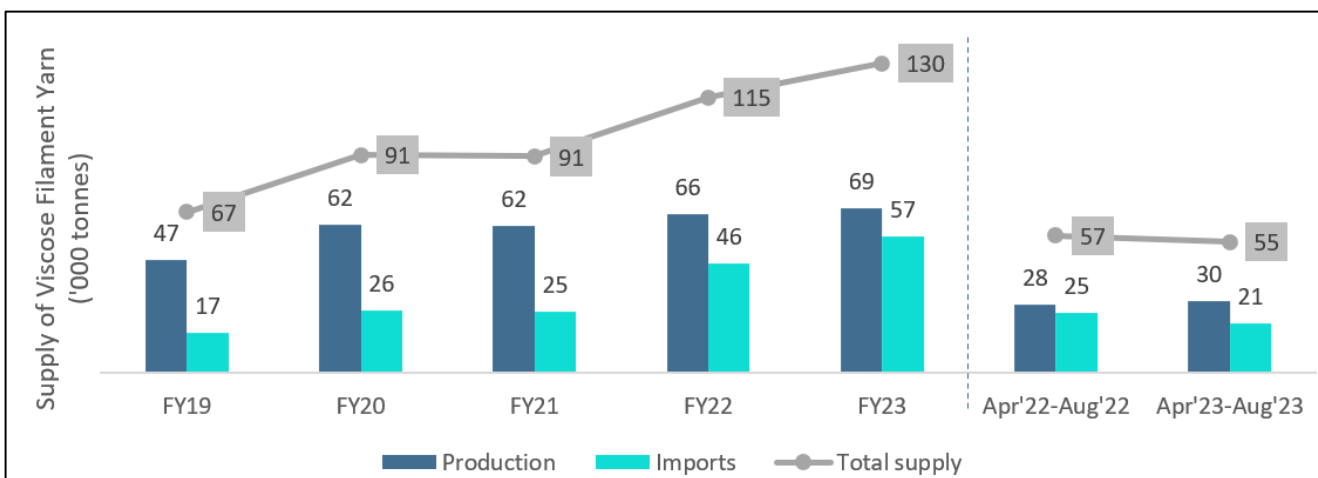
had declined significantly in the current fiscal.

### Supply Trend of Viscose Staple Fibre



Source: CMIE, CARE Research

### Supply Trend of Viscose Filament Yarn

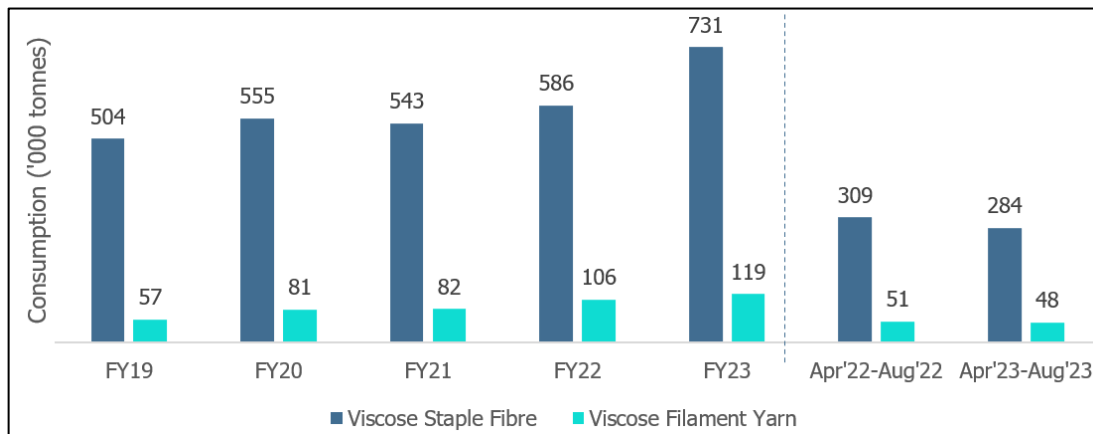


Source: CMIE, CARE Research

### Demand Trend

The domestic consumption of VSF marked a notable increase of 25% in Fiscal 2023, aided by robust consumer demand. Similarly, VFY consumption also registered a healthy 13% growth in the same fiscal. However, this trend is witnessing a slowdown in Fiscal 2024. The consumption trend of VSF and VFY has made slower growth in Fiscal 2024 compared to Fiscal 2023. In Fiscal 2023, cotton prices were high which led to increase in consumption of such man-made fibres. Since cotton prices are now receding, the consumption of VSF and VFY has seen a slowdown. However, with the festive season, the demand may pick-up in the second half of Fiscal 2024.

### Domestic Consumption of Viscose Staple Fibre and Viscose Filament Yarn



Source: CMIE, CARE Research

Further, the demand for VSF and VFY is largely supported by increasing disposable income and growing consumer preference for such fibres. The demand from other developed and emerging economies is also on the rise. However, Fiscal 2023 witnessed decline in exports largely due to slower economic growth and high inflation in major export countries. This led to lower disposable income impacting the spending on garments.

In the Indian market for VSF, Grasim Limited is the largest player accounting for over 90% of VSF supply in Fiscal 2023. In the past few years, VSF has displayed stability in prices compared to acrylic fibre and cotton. Wholesale Price Index, which is measure of producer's price, indicates stability in VSF in the past few years. The prices of VSF remained moderate even when cotton prices were at their peak, in the first half of Fiscal 2023. The removal of anti-dumping duty on imports of VSF in Fiscal 2022 also helped steady prices.

### Trends in Textile and Readymade Garment Segment and Outlook

The domestic textile industry is one of the key industries in the country and going forward, the industry is expected to grow in terms of installed spindleage and yarn production led by the installation of open-end rotors and setting up of export-oriented units. Technology-wise, the Indian spinning industry has been able to keep pace with international technology trends.

The outlook for textile and readymade garment segment remains stable in near-medium term. The market size of the Indian textile industry in Fiscal 2021 is estimated to be at US\$ 223 billion and has the potential to grow at a CAGR of 10% in the next five years.

In case of readymade garments, the demand for apparel in the domestic market is expected to grow on the back of an increase in the consumer base due to a change in demographics and increased urbanisation. India has more than half of its population below 30 years of age and more than 60% in the working age group where the demand for apparel and RMG is the highest. With the opening up of schools, colleges and workplaces, there has been increased social exposure, further leading to an increase in the demand for apparel and the RMG segment. Along with that, higher export demand due to diversification of sourcing by global players as part of their China plus one strategy will support further growth in this industry.

Despite the slowdown in export of textiles due to slower economic growth and high inflation, the domestic demand is likely to remain robust in medium to long term coupled with softening in cotton prices. The cotton prices are expected to soften with fresh arrival of cotton and lower exports. The strong demand in the six months ended September 30, 2023 is backed by ongoing festive season.

The growth of textile sector is backed by continuous government support as well. Wherein, increased budget allocation towards textile sector will facilitate increased investment in the sector, coupled with better productivity and lower reliance on imports. It will also be a positive for textile machinery manufacturers. In the Union Budget 2024, the allocation towards research and capacity building in textile segment witnessed a three-fold increase to ₹ 712 crore, compared to the previous year's allocation of ₹ 192 crore. Overall, the budget allocation towards textile increased by 24% for Fiscal 2024.

The government has maintained its focus on the technical textile segment. The increased allocation will result in more focus on research, training, development, and innovation in the technical textile segment, coupled with promotion and development of the market for this segment.

Increased budget allocation in Fiscal 2024, towards the setting up of the Mega Integrated Textile Region and apparel parks, from ₹ 3.5 core in Fiscal 2023 to ₹ 200 crore in Fiscal 2024, will result in better efficiencies and cost savings for players operating in such regions which will lead to improved competitiveness in the export market.



## Government Policies

In the Union Budget 2024, there has been an overall increase of 23% in the budget allocation towards the textile ministry. The government has increased the budget allocation from ₹ 3,580 crore (revised budget estimates for 2023) to ₹ 4,389 crore.

In addition to this, the government announced various incentives/schemes towards increasing the global competitiveness of the Indian textile industry which includes the extension of Rebate of State and Central Taxes and Levies, Remission of Duties and Taxes on Export Products, Production Linked Incentive Scheme and PM Mega Integrated Textile Region and Apparel.

## Key Growth Drivers

The Indian textile industry is a significant contributor to the country's economy and is driven by several factors:

**Favorable Demography** - The rising middle class and changing lifestyles in India have led to an increase in domestic consumption of textiles and apparel. As people have more disposable income, there is a higher demand for quality clothing and textiles.

**Increasing Export Opportunities** - India has been a major player in the global textile and apparel market. The industry benefits from export opportunities, and the government's initiatives to promote exports further contribute to its growth. Favorable trade policies and agreements also play a role in boosting exports.

**Supportive Government Initiatives and Policies** –The Indian government has implemented various initiatives and policies to support the textile sector, such as the "Make in India" campaign and the Technology Upgradation Fund Scheme. These initiatives aim to enhance competitiveness, attract investments, and promote sustainable growth. Various Skill development initiatives and training programs by the government in the textile sector also contribute to a skilled workforce, fostering innovation and increasing productivity.

**Consistent Innovation and Technology Adoption** - The adoption of advanced technologies and innovation in the textile industry enhances efficiency, reduces costs, and improves product quality. Investments in research and development contribute to the industry's growth by enabling the production of high-value and high-quality textiles.

**Growing Diversification of Product Range** - Textile manufacturers in India are diversifying their product range to meet the evolving demands of consumers. This includes a focus on technical textiles, functional textiles, and value-added products, apart from traditional segments like apparel and home textiles.

**Rising Awareness about Sustainability** - There is a growing emphasis on sustainability and environmentally friendly practices in the textile industry. As consumers become more conscious of the environmental impact of their purchases, companies adopting sustainable practices can gain a competitive edge.

**Improvement in Supply Chain** - Investments in infrastructure, including better transportation and logistics, contribute to the efficiency of the supply chain in the textile industry. This, in turn, positively impacts the industry's growth.

## CHEMICALS INDUSTRY

### Overview of Global Chemical Sales Trend

The progress of the chemical industry has resulted in the proliferation of chemicals globally with the industry sales growing at a CAGR of 4.1% from US\$ 3,668 billion in 2017 to US\$ 4,307 billion in 2021 and is estimated to grow at a CAGR of 5% to 6% through 2027. This growth will be largely driven by developing markets like Asia Pacific. The region is likely to project a higher CAGR of approximately 7% - 8% compared to growth in more mature markets like the US and Europe, which are expected to grow at approximately 2% - 4%.

Further, industry sales are led by a handful of countries. Of US\$ 4,307 billion in sales reported by the global chemicals industry during 2021, 10 countries accounted for a significant share of 86.6%, representing US\$ 3,434 billion in sales during the year. Sales from the rest of the world contributed to 13.4% of total sales in 2021.

India ranked sixth in terms of global chemical sales with a contribution of US\$ 111 billion and accounted for a share of 2.4% during the year. The other nations that formed part of the top 10 countries in global chemical sales were Taiwan, Brazil, Russia, and the UK with a share of 1.9%, 1.9%, 1.4%, and 1.4%, respectively.

### Overview of the Indian Caustic Soda Industry

Caustic soda is an inorganic bulk chemical with applications in various fields like viscose yarn, staple fibre, aluminium, textiles,

pulp and paper manufacturing, soaps, detergents, drugs and pharmaceuticals, among others. It also acts as an important raw material in the manufacturing of various chemicals and is widely used as an intermediate, reactant, pH regulator. It generally occurs in two forms – liquid form called lye and solid form called flakes and pellets. In India, the lye segment leads the caustic soda market. Caustic soda lye is heavily used in alumina industries, primarily in the eastern region.

West India has been dominating the Indian caustic soda market, and as of Fiscal 2023, it holds a share of around 48%. States like Gujarat, Rajasthan, and Maharashtra are among the leading consumers of caustic soda due to the widespread presence of alumina, textile, pulp, and paper industries in these states. Western India is expected to dominate the market in the near-to-medium term owing to the growing number of chemical, textile, paper, and pulp industries.

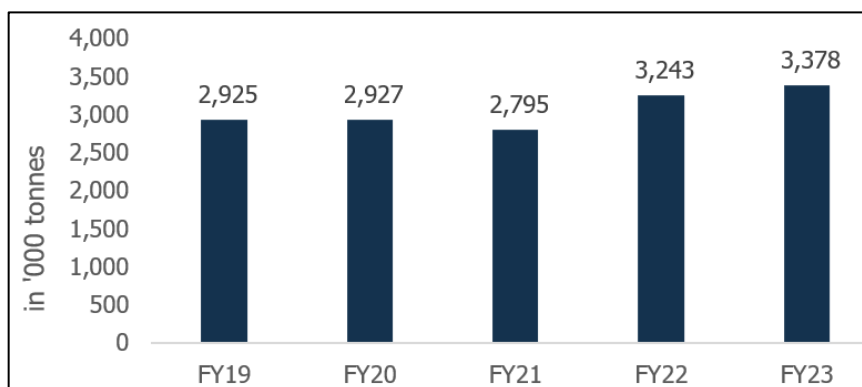
### Trends in Caustic Soda Market

Caustic soda is a colourless inorganic compound and finds its application in several everyday items. It is also known as lye or sodium hydroxide. This compound is an alkali, a type of base that can neutralize acid. It is soluble in water.

### Production

During Fiscal 2019 to Fiscal 2023, the output of caustic soda saw an increasing trend. It has increased at a CAGR of 3.7% from 2,925 thousand tonnes in Fiscal 2019 to 3,378 thousand tonnes in Fiscal 2023. In 2021, there were disruptions caused by COVID-19, which caused the production to decline.

**Trend in the Production of Caustic Soda**

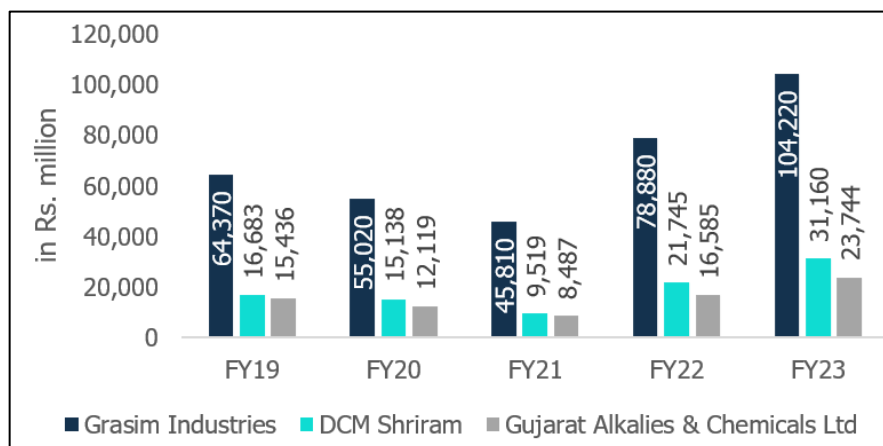


Source: CMIE

### Caustic Soda Sales of Top Three Players

The top three players in the Indian caustic soda market are Grasim Industries, DCM Shriram Limited, and Gujarat Alkalies and Chemicals Limited. Grasim Industries has been generating the highest sales. In Fiscal 2023, Grasim's sales stood at ₹ 1,04,220 million compared to ₹ 31,160 million and ₹ 23,744 million for DCM Shriram and Gujarat Alkalies and Chemicals Limited.

**Caustic Soda Sales for Top 3 Players**



Source: CMIE

## Consumption

During Fiscal 2019 to Fiscal 2023, the consumption of caustic soda grew at a slower pace compared to production, at a CAGR of 0.8% from 2,961 thousand tonnes in Fiscal 2019 to 3,056 thousand tonnes in Fiscal 2023. The consumption decreased significantly in Fiscal 2021, in line with the declining production due to COVID-19. In order to support the demand and consumption in the domestic market, our country has to rely on imports from various countries.

## Trend in Trade

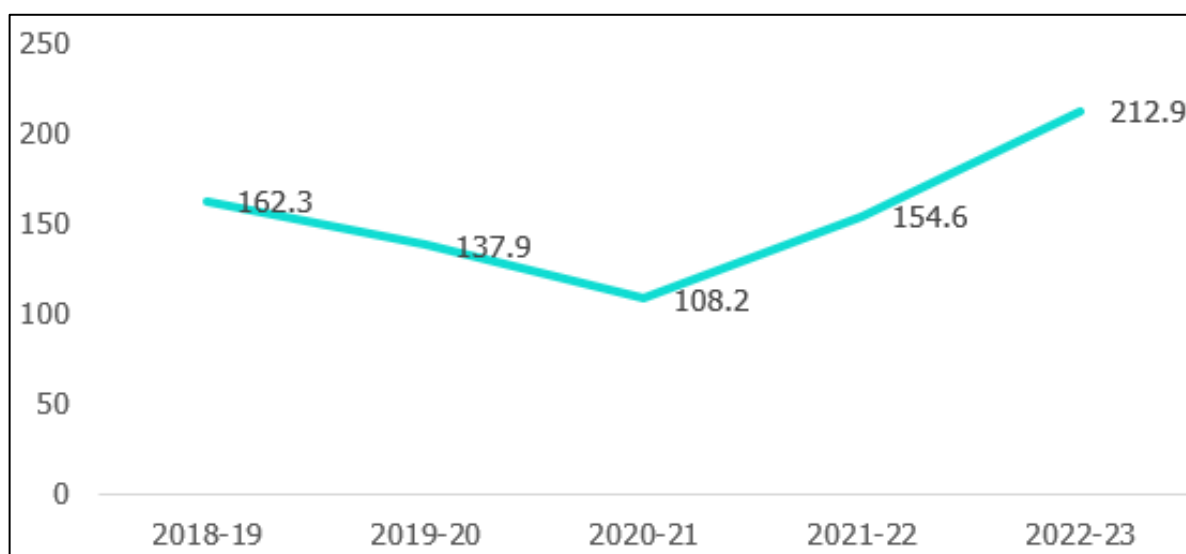
In terms of trade, the imports decreased by 10.1% from 208 thousand tonnes in Fiscal 2019 to 136 thousand tonnes in Fiscal 2023. This was primarily on account of the imposition of various customs duties and tariffs over the years in order to protect domestic producers and focus more on the export market. India majorly imports caustic soda lye from Japan (72%) and Oman (17%) and flakes from Bangladesh (95%).

Exports have increased significantly at a CAGR of 27.7% from 172 thousand tonnes in Fiscal 2019 to 458 thousand tonnes in Fiscal 2023. India majorly exports caustic soda lye to South Africa (26%) and Saudi Arabia (21%). The exports of caustic soda lye are more compared to caustic soda flakes.

## Wholesale Price Index – Caustic Soda

WPI depicts the price of goods when sold in bulk and traded between organisations. It is also a measure of inflation in some economies. The WPI of caustic soda has been on an upward trend since 2021. This is majorly attributed to the growing demand for caustic soda in industries like soap and detergent, paper and pulp, water treatment, among others. It has grown at a CAGR of 7.0% from 162.3 in 2019 to 212.9 in 2023.

WPI of Caustic Soda



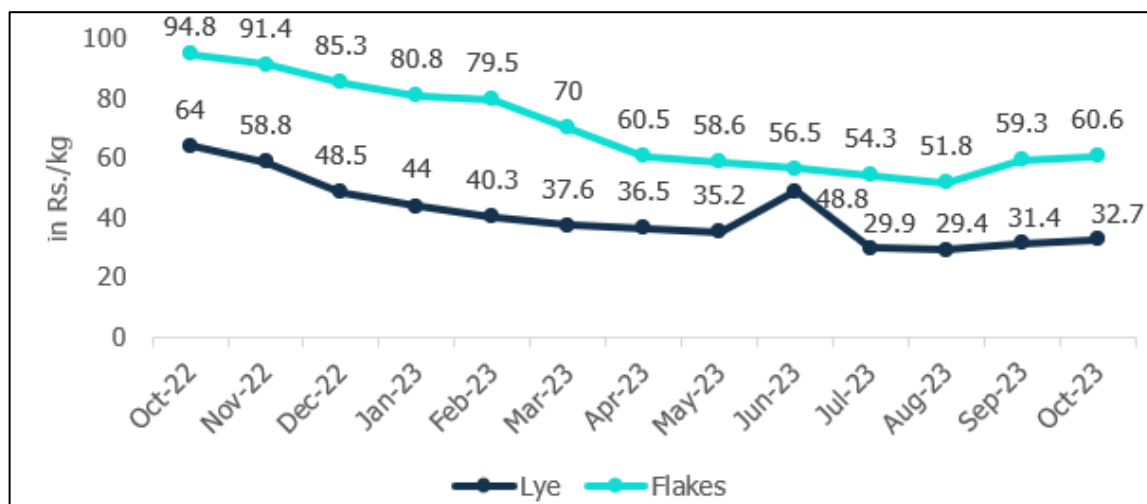
Source: CMIE

## Trend in Domestic Prices of Caustic Soda

The prices have been on a declining trend since October 2022. Due to geopolitical tension between Russia and Ukraine there were supply constraints and China substituted both the countries as exporters of chlor-alkali products to Europe. This led to rigorous buying among European buyers which further led to shortages in the Chinese domestic market, causing prices to rise domestically.

There were not as many active demands from the European suppliers as they had overbooked previously. As a result, the demand in international market decreased. Chinese domestic markets could not sustain such high prices and the caustic soda prices decreased. The Indian market follows trends in international market and due to oversupply and tepid demand, prices of caustic soda lye and flakes also fell. However, since September 2023, the prices have started retreating.

## Price trend of Caustic Soda



Source: CMIE

## Key Growth Drivers

**Rising Paper and Pulp Production:** Caustic soda's main application in the paper and pulp industry is in chemical processing or cooking pulp, especially kraft pulp. Hence, it is also known as the cooking chemical in this industry. Further, it is used in pulp-bleaching processes such as sulphite, sulphate, and soda. Moreover, pulp is used in the production of printing and writing paper. In India, with the growing population and literacy rate, there is a high consumption of these papers. As a result, increased consumption of pulp and paper is further expected to fuel the Indian caustic soda market growth.

**Rising Demand for Alumina:** Caustic soda is closely related to the alumina industry. It is used in refining raw bauxite into white power alumina, which is then smelted to make aluminium. The use of aluminium is increasing in the aerospace and automotive industries, mainly to raise fuel efficiency, given its lightweight nature. Additionally, the rising construction and renovation activities across the country are escalating the need for aluminium-based building materials to promote environmental health and reduce greenhouse gas emissions.

**Expansion of Chemical Industry:** Caustic soda is widely used in the manufacturing of organic chemicals. It is used as an important reactant in the production process of pharmaceuticals, solvents, inks, dyes, fabrics, herbicides, coatings, adhesives, and bleach. The growth opportunity is immense, given the diverse usage of chemicals as well as the domestic and external demand.

**Government initiatives:** Under the Union Budget for Fiscal 2024, the government allocated ₹ 173.45 crore to the Department of Chemicals and Petrochemicals. Various PLI schemes have been introduced to promote bulk drug parks with a budget of ₹ 1,629 crore. 100% foreign direct investment is permissible under the direct route for the chemical industry. However, FDI inflow for this sector is only 9%, which is quite low but indicates scope for growth.

## Outlook

The Indian chemical industry has witnessed steady growth in the past decade and the potential for future growth continues to remain healthy. In the Indian chemicals and petrochemicals sector, an investment of ₹ 8 lakh crore is estimated by 2025. The upward momentum in demand for inorganic chemicals is estimated to continue to remain healthy backed by low per capita consumption of chemicals (including agrochemicals), rising demand for specialty chemicals, expected growth in downstream sectors like colours, paints, pigments, coatings, pharma, textiles, and personal care, and the thriving diversified manufacturing base. In the coming years, India is expected to grow as both, a manufacturing capital for valued goods and a consumer-driven economy. The industry is likely to benefit from the improvement in investment climate, speedy approval of projects, and proposed reform measures that would translate into higher industrial activity, and in turn, generate higher demand for chemicals. Additionally, the increasing research and development investments will contribute to the inorganic chemicals market growth in the near-to-medium term.

Further, the caustic soda market demand in India will be stable and driven by end-user industries such as alumina, paper and pulp, textiles, and soaps and detergents. Moreover, caustic soda is the raw material or building block of several industries. Besides, its demand is linked to the Indian GDP growth. With the GDP expected to register healthy growth, the demand for caustic soda is also expected to rise.

## DECORATIVE PAINT INDUSTRY

## Overview of the Indian Decorative Paints Industry

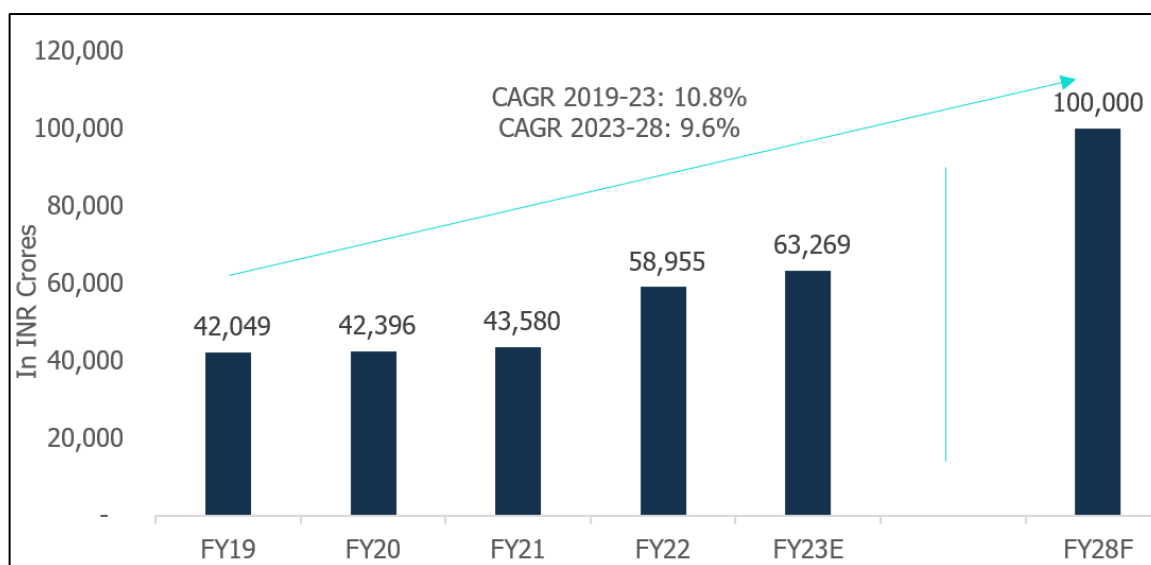
The Indian decorative paints industry is a robust sector, significantly contributing to the country's economy. In Fiscal 2023, the annual production of decorative paints was approximately 4,250 million litres for the industry.

The paints industry offers various products, including decorative and industrial paints. It is focusing on innovation, rural expansion, and providing eco-friendly solutions. Government initiatives and urbanization are driving the industry demand. However, challenges such as raw material costs and environmental regulations persist. Accordingly, the industry's future outlook remains positive, with continued growth and innovation on the horizon.

Further, the Indian decorative paints industry is characterized by the presence of both large multinational companies and smaller domestic players. The five major players, Asian Paints Limited, Berger Paints India Limited, Kansai Nerolac Paints Limited, Akzo Nobel India Limited, and Indigo Paints, account for more than 90% of the organised market. These companies also have a strong presence in both the decorative and industrial segments.

The remaining market share is divided among a large number of smaller domestic players. Moreover, raw material costs account for a major share of about 50% - 60% of the total sales in decorative paint manufacturing. During COVID-19 and the Russia-Ukraine war, the industry faced challenges due to elevated raw material prices.

**Decorative Paints Industry market size (In ₹ Crore)**



Source: CMIE and CARE Research; Note: E- Estimate, F: Forecast

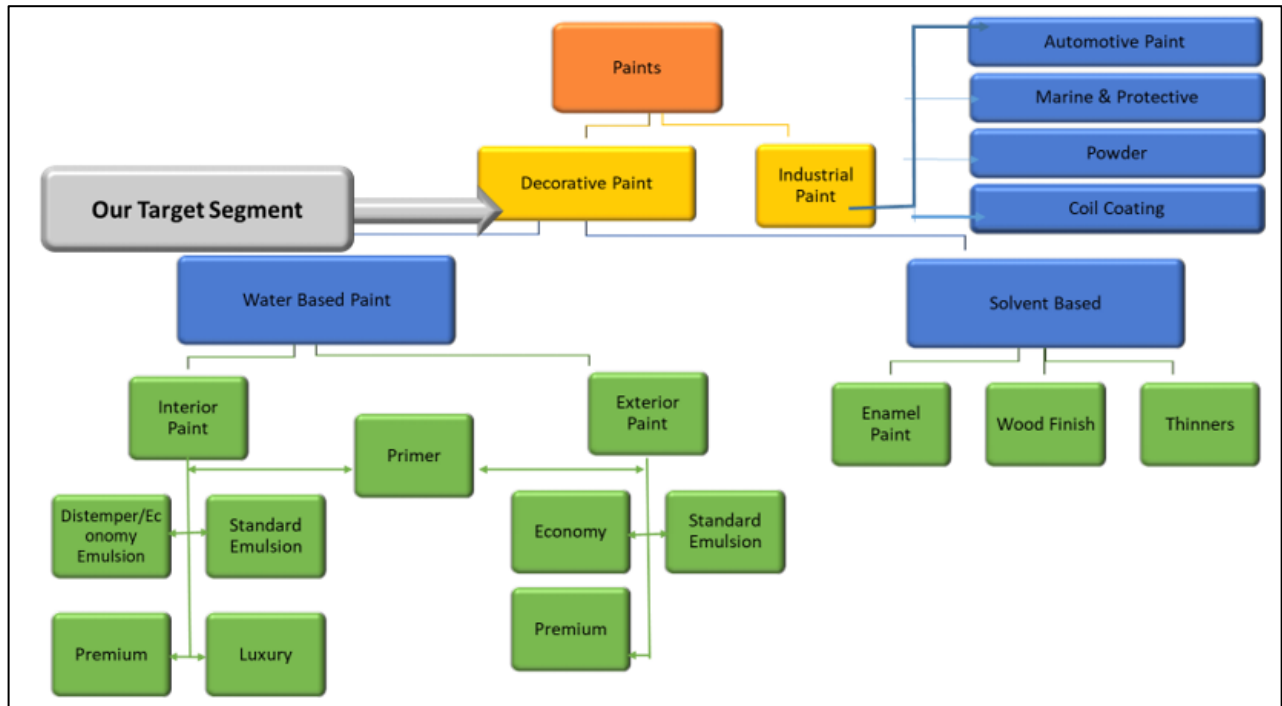
## Key Segments of the Indian Paints Industry

The Indian Paints Industry is divided into two main segments: decorative paints and industrial paints. Decorative paints are used for beautifying homes and other structures, while industrial paints are used for protecting and enhancing the performance of various industrial products and equipment.

**Decorative Paints:** The decorative paints segment accounts for the majority of the market share, with over 70% of the total revenue. This segment is further divided into various sub-segments, including exterior wall paints, interior wall paints, wood finishes & enamels, and ancillary products like primers, putties.

**Industrial Paints:** The industrial paints segment accounts for the remaining market share, with around 30% of the total revenue. This segment includes a wide range of products, such as automotive paints, coil coatings, high-performance coatings, and powder coatings.

## Indian Paints Industry



### Key Growth Drivers

The Indian decorative paints industry is driven by several key growth drivers:

**Infrastructure Development:** Infrastructure development involves the planning and construction of essential facilities such as roads, bridges, airports, and public utilities. The paints industry benefits from infrastructure development as these projects create a demand for various types of coatings and decorative paints.

**Real Estate and Construction:** The thriving real estate and construction sectors facilitate increased demand for coatings in diverse housing projects, ranging from mid-segment housing to commercial and infrastructure development. The positive economic scenario and streamlined processes further enhance the decorative paints industry's prospects. As urbanization continues, this trend is expected to persist.

**Rural Market Expansion:** The expansion of the decorative paints market in rural areas is driven by increasing disposable income, improved infrastructure, and rising awareness of home decor.

**Government Initiatives:** Initiatives including housing schemes, smart city projects, and infrastructure development programs, are pivotal in driving growth within the decorative paints industry. Policies that incentivize construction, renovation, and housing projects generate a direct demand for decorative paints and coatings. Moreover, regulatory measures promoting the use of eco-friendly decorative paints contribute to market expansion by influencing industry practices and consumer choices.

**Shift from Unorganised to Organised Players:** The shift from unorganized to organized players is mainly propelled by the implementation of GST, which reduces the tax advantage for unorganized players. This change is closing the gap between branded and unorganized players in the market. Furthermore, consumers are moving toward organized decorative paint players due to brand trust, quality assurance, diverse product ranges and innovation.

**E-Commerce and Digitalization:** The rise of e-commerce and digitalization has transformed the way decorative paints are marketed and sold. Online platforms provide consumers with the convenience of browsing products, comparing prices, and making purchases from the comfort of their homes. Digital tools for colour visualization, virtual consultations, and online tutorials enhance customer experience. Decorative paint manufacturers and retailers leveraging e-commerce and digital strategies are better positioned to reach a wider audience and adapt to changing consumer behaviours.

**Customization:** Customization in the decorative paints industry involves offering a diverse range of colours, finishes, and textures to meet individual consumer preferences. Consumers today seek unique and personalized home decor solutions. Decorative paint manufacturers are responding to this demand by providing extensive colour palettes, specialty finishes, and even custom colour-matching services.

**Increasing Disposable Income:** Rising disposable income levels lead to increased spending on discretionary items, including home improvement and decor.

### **Outlook for the Indian Decorative Paints Industry**

The Indian decorative paints industry is expected to witness a healthy growth in coming years, projected to reach a market size of ₹ 100,000 crore by Fiscal 2028 compared to approximately ₹ 63,300 crore in Fiscal 2023, reflecting a CAGR of 9.6%. Positioned for moderate expansion, the industry is driven by diverse factors in both the decorative and industrial sector. In decorative paints, increasing disposable income and rapid urbanization are driving heightened demand for home renovations and new constructions. The preference for premium products is rising due to growing awareness of the aesthetic and protective benefits of decorative paints, supported by government initiatives like Pradhan Mantri Awas Yojana and Smart Cities Mission.

In the industrial paints sector, expansion in the automotive and manufacturing industries, along with infrastructure projects, is fuelling demand for protective coatings. The industry's overall growth is anticipated to persist, driven by favourable demand dynamics in both segments. In addition, the industry is likely to benefit from the growing demand for specialty paints and coatings, including those that are eco-friendly and conform to sustainable practices.

Further, the capacity of the top five players is pegged at around 4.22 million KL per annum as of the end of Fiscal 2023. The industry has a planned capital expenditure of ₹ 20,000 crore - ₹ 22,000 crore over the next three to four years with ₹ 10,000 crore planned by Grasim Industries and ₹ 8,750 crore by Asian Paints. This is expected to increase the overall capacity by 20%, thereby increasing the competitive intensity and restricting the margins for top players over the long term.

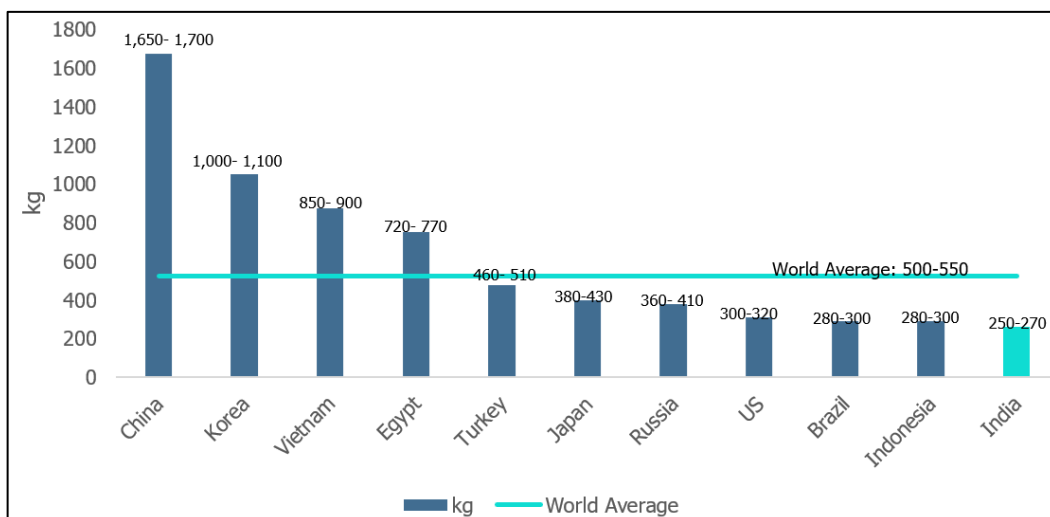
However, some of the primary concerns for this industry include the volatile raw material prices, which can significantly impact the profitability of decorative paint companies. This volatility is often observed in essential raw materials like titanium dioxide and resins, which are vital components in decorative paint formulation. Additionally, the industry is subject to stringent environmental regulations, which increase production costs and necessitate adherence to complex compliance standards. Further, the Indian decorative paints sector operates in a highly competitive landscape, characterized by fierce competition from both domestic and multinational players. This competitive environment can lead to price wars, thereby exerting pressure on profit margins.

At the same time, the Indian decorative paints industry has exhibited a remarkable capacity for resilience, innovation, and adaptability, despite such challenges. It has consistently demonstrated its ability to meet the evolving needs of consumers and the industry at large. With a strong track record of responding to changing market dynamics and consumer preferences, the industry is well-equipped to navigate the complexities it faces, ensuring its continued growth and contribution to the Indian economy.

### **CEMENT INDUSTRY**

Cement is manufactured from limestone and other materials. It is often used as concrete in constructing houses, roads, airports, among others. According to the US Geological Survey – Mineral Commodity Summaries 2022– Cement, the world consumes over 4 billion tons of cement annually. While China continues to dominate the world's cement production and accounted for a share of more than 50% in 2022, India accounted for the second-largest share at about 9.3%, followed by the United States, Russia, and Egypt.

### Per Capita Consumption of Cement



Source: Company Reports, CARE Research

### Installed Capacity

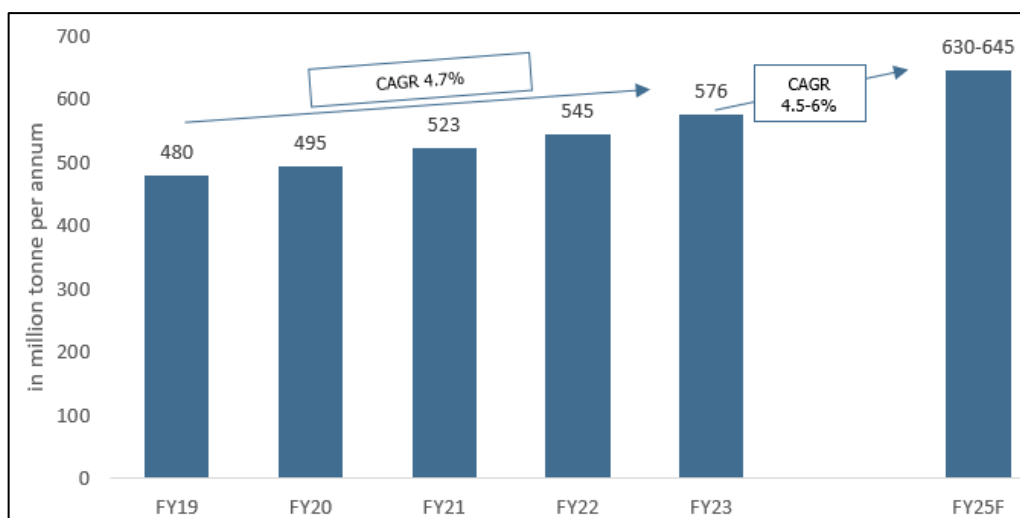
The domestic installed capacity grew at a CAGR of 5.1% from Fiscal 2019 to Fiscal 2023. Annually, cement players have been adding capacity in the range of 15 to 30 MT for the last five years backed by strong demand for the commodity. The growth in installed capacity is attributed to healthy demand from infrastructure construction, sustained GDP, the government's thrust on infrastructure and rural housing, and the revival of corporate capital expenditure.

The largest player in India is Ultratech cement (a subsidiary of Grasim) with an annual production capacity of 132.35 million metric tonnes ("MMT") as in Fiscal 2023 followed by Adani Group (ACC Limited and Ambuja Cements) with production capacity at 67.5 MMT. The third-largest player is Shree Cement with a production capacity of 46.4 MMT.

In terms of annual cement production globally (excluding China), Holcim leads with 121 MMT in 2022, followed by Heidelberg at 119 MMT in 2022 and Ultratech is third largest at 100 MMT (annualised) in Fiscal 2023.

Cement players maintained a capacity utilization rate of approximately 70% from Fiscal 2019 to Fiscal 2023, except in Fiscal 2021 and Fiscal 2022, wherein the capacity utilization was around 65%. In Fiscal 2023, the capacity utilization peaked at 76%. The increased capacity utilization is attributable to the growing demand, given the government's push for infrastructure and affordable housing, and the revival of corporate capital expenditure. Given the strong demand visibility for the cement sector, the cement players are keen to expand capacity. Cement players are expected to add 55 MT - 70 MT of additional capacity till the end of Fiscal 2025, compared to 96 MT of capacity added during Fiscal 2019 to Fiscal 2023.

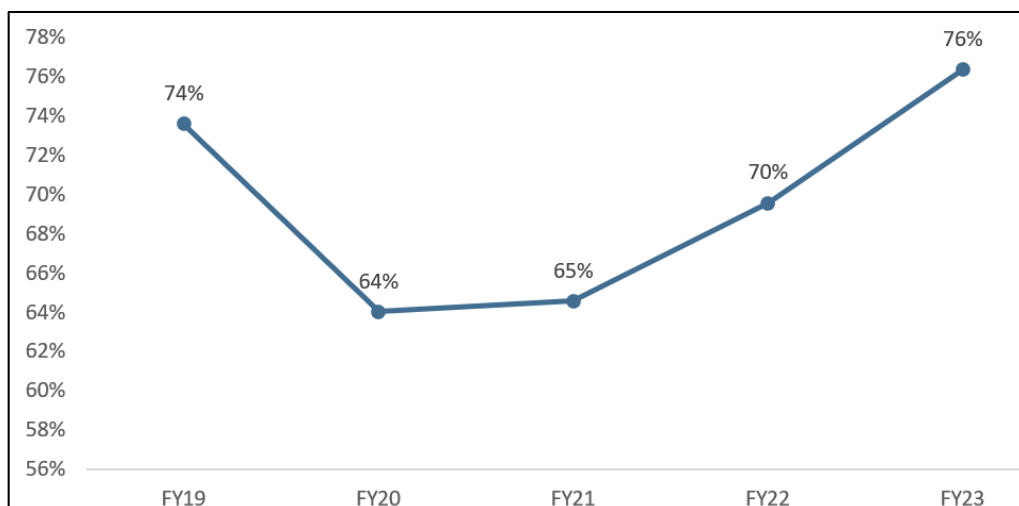
### Installed Capacity of Cement Sector



Source: CMIE, CARE Research, Fiscal 2025 data is estimated



### Capacity Utilization of Cement Sector in India



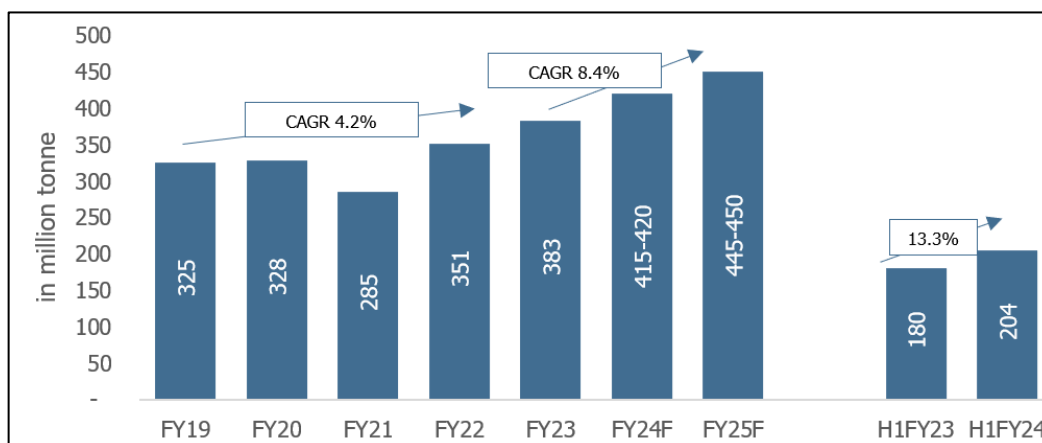
Source: CMIE, CARE Research

### Cement Consumption

Cement consumption grew at a CAGR of 4.2% from 325 MT in Fiscal 2019 to 383 MT in Fiscal 2023. However, there was a 13.0% year-on-year decline in consumption in Fiscal 2021 to 285 MT due to COVID-19. Subsequently, the consumption picked up in Fiscal 2022 and Fiscal 2023, demonstrating year-on-year growth of 23.1% and 9.1%, respectively. In the six months ended September 30, 2023, the cement consumption grew by 13.3% compared to the six months ended September 30, 2022.

Further, cement consumption is projected to witness 9% - 10% year-on-year growth in Fiscal 2024 to reach approximately 420 million tonnes, driven by increased demand from the infrastructure construction sector. In Fiscal 2025, the cement consumption growth is expected to moderate to 7% - 7.5% year-on-year.

### Domestic Cement Consumption

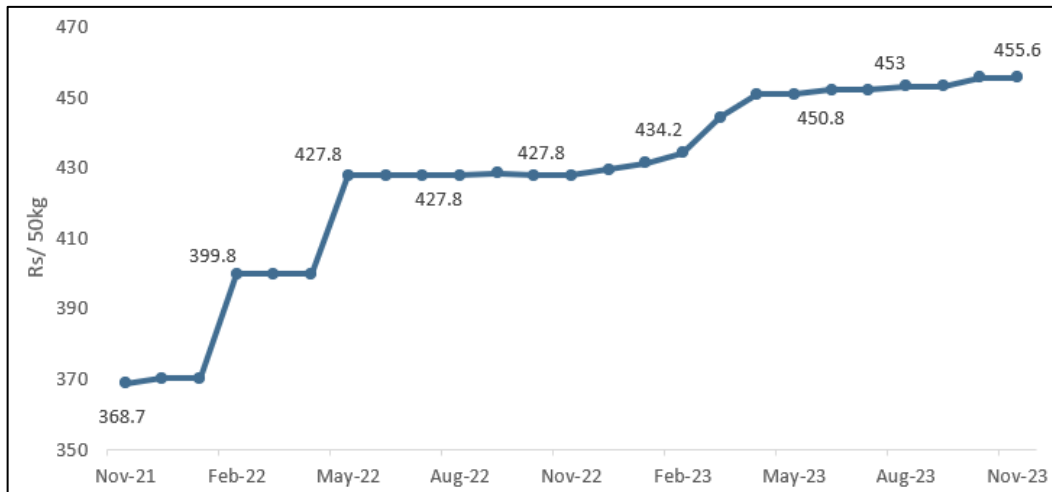


Source: CMIE, CARE Research; F: Forecast

### Cement Prices

Cement wholesale prices in India have risen from ₹ 368.7 per 50 kg bag in November 2021 to ₹ 455.6 per 50 kg bag in November 2023. The prices were on an upward trajectory during Fiscal 2023 due to high input costs, mainly coal prices. Cement companies are hiking prices in Fiscal 2024 as well, despite a decline in raw material prices. This is attributed to strong construction demand led by the government's focus on infrastructure development and low seasonality impact due to below-average monsoon.

## Domestic Cement Wholesale Prices



*Source: CMIE; Note: Cement wholesale prices are based on all India average.*

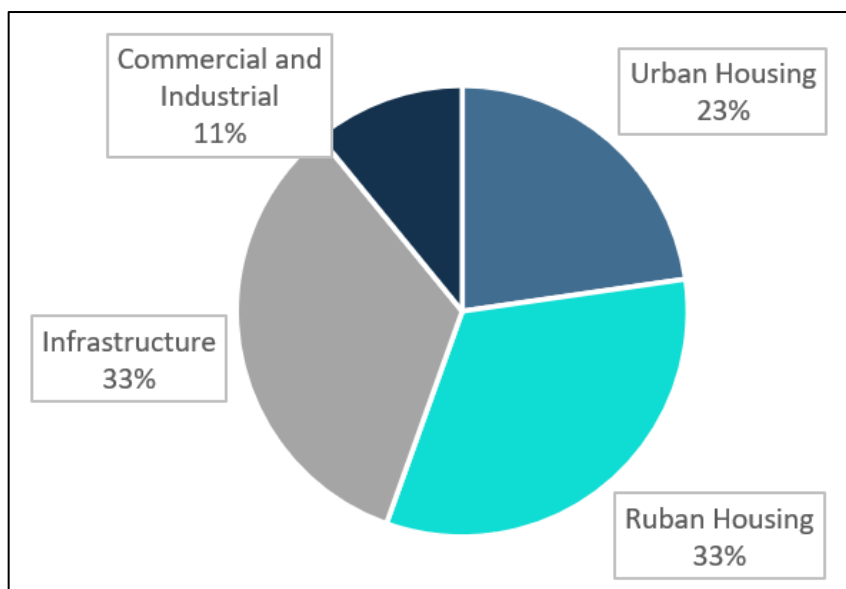
### Government Initiatives

The government has from time to time announced schemes with regard to infrastructure development, including affordable housing, which augurs well for the cement industry. The central government continues to focus on increasing capital expenditure outlay to spur growth. Also, the infrastructure capital expenditure for Fiscal 2024 (Budget estimate) at ₹ 10 lakh crore is almost three times the capital expenditure in Fiscal 2020. The government also increased outlay on railways and included plans for 50 new airports in the Union Budget 2024.

### Demand Drivers

Cement demand is strongly tied to the broader economic expansion, especially in the housing and infrastructure sectors. Approximately 56% of this industry's demand stems from the housing sector, encompassing affordable housing initiatives. The government's substantial investments in infrastructure development, including road construction, railways, highways, rural development, and transportation projects like metro rail, are favourable indicators for the cement industry.

### Demand Drivers



*Source: Company Reports, CARE Research*

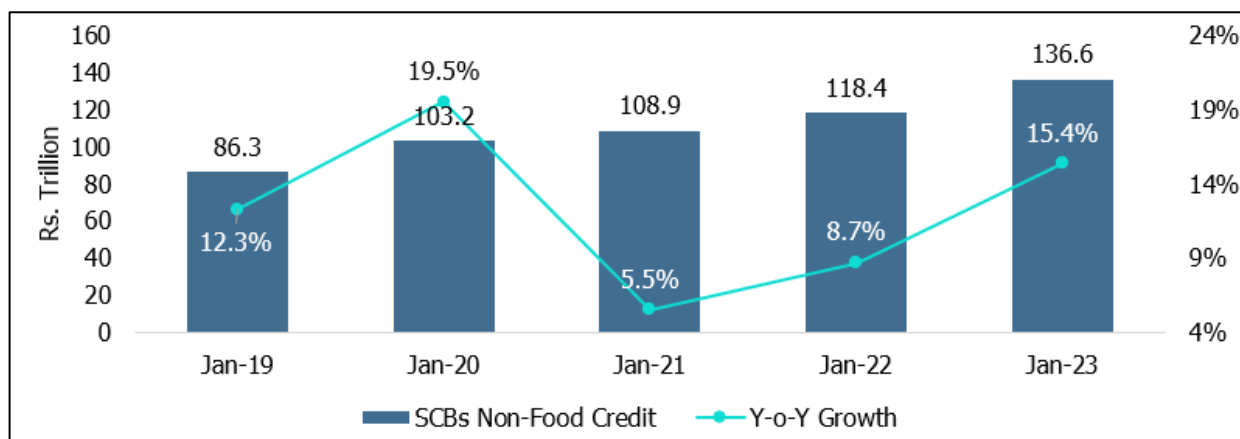
### Cement Consumption Gap

Despite being the world's second-largest cement producer, India lags behind the global average in cement consumption. This indicates significant growth potential. Historical trends demonstrate that as the country undergoes development, infrastructure is a key focus of the government, which leads to a rise in cement demand.

## FINANCIAL SERVICES INDUSTRY

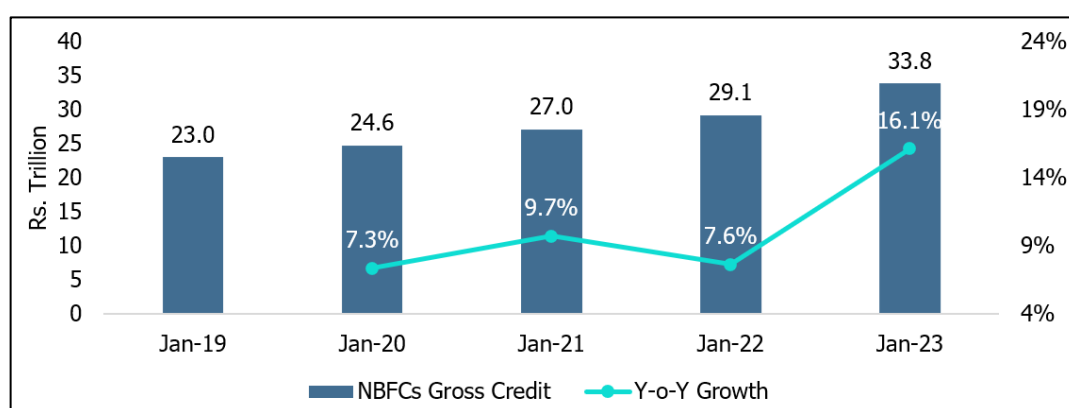
### Credit growth trends for banks and NBFCs in India

**Credit Deployed by SCBs**



Source: RBI, CARE Research; Note: Data is provisional.

**Gross Credit Deployed by NBFCs**



Source: RBI, CARE Research; Note: Data are provisional

### Key growth drivers

#### ***Last Mile Financing and Unbanked Population***

NBFCs have a strong presence in the unorganized and under-served areas where banks may not have a strong foothold. This is attributed to the lack of necessary bank infrastructure in these areas and an aversion on the part of banks to disburse loans to smaller companies.

#### ***Growing Focus on Informal Customer Base***

Traditional banks may not be very keen on lending to retail borrowers from semi-urban and rural areas or small companies with weaker credit scores and lack of documentation, as compared to larger borrowers. However, in terms of volume, the number of potential customers in this category is higher and NBFCs have created a niche segment by having customized credit assessment methods based on cash flow assessment and field verification.

#### ***Technological Adoption and Co-Lending Arrangements***

NBFCs deploy technological solutions to develop innovative products and lower operational costs. Since NBFCs are fairly new in the financial landscape in comparison to most banks, they are more agile and better positioned to leverage technology to enhance their reach while increasing efficiency.

### ***Shifting Buying Behaviour***

Over the years, there have been significant changes in the perception of consumers toward borrowing. With the need to improve lifestyle, there is an increasing inclination towards borrowing to attain a certain standard of living people. This is prominent among the younger population. Accordingly, banks and NBFCs have seen significant traction in demand for personal loans over the last decade, indicating increased awareness about credit and shift in perception towards borrowing.

### ***Rising Demand from Retail Customers***

Retail borrowers accounted for around 30% of total credit disbursed by NBFCs in Fiscal 2023, according to data published by the RBI. The retail segment has shown consistent growth in credit demand throughout the pandemic alongside being a significant chunk of the customer base of NBFCs. Going forward, CARE Research believes that the demand for consumer durables, consumption of services, home loans and gold loans are likely to support the growth in retail demand and, consequently, aid in the new business of NBFCs.

### ***Increased Demand from MSMEs and Agriculture***

Favourable government policies aimed at boosting agriculture, small-scale industries, and consumption are likely to act as long-term growth catalysts in improving the demand for MSMEs and agricultural credit. The “Make in India” and “Start-up India” initiatives, for example, are likely to support industrial activity and contribute to the demand for credit from banks and NBFCs.

### ***Banks’ Growing Exposure to NBFCs***

NBFCs need financing to keep up with the growing demand for retail, MSMEs, agriculture, and other loans. Since a large number of NBFCs are non-deposit-taking, they rely on external sources of financing from banks, mutual funds, capital market borrowings, etc. At the same time, growth in NBFC credit is likely to aid the bank credit growth.

### **Outlook**

In the near term, the outlook for bank credit offtake is likely to be very strong, owing to the festival season. In the medium term, the outlook for banks continues to remain positive, driven by economic expansion, increased capital expenditure, and a sustained focus on retail credit. CARE Research expects 13.0% - 13.5% credit growth for Fiscal 2024, excluding any impact from the merger of HDFC with HDFC Bank. In terms of segmental performance, the personal loan segment, partially driven by the merger's influence, would outperform industry and service segments in Fiscal 2024.

Furthermore, CARE Research estimates NBFCs’ gross credit deployed to grow in the range of 11% - 13% year-on-year, supplemented by improved asset quality and an uptick in demand for credit from the retail industry. In addition, the steady demand for retail loans mixed with increased middle-class spending and continued improvement in economic growth will the NBFC credit offtake growth. Additionally, the growth is projected to be propelled by increased focus on extending credit to customers belonging to segments where the penetration of bank credit is low, ease of access to the internet, and investments made in technology infrastructure in recent years.

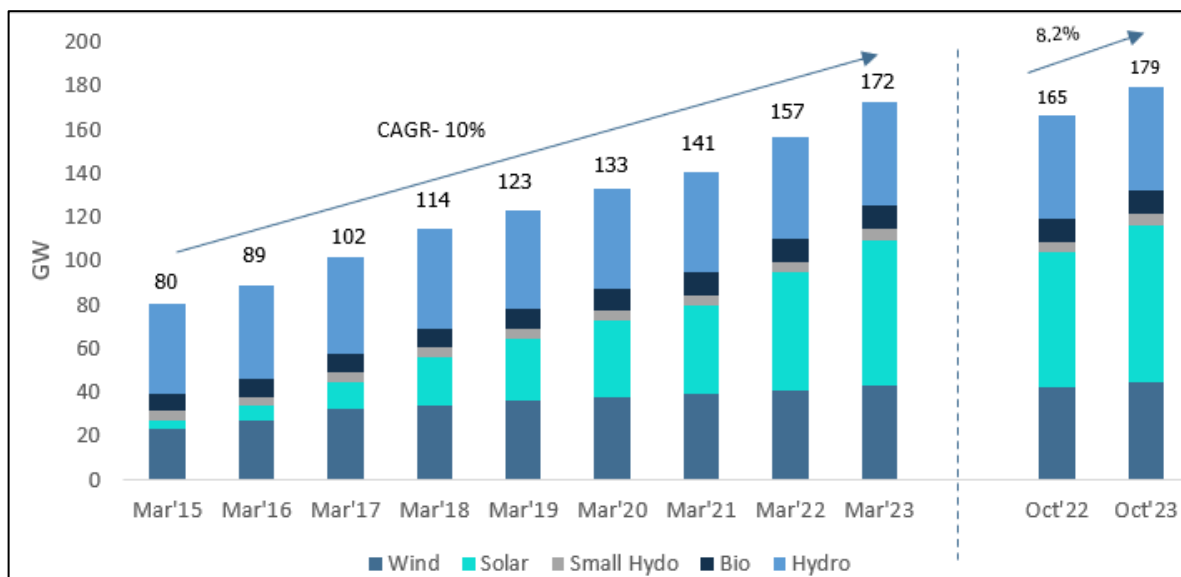
Moreover, elevated interest rates, any further rise in the repo rate, inflation, and global uncertainties regarding geo-political issues are the other key factors which could weigh on the credit growth of banks and NBFCs.

## **RENEWABLE ENERGY**

### **Overview**

The total potential of renewable power in India is estimated to be 1,639 GW, compared to an installed capacity of 179 GW as of October 2023. The installed capacity of renewable energy has grown by 92 GW over Fiscal 2015 – Fiscal 2023, implying a CAGR of approximately 10%.

## Renewable Energy – Trend in Installed Capacity



Note: Small Hydro denotes projects up to 25 MW, Hydro Power Plants denotes projects more than 25 MW; Source: CEA, CARE Research

## Solar Power in India

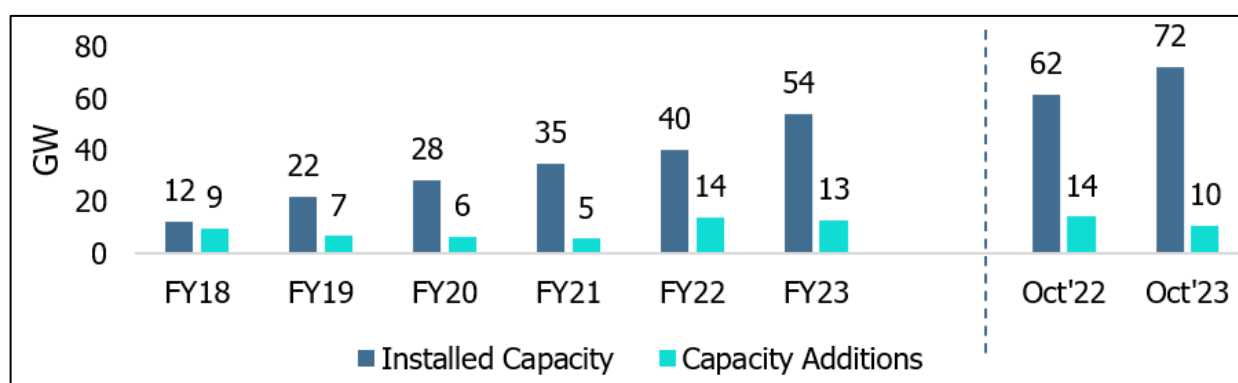
### Overview

India has a solar potential of 749 GW, assuming that solar PV modules cover 3% of wasteland area. Comparatively, India had an installed capacity of 72 GW, as of October 2023. The top ten states which account for approximately 75% of the total solar potential, have an installed capacity of 65 GW, which is only approximately 9% of their potential. Accordingly, there is a significant untapped solar potential across India.

### Capacity Addition Trends

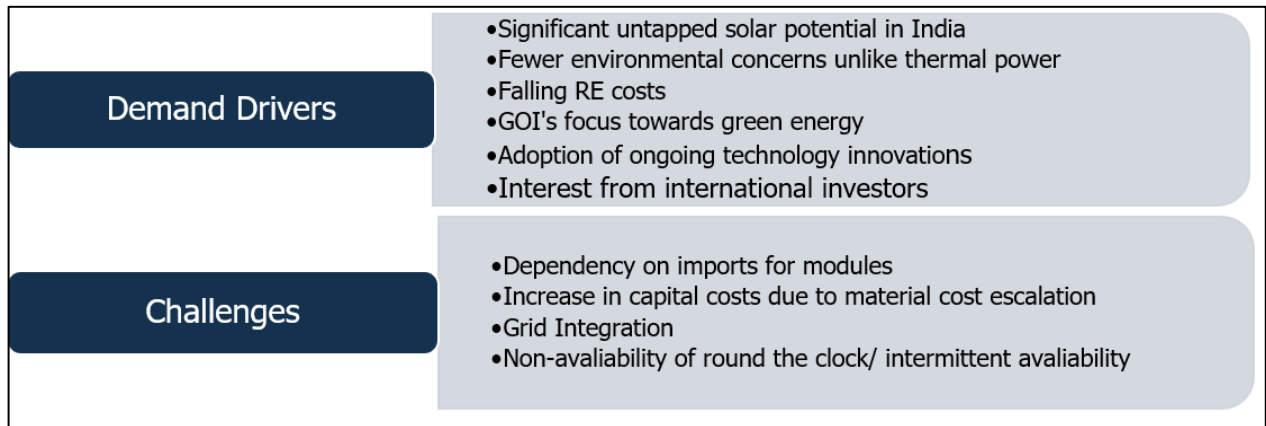
Despite suffering from supply chain constraints, increasing shipping costs, and rising prices of key commodities, the capacity installations have been high due to rapid technological improvements, increased competitiveness, faster completion of projects in pipeline COVID-19, the consistent focus of the Government of India, greater demand from the commercial and industrial segments, increasing maturing of the renewable energy market, among other factors.

### Trend in Solar Installations



Source: MNRE, CARE Research

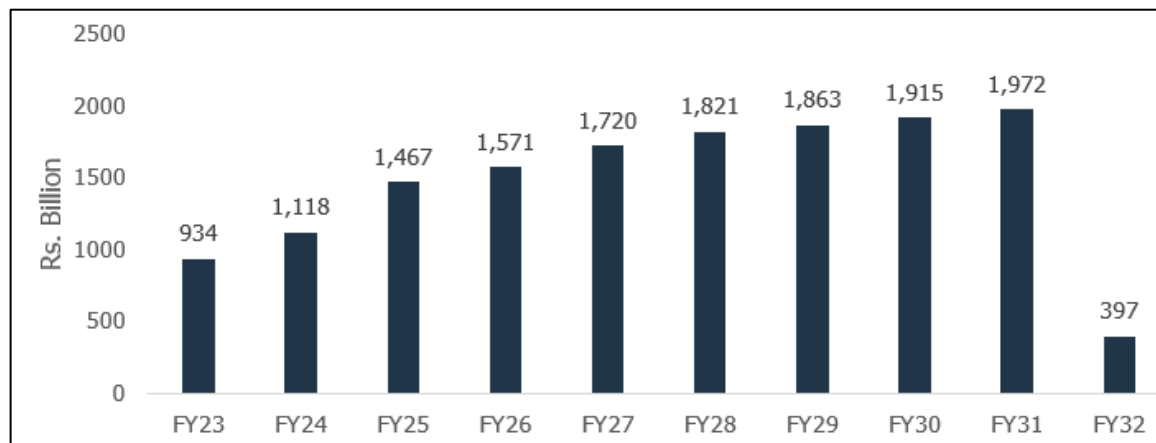
## Demand Drivers and Challenges



### Outlook

As per the National Electricity Plan Volume 1 (March 2023), 186 GW of installed solar power capacity is expected to be achieved by Fiscal 2027 and 365 GW by Fiscal 2032.

### Year-wise investment opportunity in solar sector



Source: National Electricity Plan Vol-2 (March 2023), CARE Research

Note: Investments pertain to capacity additions targeted up to Fiscal 2032. Investments towards capacities which will be commissioned beyond Fiscal 2032 are not included.

## Wind Power in India

### Overview

With a total installed capacity of 44.3 GW (as of October 2023), India currently ranks fourth globally in terms of installed wind power capacity. The government, through the National Institute of Wind Energy, has installed over 800 wind-monitoring stations all over the country, issuing wind potential maps at 50m, 80m, 100m, and 120m above the ground level. Further, the recent assessment indicates a gross wind power potential of 302 GW in the country at 100m and 696 GW at 120m above the ground level. Most of this potential exists in seven windy states.

### Outlook

As per the National Electricity Plan Volume 1 (March 2023), 72.8 GW of installed wind power capacity is expected to be achieved by Fiscal 2027 and 121.8 GW by Fiscal 2032.

### Government Schemes for Renewable Energy Sector

#### Higher Bidding Targets for Renewable Energy Projects

In April 2023, the Government of India announced that it will invite bids for 50 GW of renewable energy capacity annually for the next five years (up to Fiscal 2028) in order to achieve COP26 targets of 500 GW of electricity capacity from non-fossil

fuels by 2030. These annual bids of Inter-State Transmission ("ISTS") connected renewable energy capacities will include wind power capacity of at least 10 GW per annum.

#### ***Round-the-Clock-Power for Renewable Energy Projects***

The round-the-clock power mechanism is bundling of power has been bought by the government in order to overcome the issues of intermittency and low capacity utilization of transmission infrastructure. Here the renewable energy power is bundled with other sources and/or storage.

#### ***Competitive Bidding Guidelines for Solar and Wind Projects***

The bidding guidelines have been issued for long term procurement of power to promote competitive procurement from solar and wind and also to protect the consumer interests. The guidelines for tariff based competitive bidding process for procurement of power from grid connected solar PV power projects were issued *vide* resolution dated August 3, 2017 while the guidelines for tariff based competitive bidding process for procurement of power from grid connected wind power projects were issued *vide* resolution dated December 8, 2017.

#### ***Waiver of ISTS Charges***

Ministry of Power has issued order for an extension to the ISTS charges waiver on solar and wind energy projects commissioned up to June 30, 2025. Waiver of ISTS charges shall also be allowed for hydro pumped storage plant and battery energy storage system projects to be commissioned up to June 30, 2025 subject to certain conditions.

#### ***Must Run Status***

In line with the Electricity Act 2003 and the Electricity Grid Code 2010, wind and solar power have the 'must-run status'. The term 'must run status' refers to the notion that electricity evacuation from solar and wind power facilities should not be limited for reasons other than grid safety, equipment or people safety, merit order dispatch, or other commercial concerns.

## OUR BUSINESS

*In this section, unless the context otherwise requires, indicates or implies, references to “we”, “us”, “our” or to the “Group”, are to Grasim Industries Limited and its consolidated subsidiaries, associates and joint venture companies, while references to the “Company” or the “Issuer” are to Grasim Industries Limited on a standalone basis.*

*Unless otherwise stated, or unless the context requires otherwise, the financial information used in this section is derived from our audited consolidated financial statements as of and for the year ended March 31, 2023 and 2022 and our Unaudited Consolidated Financial Results as of and for the six months ended September 30, 2023 and 2022. Financial information as of and for the six months ended September 30, 2023 and 2022 are not indicative of future operating results and are not comparable with annual financial information. References to a “Fiscal” in this section are as of and for the relevant year ended March 31.*

*Industry and market data used in this section is derived from the industry report titled 'Industry Research Report on BFSI, Renewable Energy, Paint, Chemicals, Cement and Textile' dated December 2023 prepared by CARE Analytics and Advisory Private Limited (“CARE” and such report, the “CARE Report”) appointed by our Company pursuant to an engagement letter dated November 6, 2023. We have commissioned and paid for the CARE Report specifically for the purpose of the Issue. For further details, see “Presentation of Financial Information and Other Information - Market and Industry Data” on page 15.*

### OVERVIEW

Our Company is the flagship enterprise of the Aditya Birla Group, which is widely recognized as one of the largest business groups in India. Our Company was incorporated in 1947, commenced its operations as a textiles manufacturer and has since evolved into a diversified conglomerate with a leading position across many of its businesses.

Our operating segments comprise viscose, chemicals, cement, financial services and others (primarily textiles, insulators, paints, B2B e-commerce and renewable energy):

- **Viscose:** In the Indian market, we are the largest producer of viscose staple fibre (“VSF”), which is a man-made, bio-degradable fibre that is fast emerging as a sustainable alternative to cotton (*Source: CARE Report*) and viscose filament yarn (“VFY”). We had an installed capacity of 842 KTPA for the production of VSF and 51 KTPA for the production of VFY, as of September 30, 2023.
- **Chemicals:** Our chemicals business comprises three categories - chlor alkali, chlorine derivatives and speciality chemicals (epoxy polymers and curing agents). We are India’s largest player of caustic soda. (*Source: CARE Report*) Our chlorine derivatives include stable bleaching powder, chlorinated paraffin wax and poly aluminium chloride, amongst others. We had an installed capacity of 1,358 KTPA for caustic soda and 123 KTPA for specialty chemicals, as of September 30, 2023.
- **Cement:** Our subsidiary, UltraTech Cement Limited (“UTCL”) is India’s largest manufacturer of grey cement and ready-mix concrete and is the third largest cement producer in the world, excluding China. (*Source: CARE Report*) It is also one of the prominent manufacturers of white cement in India. UTCL is a public company listed on the BSE Limited and National Stock Exchange of India Limited (together, the “**Indian Stock Exchanges**”) and had a market capitalization of approximately ₹ 2,38,383 crore, as of September 30, 2023.
- **Financial Services:** Our subsidiary, Aditya Birla Capital Limited (“ABCL”), is a leading diversified financial services entity engaged in a number of businesses that include non-banking finance, housing finance, life insurance, health insurance, asset management, stock and securities broking and other financial services such as wealth services, insurance advisory and asset reconstruction. ABCL is a public company listed on the Indian Stock Exchanges and had a market capitalization of approximately ₹ 46,766 crore, as of September 30, 2023.
- **Textiles:** We are one of the leading producers of niche textiles that include linen yarn and fabric, woolen yarn and premium cotton fabrics and are also present in the worsted spinning segment. The retail arm of our textiles business operates under the brand ‘Linen Club’ and is a prominent fabric brand with a pan India presence through a number of exclusive brand outlets and multi-brand outlets.
- **Insulators:** We are a large manufacturer of electrical insulator in India and globally, catering to various applications such as transmission lines, substations, equipment and railways.
- **Paints:** We forayed into the decorative paints business and are in the process of setting up six paint manufacturing plants with an aggregate installed capacity of 1,332 MLPA. We plan to commission these in a phased manner beginning from the fourth quarter of Fiscal 2024. We will operate our paints business under the brand ‘Birla Opus’.
- **B2B e-commerce:** We entered into the B2B e-commerce business in Fiscal 2023 offering integrated procurement solutions



through our e-commerce platform with a primary focus to supply MSMEs different categories of building materials. We operate our B2B e-commerce business under the brand ‘Birla Pivot’

- **Renewable Energy:** Our subsidiary, Aditya Birla Renewables Limited (“**ABRL**”) provides clean energy solutions for a sustainable future, through solar, wind and hybrid (solar-wind) power plants.

The following table sets forth details of our segments as per Ind AS 108 – Operating Segments, Adjusted EBITDA and Adjusted EBITDA Margin (%) for the periods/ years indicated:

(₹ in crore, except percentages)

Revenue:	Six months ended September 30,		Fiscal	
	2023	2022	2023	2022
Viscose	7,472.49	8,203.02	15,148.58	12,209.85
Chemicals	4,134.16	5,441.79	10,421.68	7,887.88
Cement	33,749.23	29,056.56	63,239.98	52,598.83
Financial Services	14,738.12	12,388.34	27,365.17	22,094.34
Others <sup>(1)</sup>	1,788.68	1,599.93	3,232.23	2,321.44
Inter segment revenue/ Eliminations	(596.81)	(1,162.56)	(1,780.56)	(1,411.21)
<b>Revenue from operations</b>	<b>61,285.87</b>	<b>55,527.08</b>	<b>1,17,627.08</b>	<b>95,701.13</b>
<b>Total Income</b>	<b>61,866.25</b>	<b>55,947.19</b>	<b>1,21,239.13</b>	<b>96,522.47</b>
Adjusted EBITDA <sup>(2)</sup>	9,490.51	9,016.46	20,477.64	17,772.41
Adjusted EBITDA Margin <sup>(3)</sup> (%)	15.49	16.24	17.41	18.57

<sup>(1)</sup> Others primarily includes textiles, insulators, paints, B2B e-commerce and renewable energy.

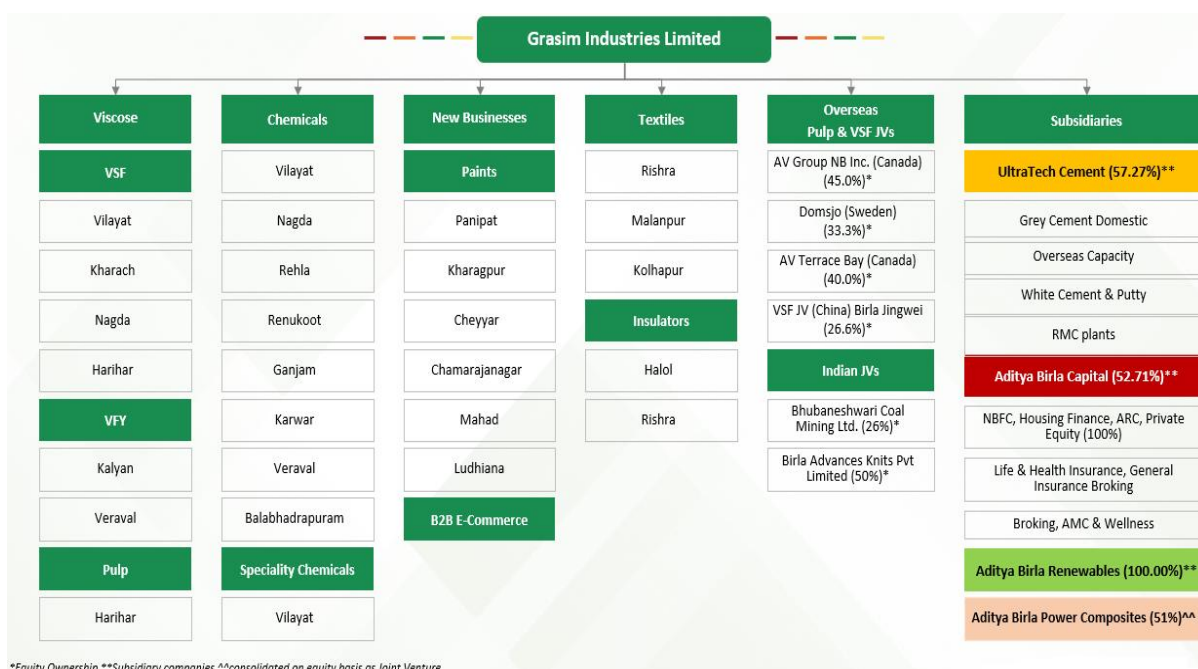
<sup>(2)</sup> Adjusted EBITDA is calculated as Profit from Ordinary Activities for the period/ Profit from continuing operations for the year, before Share in Profit of Equity Accounted Investees, Exceptional Items, Tax, Finance costs (other than finance cost relating to NBFC/HFC’s business) and depreciation and amortization expenses.

<sup>(3)</sup> Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by revenue from operations.

For reconciliation in relation to Adjusted EBITDA and Adjusted EBITDA Margin, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Non-GAAP Measures” on page 581.

## Corporate Structure

Our corporate structure is as follows:



\*Equity Ownership \*\*Subsidiary companies ^^consolidated on an equity basis as Joint Venture

## STRENGTHS

### Strong Parentage with Diversified and Well-established Businesses

Our Company is the flagship enterprise of the Aditya Birla Group and we derive significant advantages from the strong parentage and brand equity generated by the ‘Aditya Birla’ brand. We believe the brand equity associated with ‘Aditya Birla’ provides us with a distinct competitive edge and instils confidence and trust among our stakeholders, including customers, partners, and investors. Our Group includes one of the top fashion and lifestyle players in India, one of India's biggest aluminium

manufacturing companies, a global carbon black manufacturer, a leading aluminium downstream player with expertise in rolling and recycling, a prominent player in the paper, textiles and real estate space and one of the leading telecom players in India. We believe that we are able to attract talent due to the recognition of our Group. Moreover, our brand recognition helps generate avenues for collaboration and strategic partnerships, enabling us to leverage the extensive network and resources within our ecosystem.

Our operations are spread across multiple businesses including viscose, chemicals, cement, financial services, textiles, insulators, paints, B2B e-commerce and renewable energy. Over the years, we have established a market leading position in several of our businesses.

We have diversified cash flows stemming from operations in our various businesses. We believe our position as a large-scale, leading market player results in economies of scale that provide us with significant operating efficiencies. For the six months ended September 30, 2023 and 2022 and Fiscals 2023 and 2022, our total income was ₹ 61,866.25 crore, ₹ 55,947.19 crore, ₹ 1,21,239.13 crore and ₹ 96,522.47 crore, while our profit for the period/year was ₹ 4,600.40 crore, ₹ 4,267.94 crore, ₹ 11,078.20 crore and ₹ 11,206.29 crore, respectively. We have a record of continuous dividend distribution for over 60 years, reflecting our consistent financial track record.

### ***Synergies in Operations with Strong Backward Integration***

We believe our diversified businesses along with our geographic diversification provides a hedge against the risks associated with any particular industry segment or geography, while benefiting from the synergies of operating in diverse but related businesses. Our synergies across businesses provide us with the ability to drive growth, optimize capital efficiency and maintain our competitive advantage. We also derive operational efficiencies by centralizing and sharing certain key functions across our businesses. We have cross-functional teams comprising marketing, manufacturing, central finance functions and research and development personnel from diverse businesses who collaborate on projects spanning the entire product development cycle, from ideation to market launch. We invest significant management resources to ensure that we leverage existing inter-linkages between our businesses and are able to maximize the potential synergies amongst them. Our focus on raw materials security and backward integration is key to our success, from a cost management perspective.

We are focussed on areas including supply chain sustainability, sourcing reliability, competitive cost advantage, procurement excellence and digitisation. We meet a large portion of our requirements of dissolving grade pulp for our VSF business primarily through our joint venture operations. Other key input for the production of viscose, such as caustic soda, power and steam are produced in-house to meet a significant portion of our requirements. During the production of caustic soda, chlorine is produced as a by-product and we use it for the production of chlorine derivatives such as stable bleaching powder, phosphoric acid, chlorinated paraffin wax and other products. For chlor-alkali production, we source significant portion of our power requirements through our captive power plants. In addition, our viscose and chemicals manufacturing units located at Vilayat, Gujarat, Veraval, Gujarat and Nagda, Madhya Pradesh are located in proximity with each other, which helps in reducing operational costs and provides us competitive advantages.

### ***Strong R&D Capabilities***

Our focus on research and development initiatives has been critical to our success and a differentiating factor from our competitors. We are focussed on undertaking R&D in our existing products and in areas where we believe there is significant growth potential. We have made significant investments in our R&D infrastructure and we currently have nine R&D facilities, including a corporate R&D centre, five exclusive R&D centres for VSF, two exclusive R&D centres for chemicals and others, and one R&D centre for paints. Our associate company, Aditya Birla Science and Technology Company Private Limited, has modern laboratories, multi-purpose scale-up facilities, modelling and simulation capabilities and provides solutions from the concept stage to commercialisation, at Taloja, Maharashtra. We have also set up the Aditya Birla Water Application and Product Development Centre at Vilayat, Gujarat; the Next Generation Fibre Research Centre at Nagda, Madhya Pradesh; the Aditya Birla Cellulose Fibre Research Centre at Kharach, Gujarat; the Textile Research Application and Development Centre at Kharach, Gujarat; the Pulp and Fibre Innovation Centre at Taloja, Maharashtra; the Clonal Production Centre at Harihar, Karnataka; the Performance Material Research Centre at Taloja, Maharashtra; and the Paints R&D Lab and Pilot Plant at Taloja, Maharashtra. Most of our R&D centres are registered with the Department of Scientific and Industrial Research, Government of India. The focus of our R&D facilities is to address the changing needs of our customers. Our R&D teams include Phds, postgraduates and graduates with varied specialisations in textiles, chemicals, information technology, applied sciences, and synthetic and physical chemistry. During Fiscal 2023, we spent ₹ 124.45 crore on our R&D activities.

The R&D projects undertaken by us focus on developing and commercialising premium differentiated products, improving our competitive cost position, product quality and environmental sustainability. To support these goals, we manage a pipeline of projects that address our near and mid-term needs, as well as explore future opportunities. As a result of our R&D initiatives, we have successfully pioneered new VSF and VFY products in India. During the Fiscal 2023, we developed three new products under spool spinning yarn (“SSY”) and two new products under core spun yarns. We continue to develop blends in both, linen

and wool, with premium sustainable fibres, such as silk, cashmere, lyocell, dope dyed, bamboo and we offer organic certified linen and wool with complete traceability from farm to fashion. We have developed cotton blends with sustainable fibres such as modal and lyocell. We leveraged our R&D capabilities to provide water treatment solutions for potable water by removing fluoride from ground water, provide water and waste-water treatment solutions to different industries and economical solutions for effluent treatment plants. We have expanded our R&D centre at Vilayat, Gujarat and set up a new plastic application laboratory to offer green and sustainable solutions to plastic manufacturers. In the field of specialty chemicals, we are focussed on developing new products in the area of bio-based products, waterless, solvent free, green processes and chemistries, as well as innovation in the area of recyclability and circularity of materials. As a result of our R&D initiatives, we have several patents that have been granted to us and patent applications pending in various countries.

### ***Sustainable Business Practices and Initiatives***

We endeavour to build a green environment by focussing on sustainable products, circular economy, responsible sourcing and manufacturing, valuable partnerships and social responsibility, to yield positive results. We have adopted policies geared towards sustainability and preventing climate-change, to ensure that our sustainability strategies are executed effectively. We have an energy and carbon policy to reduce our energy consumption and carbon emissions, an environment policy to reduce environmental impact, a water stewardship policy for water conservation through water management practices and governance systems and a biodiversity policy reflecting our commitment to reduce our impact on and conserve biodiversity. In an effort to address climate change, we are working to reduce energy intensity consumption to lower the environmental impact of our operations, adopt clean energy solutions and we are prioritising reducing greenhouse-gas emissions through energy-efficient technologies and renewable energy sources. We have upgraded and optimised the generation of electrolyzers through re-coating and re-membrane, to improve energy efficiency. We continuously work towards waste categorisation, seeking utilisation options, minimising waste generation at the source, and investing in cleaner technology for waste reduction. We have set up zero liquid discharge plants at our manufacturing facilities at Nagda, Madhya Pradesh, Renukoot, Uttar Pradesh, Ganjam, Odisha, Rehla, Jharkhand and Balabhadrapuram, Andhra Pradesh for our chlor alkali business and focus on reducing effluent generation by plant effluent characterization and increasing recycle and reuse of wastewater. In addition, we have installed sulphate removal systems and optimised yarn spinning outputs by reducing soft waste production. Our sustainability strategy focuses on innovating and upgrading our products and processes to extract value from waste streams. We prioritise safety and compliance in waste disposal, ensuring minimal to no environmental impact. Certain of our units are certified with European Union Best Available Techniques for complying with stringent norms of waste disposal and we are in the process of achieving zero discharge of hazardous chemicals. We have also implemented a code of conduct to clarify expectations in the areas of business integrity. Suppliers, vendors, contractors, consultants, agents and other providers of goods and services who do business with us are required to adhere to the same.

We have received several awards for our sustainability practices including the Economic Times – Sustainable Organisation for 2022, Gold Shield for Integrated Reporting - Manufacturing Sector at the ICAI Sustainability Reporting Awards for 2021 - 2022, by the Institute of Chartered Accountants of India and the NW18 Sustainability100+ Award in water stewardship. Our pulp and fibre business received the highest category of ‘dark green shirt’ in Canopy’s Hot Button Report in 2023, which highlights our efforts on improving sustainable wood sourcing practices and traceability across the value chain.

### ***Board of Directors and Professional Management Team with Proven Track Record***

Our Company’s Board comprises 13 directors with expertise in diverse fields. Mr. Kumar Mangalam Birla, the chairman of the board of directors of our Company and the chairman of the Aditya Birla Group, has over 25 years of experience as an entrepreneur across the metals, viscose, chemicals, financial services, cement, carbon black, mobile telecommunications, textiles and branded apparels sectors. Our senior management team comprises experienced and qualified professionals, each of whom have in-depth industry knowledge and experience. We also benefit from our senior management’s strategic and operational experience in a variety of sectors and businesses such as viscose, chemicals, textiles, cement and financial services, which, in turn, allows us to manage our growth and ensures smooth operations across our diverse businesses. We believe that the knowledge and experience of our senior management team enables us to continue building on our track record of incubating successful businesses. Further, each of our key Subsidiaries have professional management teams to manage their operations.

## **STRATEGIES**

### ***Maintain Our Leading Position Across Our Businesses***

We intend to continue focussing on maintaining our leading position across our businesses by leveraging industry trends driving growth in the viscose, chemicals, cement and financial services businesses. According to the CARE Report, the market size of the Indian textile industry in Fiscal 2021 is estimated to be at US\$ 223 billion and has the potential to grow at a CAGR of 10% in the next five years. Similarly, the chemical industry is expected to grow at a CAGR of 5% to 6% through 2027, driven by developing markets like Asia Pacific. The cement industry consumption is projected to witness a 9% to 10% year-on-year growth in Fiscal 2024, driven by increased demand from the infrastructure construction sector. In Fiscal 2025, cement

consumption is expected to witness 7% to 7.5% year-on-year growth in demand. (Source: CARE Report) We believe that we are well positioned to capitalize on such demand across different industries on account of several factors including our manufacturing capabilities, access to raw materials and recognizable brands.

We seek to maintain our position as the top player in India's viscose and chemicals sector. In the Indian market for VSF, our Company was the largest player, accounting for over 90% of VSF supply in Fiscal 2023 and in the same period, we generated the highest sales in caustic soda. (Source: CARE Report) We are enhancing our operations by making significant investments in modernising our existing facilities and establishing new production units, leveraging advanced technologies, and embracing sustainable practices to ensure our continued success in the industry. We plan to increase our production capacity for the manufacture chlor-alkali chlorine derivatives and specialty chemicals. In December 2023, we have commissioned an additional 123KT of annual manufacturing capacity for epoxy resins and formulation at our manufacturing unit located in Vilayat, Gujarat.

We also aim to continue providing our subsidiaries with operational flexibility and independence, which contributes to their performance and continued growth. Our material subsidiaries, UTCL and ABCL are generally well-capitalised and self-sufficient, and are able to operate their businesses and effect their growth plans with minimal intervention and support from our Company.

### ***Focus on Capital Allocation and Invest in Core and High Growth Businesses***

We will continue to focus on maintaining financial discipline through prudent management practices such as capital allocation, working capital optimization and debt management. As a result of such initiatives, we have received high credit ratings from rating agencies. Our NCDs have been rated AAA (Stable) by CRISIL and ICRA, our long term borrowings have been rated AAA (Stable) by CRISIL and CareEdge, our short term borrowings have been rated A1+ by CRISIL and CareEdge and our commercial paper has been rated A1+ by CRISIL and ICRA. We adopt a conservative approach to debt accumulation and primarily rely on internal accruals to finance our operations and growth objectives.

We constantly evaluate our business portfolio and we have adopted a disciplined approach to expansion and entry into new businesses, supported by in-depth market research and analysis.

We have recently forayed into the decorative paints business and are in the process of setting up six paint manufacturing plants with an aggregate installed capacity of 1,332 MLPA at strategic locations across India. We plan to commission these in a phased manner beginning from the fourth quarter of Fiscal 2024. We intend to offer a digital experience to customers, build a strong retail and dealer network and leverage the existing trust and loyalty we command. We have started offering painting services under the brand "PaintCraft", which we have launched in eight Indian cities. Our Company's board has approved a project cost of ₹ 10,139.00 crore for our paints business, of which, we had spent ₹ 4,907.63 crore, as of September 30, 2023. According to the CARE Report, the decorative paints segment accounted for the majority of market share in the Indian paints industry, with over 70% of the revenue with industrial paints accounting for the rest. The Indian paints industry is expected to witness healthy growth and is projected to reach a market size of ₹ 100,000 crore by Fiscal 2028, from approximately ₹ 63,300 crore in Fiscal 2023, at a CAGR of 9.6%. In decorative paints, increasing disposable income and rapid urbanization are driving heightened demand for home renovations and new constructions. (Source: CARE Report)

In July 2022, our Company's board approved foray into B2B e-commerce platform for the Building Materials segment with an investment of approximately ₹ 2,000 crore over a five year period.

### ***Focus on Product Development, Process Innovation and Sustainability Initiatives***

We intend to focus on premiumisation through innovation and the introduction of specialty products. Innovation is fostered across different verticals including process improvement, data analytics, new product development, scaling up facilities and customer support functions. We believe that our proactive approach to engaging with customers and soliciting their feedback has enabled us to innovate practices, as well as identify and address gaps in our products and services.

In our Viscose business, our R&D centres are dedicated to creating innovative yarns and fabrics in collaboration with local partners. We have indigenously developed speciality products of Viscose such as modal, dyed and lyocell.

In our chemicals business, we introduced new products in specialty chemicals and chlorine derivatives. We also introduced chloromethane in our product portfolio, which will help us improve our utilisation rate for chlorine. We also developed processes to use less toxic long chain chlorinated paraffins to assist our customers comply with international regulations. Further, our product 'Twist' series comprises speciality blends that are free from phthalates. They are a viable substitute for primary plasticisers that are typically incorporated into PVC to enhance its flexibility and softness. Going forward, we intend to continue to focus on high growth markets of pharmaceuticals, agrochemicals, water treatment solutions, food and feed and plastic additives. For our paints business, we have set up a paints R&D laboratory and pilot plant at Taloja, Maharashtra, which will assist us in the development of new products.

We intend to continue focussing on our sustainability initiatives and conserve the environment through eco-friendly manufacturing processes and product offerings. For example, in our textiles business, we focus on the advancement of hemp fibre technology to alleviate the risk associated with the supply of flax fibre. Hemp is a multifaceted crop that can be grown for various applications, rendering it a highly sustainable option. With the help of our R&D team, we were able to enhance the quality characteristics of hemp yarn, which resulted in an improved yarn imperfection level.

Our key sustainability initiatives include increasing energy efficiency and managing emissions to address climate change, water stewardship, waste management, minimizing the impact of our operations on biodiversity and prioritising environmental compliance across all aspects of our operations.

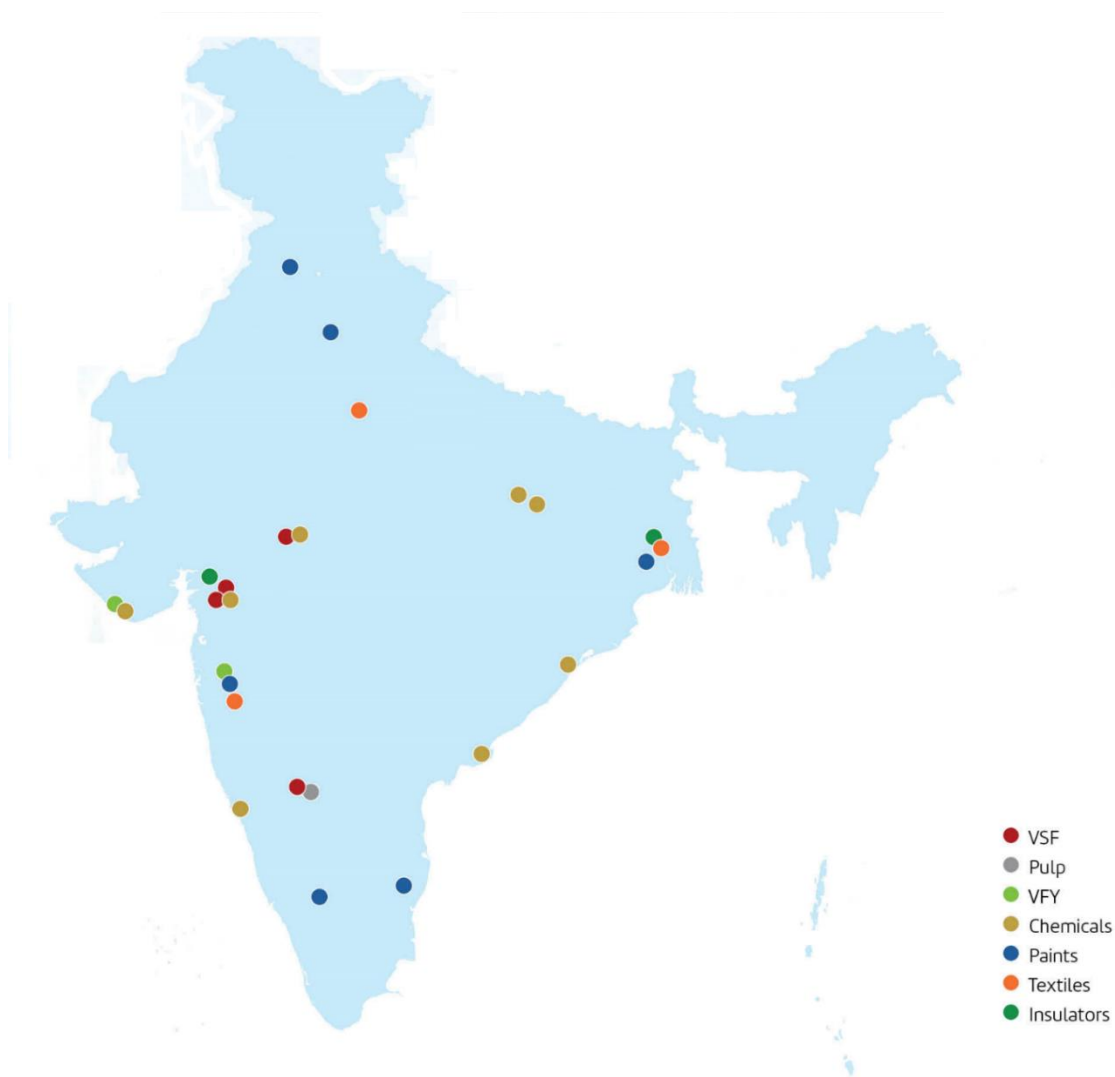
### ***Improving Cost Efficiency through Operational Excellence***

We expect cost leadership to be a key enabler for us to increase the market share of our products and improve our margins and we will continue to implement measures to reduce our operating costs. Operational efficiency is a fundamental pillar of our business strategy enabling us to maintain a competitive edge and drive sustainable growth. We seek to optimise and improve our processes, to enhance efficiencies. We intend to focus on digitisation initiatives, leveraging advanced analytics and automation to enhance our operations and improve customer experiences.

We will continue to enhance our backward integration capabilities. Caustic soda is a key raw material in the production of viscose, and by expanding our capacity, we intend to source our entire caustic soda requirements internally for the production of viscose. We believe that strengthening our backward integration levels will ultimately provide us with control over our supply chain and drive down costs such as transportation costs and other costs incurred in the supply of raw materials by third parties. Further, the primary cost in the manufacture of caustic soda is power and to optimise such cost, we have set up captive power plants and use renewable energy sources. We are also in the process of setting up a epichlorohydrin plant for backward integration for our specialty chemicals business.

## **DESCRIPTION OF OUR BUSINESS**

The following map sets forth the location of our Company's manufacturing facilities:



Note: Map not to scale. Our six paint plants are in the process of being set up and we plan to commission these in a phased manner beginning from the fourth quarter of Fiscal 2024.

## Viscose

We commenced the production of VSF in 1954 at our Nagda facility and have grown this business steadily over the last seven decades. We are a leading global producer of VSF. VSF is a man-made cellulosic, bio-degradable fibre that is fast emerging as a sustainable alternative to cotton. (Source: CARE Report) It is used in apparel, home textiles, dress materials, knit wears and non-woven applications. Our Birla Cellulose range of fibres, which includes *Spunshades*, can be used in their original form, or can be blended with all natural and synthetic fibres for enhanced comfort and feel. The VSF that we produce serves several brands in India and globally. Our revenues from the viscose segment have increased from ₹ 5,428.24 crore in Fiscal 2013 to ₹15,148.58 crore in Fiscal 2023.

During the six months ended September 30, 2023 and 2022 and the Fiscals 2023 and 2022, we sold 397 KT, 366 KT, 711 KT and 602 KT of VSF, respectively. During the six months ended September 30, 2023 and 2022 and the Fiscals 2023 and 2022, we sold 20 KT, 22 KT, 44 KT and 44 KT of VFY, respectively. As of March 31, 2023, our installed capacity for VSF and VFY was 824 KTPA and 51 KTPA, respectively. In Fiscal 2023, we achieved capacity utilization of 87.51% and 87.75% for VSF and VFY, respectively.

We have products in all three generation of viscose fibres. *Birla Viscose* is a first generation viscose fibre made from wood pulp, a sustainable natural resource. *Birla Modal* is a second-generation viscose fibre. The production process for *Birla Modal* has been refined to accentuate the lustre, feel and drape of the fabric, while also improving its utility. *Birla Modal* is wholly derived from a natural resource, making it biodegradable. *Birla Excel* is a third-generation viscose fibre and is manufactured from a unique closed-loop process where by-products are reused, thereby minimising discharge and reducing impact on the environment.

*LIVA* is our key VSF brand, which was launched in 2015 and is widely recognised as a natural fibre brand with a fashion quotient. It also provides longer lasting protection from microbes. The *LIVA* brand ensures quality fabric is made available through an accredited value chain, i.e., Liva Accredited Partner Forum (“**LAPF**”), which is a consortium of spinners, weavers, knitters and processors. Further, through a blockchain based platform, our partners and us are able to track the flow of materials in the supply chain from forest to retail.

*LIVA ECO* is an eco-enhanced version of *LIVA* and was launched by us in 2018. It is made from pulp procured from sources that are certified by the Forestry Stewardship Council (“**FSC**”).

*Liva Reviva* was launched in 2020. Pre-consumer industrial waste has been incorporated through in-house R&D. as a partial replacement to dissolving-grade pulp in the viscose making process.

Our VFY product is sold under the brand name *Raysil*. *Raysil* is completely natural and biodegradable and is produced from quality wood pulp. It is typically used in fine fabrics such as superfine georgette, crepe and chiffons as well as in satin, velvet, suit lining, ties, knitwear, fine embroidery threads, home textiles med-tech and other technical applications.

We produce various grades of VFY including pot spun yarn, spool spun yarn, continuous spun yarn and tire cord.

### Raw Materials

We have set up a captive dissolving grade pulp plant at Harihar, Karnataka and have joint-venture entities with facilities located in Canada and Sweden, which helps us procure certain of our raw materials. Other key inputs such as caustic soda, steam and power are largely sourced through captive facilities.

### Facilities

We have six plants in India manufacturing viscose (VSF and VFY):

- Nagda, Madhya Pradesh (VSF);
- Kharach, Gujarat (VSF);
- Vilayat, Gujarat (VSF);
- Harihar, Karnataka (VSF);
- Veraval, Gujarat (VFY); and
- Kalyan, Maharashtra (VFY).\*

*\*Our Company has the right to operate and manage this facility till January 2033.*

### Distribution, Sales and Marketing

We work with the textile value chain through LAPF to improve processes and products and to offer eco-friendly fashionable clothing to end-consumers. We provide LAPF members with services such as design and development, technical services, vendor management, marketing and buyer linkages support and market intelligence. LAPF has helped us improve our product innovation, quality management, process, deliveries and systems integration.

Set forth below is a pictorial representation of the sourcing, manufacturing and sale process for VSF:



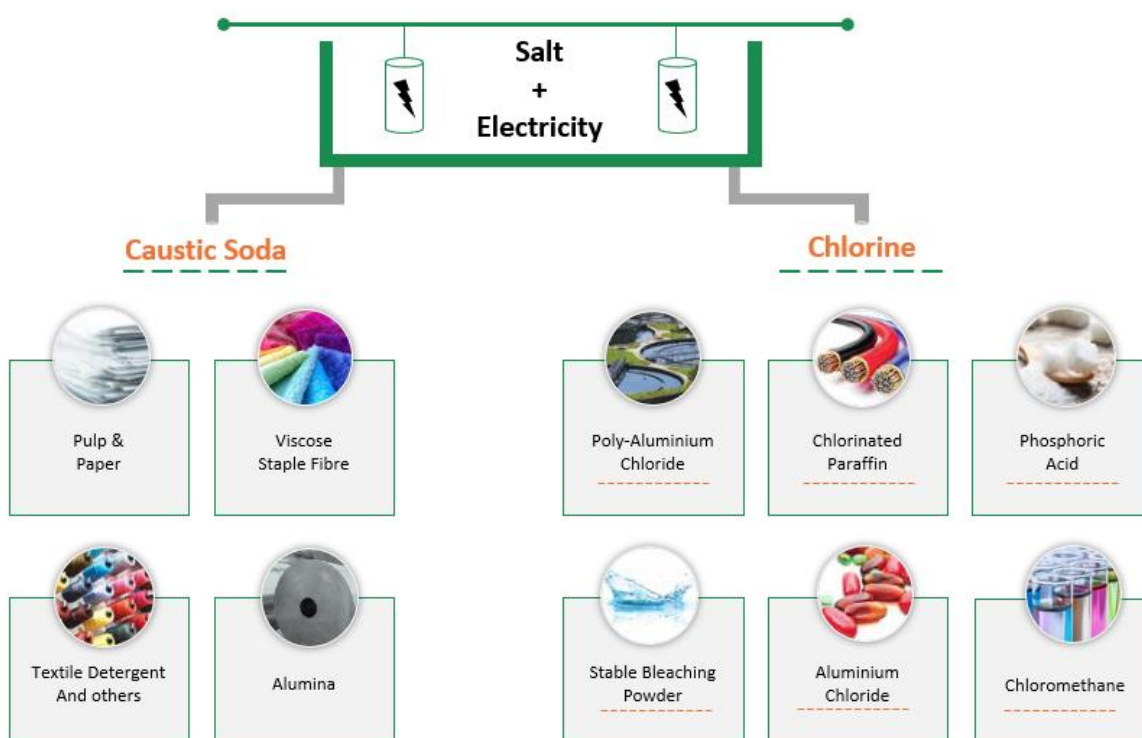


## Chemicals

Our chemicals business was set up in 1972 for backward integration of caustic soda for our viscose business. Our chemicals business comprises three categories - chlor alkali, chlorine derivatives and speciality chemicals (epoxy polymers and curing agents). During the six months ended September 30, 2023 and 2022 and Fiscals 2023 and 2022, we sold 598 KT, 574 KT, 1,145 KT and 1,044 KT of caustic soda, respectively. The performance of our specialty chemicals business improved during the six months ended September 30, 2023 due to an increase in demand from the wind segment and improved realisations and the increase in caustic soda sales during the six months ended September 30, 2023 was attributable to a growth in domestic demand. As of March 31, 2023, our installed capacity for caustic soda and specialty chemicals was 1,311 KTPA and 123 KTPA, respectively. In Fiscal 2023, we achieved capacity utilization of 87.55% and 88.34% for caustic soda and specialty chemicals, respectively.

Our revenues from the chemicals segment have increased from ₹ 951.25 crore in Fiscal 2013 to ₹ 10,421.68 crore in Fiscal 2023.

Set out below is a pictorial representation of the caustic soda and chlorine manufacturing process and uses:



The key products that we sell in our chemicals business are set forth below:

- **Caustic lye and caustic flakes:** Caustic soda lye and flakes are used in various industries such as alumina refineries, in the manufacture of soaps and detergents, paper, textiles, among others. It is also used as basic feedstock for a range of downstream products in the chemical processing industry.
- **Chlorine:** Chlorine is a disinfectant and is used to treat drinking water and swimming pools. It is also used in the manufacture of a number of consumer products such as paints, paper, textiles, insecticides, among others.
- **Hydrochloric Acid:** Hydrochloric acid is used in the production of batteries, phoflash bulbs, fireworks and is used industrially to process steel.

Chlorine is transported either through pipelines or specialised containers called tonners. Due to the hazardous nature of chlorine, it needs to be utilised as soon as possible and it is key to evacuate chlorine so that a manufacturing facility's operating capacity is not constrained. Hence, we use a portion of such chlorine for the production of chlorine derivatives including stable bleaching powder, phosphoric acid, chlorinated paraffin wax and other products. In 2020, we entered into an agreement with Lubrizol Advanced Materials to manufacture and supply chlorinated polyvinyl chloride ("CPVC") resin, which would also help us improve captive chlorine integration.



Our epoxy products range from basic products such as liquid epoxy resins to value-added products such as formulated resins, reactive diluents and hardeners. We produce a range of epoxy resin ranging from basic products such as liquid epoxy resins to value-added products such as formulated resins, reactive diluents and hardeners. Epoxy resin is a versatile product, which finds its application across industries including aerospace, automotive coatings, can and coil powder coating, adhesive marine coatings, industrial coatings, construction and electronics. The use of epoxy in the automotive and aerospace sector reduces the use of metal, and thereby has a positive environmental impact.

We sell our chemicals products under brands such as *Vytal*, which is a specialty variant for industrial water treatment, *Aqua Armor*, which offers water treatment problems in aquaculture, *Twist*, which offers phthalate-free plasticizers, *Epotec*, which is a customized formulation of epoxy polymers and curing agents, *Rensa* and *Shaktiman*.

#### *Raw Materials*

Key raw materials for the chemicals business include salt, Bisphenol A and epichlorohydrin. We seek to mitigate the risk of high volatility in global prices for raw materials and finished products by improving the sourcing mix between captive supply and third party suppliers. Power is a key input for manufacturing of caustic soda. We have also minimised our reliance on power grids and energy exchanges by setting up captive power plants and using renewable sources of energy.

#### *Facilities*

The location of our manufacturing facilities are set forth below:

- Nagda, Madhya Pradesh;
- Renukoot, Uttar Pradesh;
- Vilayat, Gujarat;
- Rehla, Jharkhand;
- Ganjam, Odisha;
- Karwar, Karnataka;
- Veraval, Gujarat; and
- Balabhadrapuram, Andhra Pradesh.

#### *Distribution, Sale and Marketing*

We use various modes of transportation to distribute our chemical products. We typically distribute products by roads, with certain products being transported through specialised transport vehicles. We primarily sell to buyers directly and a small portion of our sales are made through dealers and distributors. We focus on diversified end-user markets such as agrochemicals, water treatment solutions, food and feed, and plastic additives through chlorine derivatives.

#### **Cement**

Our subsidiary, UTCL is India's largest manufacturer of grey cement and ready-mix concrete and is the third largest cement producer in the world, excluding China. It is also one of the leading manufacturers of white cement in India. (*Source: CARE Report*) It retails white cement based putty under the *Birla White Wallcare* brand. Revenues from the cement segment have increased from ₹ 21,324.11 crore in Fiscal 2013 to ₹ 63,239.98 crore in Fiscal 2023.

Our product portfolio includes a wide range of building solutions for customers, such as Ordinary Portland Cement, Portland Pozzolana Cement, Portland Slag Cement, Composite Cement, White Cement and Ready-Mix Concrete.

#### *Raw Materials*

Limestone is the primary raw material for cement production. UTCL's limestone is sourced almost entirely from captive mines which are leased on a long-term basis from state governments. Other raw materials such as gypsum, fly-ash, bauxite residue, slag, and other additives, including laterite, red ochre and iron ore are procured from third parties.

#### *Facilities*

UTCL has several manufacturing facilities spread across India. In addition, UTCL also has an overseas presence by way of manufacturing units in the UAE and Bahrain and a bulk terminal in Sri Lanka.

### *Distribution, Sale and Marketing*

UTCL is one of the few cement companies in India that utilises captive jetties to service coastal demand. UTCL also engages a large number of dealers and retailers across India. For direct sales, UTCL has an in-house sales team and also provides direct sales customers with value added services such as onsite technical training, customised product offerings, mix design consultancy and captive ready-mixed plants.

### **Financial Services**

Our subsidiary, ABCL is a leading diversified financial services entity engaged in a number of businesses that include non-banking finance, housing finance, life insurance, health insurance, asset management, stock and securities broking and other financial services such as wealth services, insurance advisory and asset reconstruction. ABCL is the holding company of the following key financial services companies:

- Aditya Birla Finance Limited, which operates as an NBFC;
- Aditya Birla Housing Finance Limited, a housing finance company;
- Aditya Birla Sun Life Insurance Company Limited, which is engaged in the business of providing life insurance;
- Aditya Birla Sun Life AMC Limited, an asset management company;
- Aditya Birla Health Insurance Co. Limited, which is ABCL's joint venture entity engaged in the business of providing health insurance; and
- Aditya Birla Insurance Brokers Limited, which is engaged in the business of general insurance broking.

Our revenues in the financial services segment have increased from ₹ 9,082.87 crore in Fiscal 2018 to ₹ 27,365.17 crore in Fiscal 2023.

### *Distribution Sale and Marketing*

ABCL's operating subsidiaries and joint ventures have branches and offices across India. ABCL sources its potential customers through sourcing teams or channel partners in the respective business. The channel partners undergo a detailed evaluation process before being empanelled with the respective business of ABCL. In addition, ABCL also advertises through television and print to increase the visibility of its brands. ABCL is building an integrated portfolio of digital assets to serve customers. It has launched a comprehensive digital platform for the MSME ecosystem, "Udyog Plus", which offers a paperless digital journey for obtaining business loans along with a host of value-added services.

### **Other Businesses**

We also operate in the textiles, insulators and renewable energy businesses and have recently forayed into paints and B2B e-commerce.

### *Textiles*

We entered the textiles business in 1949 and today are a leading producer of niche textiles that include linen yarn and fabric, woollen yarn and premium cotton fabrics and are also present in the worsted spinning segment. The retail arm of our textiles business operates under the brand '*Linen Club*' and is a prominent linen fabric brand with a pan India presence through a number of exclusive brand outlets and multi-brand outlets. Our key brands include *Linen Club*, *Jayashree Textiles* and *Cavallo*. In addition, we retail textiles under the *Soktas and Giza House* brands pursuant to a license from Soktas Tekstil Sanayi Ve Ticaret Anonim Sirketi in key territories including India, Bangladesh and Nepal.

### *Facilities*

The location of our textile manufacturing facilities in India are set forth below:

- Rishra, West Bengal;
- Malanpur, Madhya Pradesh; and
- Kolhapur, Maharashtra.

### *Insulators*

We are a large manufacturer of electrical insulators in India with manufacturing facilities at Halol, Gujarat and Rishra, West Bengal, catering to various applications such as insulators for transmission lines and substations up to 1,200 kV voltage level, equipment and railways. In Fiscal 2022, we commissioned the composite hollow core insulators plant at Halol, Gujarat through

a joint venture with Maschinenfabrik Reinhausen GmbH of Germany, known as Aditya Birla Power Composites Limited. We believe the key factors for growing demand in the insulators industry are government capital expenditure, increase in renewable energy, and the need for network upgradation.

### ***Paints***

We forayed into the decorative paints business and are in the process of setting up six paint manufacturing plants with an aggregate installed capacity of 1,332 MLPA, with plant automation. We plan to commission these in a phased manner beginning from the fourth quarter of Fiscal 2024. We will operate our paints business under the brand 'Birla Opus', and offer a range of products across interior and exterior spaces. We have launched the 'Allwood' Italian wood finish range, on which we are also conducting field validations. Our Company's board has approved a project cost of ₹ 10,139.00 crore for our paints business, of which, we had spent ₹ 4,907.63 crore, as of September 30, 2023.

### ***Facilities***

The location of our proposed paint manufacturing plants in India are set forth below:

- Panipat, Haryana;
- Kharagpur, West Bengal;
- Cheyyar, Tamil Nadu;
- Chamarajanagar, Karnataka;
- Mahad, Maharashtra; and
- Ludhiana, Punjab.

We have received consents to operate our paints manufacturing plants at Panipat, Haryana, Ludhiana, Punjab and Cheyyar, Tamil Nadu, and their operations are expected to commence in the fourth quarter of Fiscal 2024.

### ***B2B E-Commerce***

We operate our B2B e-commerce business under the brand 'Birla Pivot' and offer integrated procurement solutions through our e-commerce platform with a primary focus to supply MSMEs different categories of building materials. We have onboarded multiple brands and intend to act as a one-stop solution for the building material requirements of MSMEs and the products currently available on our platform include steel, cement and allied products, tiles and surfaces, paints and polishes, doors, windows, kitchen equipment, plumbing pipes and fittings and sanitary ware and bath fittings. We recently launched a private label for tiles selling them under the Birla Pivot brand on our platform and intend to explore such labels across categories. We have a healthy rate of repeat customers and have also tied-up with financiers who offer financing solutions to MSMEs for the purchase of products through our platform. Through our B2B e-commerce business, we intend to capitalize on the Government of India's vision of 'Digital India' and MSME empowerment.

In July 2022, our Company's board had approved an investment of ₹ 2,000 crore over a five year period for this business.

### **Information Technology**

We have adopted and implemented a Group-level information security policy, which includes provisions on protection of sensitive personal information. For critical applications, security policies and procedures are constantly updated and employee users are provided training on these policies to prevent data leakage.

### **Employees**

We believe that our workforce is one of our most valuable assets as the growth and success of our Company depends on the contribution of our people. Our HR focus areas are on talent management, learning and development, diversity and inclusion, employee wellbeing and health and safety.

### **Corporate Social Responsibility**

We actively contribute to the social and economic development of the communities in which we operate. We do so in sync with the United Nations Sustainable Development Goals to build a better, sustainable way of life for the weaker sections of society and raise the country's human development index.

Our CSR projects focus on education, healthcare, sustainable livelihood, infrastructure development and espousing social causes. We engage with well-established and recognised national programs given their commitment to inclusive growth.

Our key CSR initiatives are as follows:

- Eliminating poverty: in the nine states in which we operate in India, we are engaged in enriching the lives of the underprivileged in several ways to decelerate the percentage of below poverty line families.
- Eliminate hunger and malnutrition: through sustainable agriculture, helping farmers with land clearances, technology upgradation, Government Schemes and supporting the district authorities, including collectors and block development officers, we aim to significantly lower the current rate of malnutrition.
- Water positivity: we have constructed check dams, rainwater harvesting structures, soak pits, large ponds, roof water harvesting, farm wells and underground water tanks, which has enabled significant water conservation.
- Healthcare: we have conducted healthcare camps, provided ambulances and set up hospitals and dispensaries. We also work with local health authorities and have assisted with immunisation of children against various diseases.
- Education: we work with schools and encourage children to pursue formal education, conduct digital literacy programs and have helped improve the infrastructure of certain schools.
- Women empowerment: we provide training to women in several fields and as a result, they were able to make products such as face masks, jute bags for vendors and spinning candle bags.

We have won several awards for our CSR initiatives. Our staple fibre business at Nagda won the CSR Impact Award at the Corporate Social Responsibility Summit & Award and we won the CSR Journal Excellence Awards 2022 (1st Runner-up) in the category of Agriculture and Rural Development.

## OUR MANAGEMENT

### Board of Directors

The composition of our Board is governed by and in conformity with the Companies Act, 2013, the rules prescribed thereunder, the SEBI LODR Regulations and the Articles of Association. In accordance with the Articles of Association, unless otherwise determined by our Company in a general meeting, our Company shall not have less than three Directors and not more than fifteen Directors.

Pursuant to the Companies Act, 2013, at least two-thirds of the total number of Directors, excluding the Independent Directors, are liable to retire by rotation, with one-third of such number retiring at each annual general meeting. A retiring Director is eligible for re-appointment. Further, pursuant to the Companies Act, 2013, the Independent Directors may be appointed for a maximum of two consecutive terms of up to five consecutive years each and thereafter have a cooling off period of three years prior to being eligible for re-appointment. Any re-appointment of Independent Directors shall be on the basis of, *inter alia*, the performance evaluation report and approval by the shareholders of our Company, by way of a special resolution.

As on the date of this Letter of Offer, our Company has thirteen directors, comprising of one executive director, five Non-Executive Directors and seven Independent Directors, inclusive of one woman Independent Director. The Chairman is a non-executive non-Independent Director.

The following table provides details regarding our Board as of the date of filing this Letter of Offer:

Name, Address, Designation, Occupation, Term, Period of Directorship, DIN and Date of Birth	Age (in years)	Other Directorships
<p><b>Kumar Mangalam Birla</b></p> <p><i>Address:</i> Mangal Adityayan, 20, Carmichael Road, Mumbai 400 026, Maharashtra India</p> <p><i>Designation:</i> Chairman and Non-Executive Director</p> <p><i>Occupation:</i> Industrialist</p> <p><i>Term:</i> With effect from October 14, 1992 and liable to retire by rotation</p> <p><i>Period of Directorship:</i> Director since October 14, 1992</p> <p><i>DIN:</i> 00012813</p> <p><i>Date of Birth:</i> June 14, 1967</p>	56	<p><i>Indian Companies</i></p> <ul style="list-style-type: none"> <li>• Aditya Birla Capital Limited</li> <li>• Aditya Birla Fashion and Retail Limited</li> <li>• Aditya Birla Management Corporation Private Limited</li> <li>• Aditya Birla New Age Hospitality Private Limited</li> <li>• Aditya Birla Sun Life Insurance Company Limited</li> <li>• Birla Group Holdings Private Limited</li> <li>• Century Textile and Industries Limited</li> <li>• G.D. Birla Medical Research and Education Foundation</li> <li>• Global Holdings Private Limited</li> <li>• Hindalco Industries Limited</li> <li>• Mananam Foundation</li> <li>• Svatantira Microfin Private Limited</li> <li>• UltraTech Cement Limited</li> <li>• Vodafone Idea Limited</li> </ul> <p><i>Foreign Companies</i></p> <ul style="list-style-type: none"> <li>• Aditya Birla Chemicals (Thailand) Limited, Thailand</li> <li>• Birla Carbon (Thailand) Public Company Limited, Thailand</li> <li>• Birla Carbon Egypt, S.A.E.</li> <li>• Indo Thai Synthetics Company Limited, Thailand</li> <li>• Novelis Inc., Canada</li> <li>• PT. Elegant Textile Industry, Indonesia</li> <li>• PT. Indo Bharat Rayon, Indonesia</li> <li>• PT. Indo Liberty Textiles, Indonesia</li> <li>• PT. Sunrise Bumi Textiles, Indonesia</li> <li>• Surya Kiran Investments Pte. Limited, Singapore</li> <li>• Thai Peroxide Company Limited, Thailand</li> <li>• Thai Polyphosphate &amp; Chemicals Company Limited, Thailand</li> <li>• Thai Rayon Public Company Limited, Thailand</li> </ul>

Name, Address, Designation, Occupation, Term, Period of Directorship, DIN and Date of Birth	Age (in years)	Other Directorships
<p><b>Rajashree Birla</b></p> <p><i>Address:</i> Mangal Adityayan, 20, Carmichael Road, Behind Jaslok Hospital, Mumbai 400 026, Maharashtra, India</p> <p><i>Designation:</i> Non-Executive Director</p> <p><i>Occupation:</i> Industrialist</p> <p><i>Term:</i> With effect from March 14, 1996 and liable to retire by rotation</p> <p><i>Period of Directorship:</i> Director since March 14, 1996</p> <p><i>DIN:</i> 00022995</p> <p><i>Date of Birth:</i> September 15, 1945</p>	78	<p><b>Indian Companies</b></p> <ul style="list-style-type: none"> <li>• Aditya Birla Health Services Private Limited</li> <li>• Birla Brothers Private Limited</li> <li>• Birla Group Holdings Private Limited</li> <li>• Breach Candy Hospital Trust</li> <li>• Century Enka Limited</li> <li>• Century Textile and Industries Limited</li> <li>• G.D. Birla Medical Research and Education Foundation</li> <li>• Hindalco Industries Limited</li> <li>• IGH Holdings Private Limited</li> <li>• Mananam Foundation</li> <li>• Pilani Investment and Industries Corporation Limited</li> <li>• Rajratna Holdings Private Limited</li> <li>• UltraTech Cement Limited</li> <li>• Vaibhav Holdings Private Limited</li> <li>• Vaibhav Medical and Education Foundation</li> <li>• Vikram Holdings Private Limited</li> </ul> <p><b>Foreign Companies</b></p> <ul style="list-style-type: none"> <li>• Aditya Birla Chemicals (Thailand) Limited, Thailand</li> <li>• Birla Carbon (Thailand) Public Company Limited, Thailand</li> <li>• Birla Carbon Egypt, S.A.E.</li> <li>• Indo Thai Synthetics Company Limited, Thailand</li> <li>• PT. Elegant Textile Industry, Indonesia</li> <li>• PT. Indo Bharat Rayon, Indonesia</li> <li>• Thai Polyphosphate &amp; Chemicals Company Limited, Thailand</li> <li>• Thai Rayon Public Company Limited, Thailand</li> </ul>
<p><b>Ananyashree Birla</b></p> <p><i>Address:</i> Mangal Adityayan, 20, Carmichael Road, Mumbai 400 026, Maharashtra, India</p> <p><i>Designation:</i> Non-Executive Director</p> <p><i>Occupation:</i> Professional</p> <p><i>Term:</i> With effect from February 6, 2023 and liable to retire by rotation</p> <p><i>Period of Directorship:</i> Director since February 6, 2023</p> <p><i>DIN:</i> 06625036</p> <p><i>Date of Birth:</i> July 17, 1994</p>	29	<p><b>Indian Companies</b></p> <ul style="list-style-type: none"> <li>• Aditya Birla Fashion and Retail Limited</li> <li>• Aditya Birla Management Corporation Private Limited</li> <li>• Aditya Birla New Age Hospitality Private Limited</li> <li>• Ananya Birla Foundation</li> <li>• Antimatter Media Private Limited</li> <li>• Birla Cosmetics Private Limited</li> <li>• Chaitanya India Fin Credit Private Limited</li> <li>• Ikai Asai Foundation</li> <li>• Svatantra Micro Housing Finance Corporation Limited</li> <li>• Svatantra Microfin Private Limited</li> <li>• Svatantra Online Services Private Limited</li> <li>• Talk and Cheese Private Limited</li> </ul> <p><b>Foreign Companies</b></p> <p>Aditya Birla Global Trading (Singapore) Pte. Ltd</p>
<p><b>Aryaman Vikram Birla</b></p> <p><i>Address:</i> Mangal Adityayan, 20, Carmichael Road, Mumbai 400 026, Maharashtra, India</p> <p><i>Designation:</i> Non-Executive Director</p> <p><i>Occupation:</i> Business</p> <p><i>Term:</i> With effect from February 6, 2023 and liable to retire by rotation</p>	26	<p><b>Indian Companies</b></p> <ul style="list-style-type: none"> <li>• Aditya Birla Digital Fashion Ventures Limited</li> <li>• Aditya Birla Fashion and Retail Limited</li> <li>• Aditya Birla Management Corporation Private Limited</li> <li>• Aditya Birla New Age Hospitality Private Limited</li> <li>• Aditya Birla New Age Restaurants and Café Private Limited</li> <li>• K5 Restaurants and Entertainment Private Limited</li> <li>• KA Hospitality Private Limited</li> </ul> <p><b>Foreign Companies</b></p>

Name, Address, Designation, Occupation, Term, Period of Directorship, DIN and Date of Birth	Age (in years)	Other Directorships
<p><b>Period of Directorship:</b> Director since February 6, 2023</p> <p><b>DIN:</b> 08456879</p> <p><b>Date of Birth:</b> July 9, 1997</p>		Aditya Birla Global Trading (Singapore) Pte. Ltd.
<p><b>Anita Ramachandran</b></p> <p><b>Address:</b> 2401-2402, Raheja Atlantis, G.K. Marg, Lower Parel, Mumbai 400 013, Maharashtra, India</p> <p><b>Designation:</b> Independent Director</p> <p><b>Occupation:</b> Management Consultant</p> <p><b>Term:</b> For a period of five years with effect from August 14, 2023</p> <p><b>Period of Directorship:</b> Director since August 14, 2018</p> <p><b>DIN:</b> 00118188</p> <p><b>Date of Birth:</b> April 28, 1955</p>	68	<p><b>Indian Companies</b></p> <ul style="list-style-type: none"> <li>• Aditya Birla Housing Finance Limited</li> <li>• Aragen Life Sciences Limited</li> <li>• Blue Star Limited</li> <li>• Cerebrus Consultants Private Limited.</li> <li>• FSN E-commerce Ventures Limited</li> <li>• Godrej &amp; Boyce Manufacturing Company Limited</li> <li>• Happiest Minds Technologies Limited</li> <li>• Metropolis Healthcare Limited</li> <li>• Nykaa Foundation</li> <li>• Ujjivan Small Finance Bank Limited</li> </ul> <p><b>Foreign Companies</b></p> <p>Nil</p>
<p><b>Mohanraj Narendranathan Nair</b></p> <p><b>Address:</b> Plot No.16, 1<sup>st</sup> Floor, Sri Kamatchi Nagar, Mugalivakkam, Chennai 600 125, Tamil Nadu, India</p> <p><b>Designation:</b> Independent Director</p> <p><b>Occupation:</b> Service (Retired)</p> <p><b>Term:</b> For a period of five years with effect from July 12, 2019</p> <p><b>Period of Directorship:</b> Director since July 12, 2019</p> <p><b>DIN:</b> 00181969</p> <p><b>Date of Birth:</b> November 29, 1953</p>	70	<p><b>Indian Companies</b></p> <p>Veritas Finance Private Limited</p> <p><b>Foreign Companies</b></p> <p>Nil</p>
<p><b>Yazdi Piroj Dandiwala</b></p> <p><b>Address:</b> C-11, Meherzin, Wodehouse Road, Colaba, Mumbai 400 005, Maharashtra, India</p> <p><b>Designation:</b> Independent Director</p> <p><b>Occupation:</b> Advocate &amp; Solicitor</p> <p><b>Term:</b> For a period of five years with effect from February 6, 2023</p> <p><b>Period of Directorship:</b> Director since February 6, 2023</p> <p><b>DIN:</b> 01055000</p> <p><b>Date of Birth:</b> November 10, 1950</p>	73	<p><b>Indian Companies</b></p> <ul style="list-style-type: none"> <li>• Access Trusteeship Company Private Limited</li> <li>• Bombay Incorporated Law Society</li> <li>• Century Textiles and Industries Limited</li> <li>• Duville Estates Private Limited</li> <li>• Hindalco Industries Limited</li> <li>• Hindalco-Almex Aerospace Limited</li> <li>• Pilani Investment and Industries Corporation Limited</li> <li>• Rashi Peripherals Limited</li> </ul> <p><b>Foreign Companies</b></p> <ul style="list-style-type: none"> <li>• Novelis Corporation</li> <li>• Novelis ALR International, Inc.</li> </ul>
<p><b>Thomas Martin Connelly Jr.</b></p> <p><b>Address:</b> 201, Chandler LN, Cherrington, Wilmington DE – 198070000 NA United States of America</p> <p><b>Designation:</b> Independent Director</p>	71	<p><b>Indian Companies</b></p> <p>Nil</p> <p><b>Foreign Companies</b></p> <ul style="list-style-type: none"> <li>• AV Cell</li> </ul>

Name, Address, Designation, Occupation, Term, Period of Directorship, DIN and Date of Birth	Age (in years)	Other Directorships
<p><b>Occupation:</b> Professional</p> <p><b>Term:</b> For a period of five years with effect from August 23, 2019</p> <p><b>Period of Directorship:</b> Director since August 20, 2010</p> <p><b>DIN:</b> 03083495</p> <p><b>Date of Birth:</b> June 24, 1952</p>		<ul style="list-style-type: none"> <li>• AV Terrace Bay</li> <li>• Novelis Inc.</li> </ul>
<p><b>Venkatadri Chandrasekaran</b></p> <p><b>Address:</b> Flat No. 2207, Veronica Building No. 4, Vasant Oasis, Makwana Road, Off Andheri Kurla Road, Marol, Andheri East, Mumbai 400 059, Maharashtra, India</p> <p><b>Designation:</b> Independent Director</p> <p><b>Occupation:</b> Professional</p> <p><b>Term:</b> For a period of five years with effect from May 24, 2021</p> <p><b>Period of Directorship:</b> Director since May 24, 2021</p> <p><b>DIN:</b> 03126243</p> <p><b>Date of Birth:</b> October 11, 1957</p>	66	<p><b>Indian Companies</b></p> <ul style="list-style-type: none"> <li>• Aditya Birla Housing Finance Limited</li> <li>• Aditya Birla Renewables Green Power Private Limited (formerly, Waacox Energy Private Limited)</li> <li>• Aditya Birla Renewables SPV 1 Limited</li> <li>• Aseem Infrastructure Finance Limited</li> <li>• Care Ratings Limited</li> <li>• Tata Investment Corporation Limited</li> </ul> <p><b>Foreign Companies</b></p> <p>Life Insurance Corporation (International) B S C, Bahrain</p>
<p><b>Adesh Kumar Gupta</b></p> <p><b>Address:</b> 701, Tagore Avenue, Tagore Road, Santacruz West, Mumbai 400 054, Maharashtra, India</p> <p><b>Designation:</b> Independent Director</p> <p><b>Occupation:</b> Professional</p> <p><b>Term:</b> For a period of five years with effect from May 24, 2021</p> <p><b>Period of Directorship:</b> Director since May 24, 2021</p> <p><b>DIN:</b> 00020403</p> <p><b>Date of Birth:</b> September 11, 1956</p>	67	<p><b>Indian Companies</b></p> <ul style="list-style-type: none"> <li>• Care Analytics and Advisory Private Limited</li> <li>• Care Ratings Limited</li> <li>• India Pesticides Limited</li> <li>• Krazybee Services Private Limited</li> <li>• Krsnaa Diagnostics Limited</li> <li>• Survival Technologies Limited</li> <li>• Vinati Organics Limited</li> <li>• Anand Rathi Financial Services Limited</li> </ul> <p><b>Foreign Companies</b></p> <p>India Advance Fund Ltd.</p>
<p><b>Cyril Suresh Shroff</b></p> <p><b>Address:</b> 67, Roopam, Worli Sea Face, Worli, Mumbai 400 030, Maharashtra, India</p> <p><b>Designation:</b> Independent Director</p> <p><b>Occupation:</b> Professional</p> <p><b>Term:</b> For a period of five years with effect from August 23, 2019</p> <p><b>Period of Directorship:</b> Director since July 25, 2000</p> <p><b>DIN:</b> 00018979</p> <p><b>Date of Birth:</b> November 7, 1959</p>	64	<p><b>Indian Companies</b></p> <ul style="list-style-type: none"> <li>• Callalily Premises &amp; Advisory Private Limited</li> <li>• Gurukripa Communications Private Limited</li> <li>• Hycinth Advisors Private Limited</li> <li>• Mogra Investment Consultants Private Limited</li> <li>• Petunia Advisory Private Limited</li> <li>• Rare Rose Premises Private Limited</li> <li>• Red Poppy Premises Private Limited</li> <li>• Turmeric Advisory Private Limited</li> <li>• Yellow Sunflower Premises Private Limited</li> </ul> <p><b>Foreign Companies</b></p> <p>Cyril Amarchand Mangaldas (Singapore) Pte. Ltd.</p>



Name, Address, Designation, Occupation, Term, Period of Directorship, DIN and Date of Birth	Age (in years)	Other Directorships
<p><b>Raj Kumar</b></p> <p><i>Address:</i> 10 Queens Court, Maharshi Karve Road, Opp. Oval Maidan, Churchgate, VTC, Mumbai 400 020, Maharashtra, India</p> <p><i>Designation:</i> Non-Executive Director</p> <p><i>Occupation:</i> Service</p> <p><i>Term:</i> With effect from November 12, 2021 and liable to retire by rotation</p> <p><i>Period of Directorship:</i> Director since November 12, 2021</p> <p><i>DIN:</i> 06627311</p> <p><i>Date of Birth:</i> January 3, 1962</p>	62	<p><i>Indian Companies</i></p> <p>IDBI Bank Limited</p> <p><i>Foreign Companies</i></p> <p>Nil</p>
<p><b>Harikrishna Agarwal</b></p> <p><i>Address:</i> Flat No. 802 A Wing, Chaitanya Towers Co-op Housing Society Ltd, Appa Saheb Marathe Marg, Prabhadevi, Mumbai 400 025, Maharashtra, India</p> <p><i>Designation:</i> Managing Director</p> <p><i>Occupation:</i> Service</p> <p><i>Term:</i> For a period of two years with effect from December 1, 2023</p> <p><i>Period of Directorship:</i> Director since December 1, 2021</p> <p><i>DIN:</i> 09288720</p> <p><i>Date of Birth:</i> September 15, 1959</p>	64	<p><i>Indian Companies</i></p> <p>Aditya Birla Management Corporation Private Limited</p> <p><i>Foreign Companies</i></p> <ul style="list-style-type: none"> <li>• AV Group NB Inc., Canada</li> <li>• AV Terrace Bay Inc, Canada</li> <li>• Aditya Group AB, Sweden</li> <li>• Domsjo Fabriker AB, Sweden</li> <li>• Birla Jingwei Fibres Company Limited</li> <li>• Thai Rayon Public Co. Ltd.</li> <li>• PT Indo Bharat Rayon</li> </ul>

### Confirmations

None of our Directors is or was a director of any listed company during the five years preceding the date of filing of this Letter of Offer, whose equity shares have been or were suspended from being traded on any stock exchange, during the term of their directorship in such company.

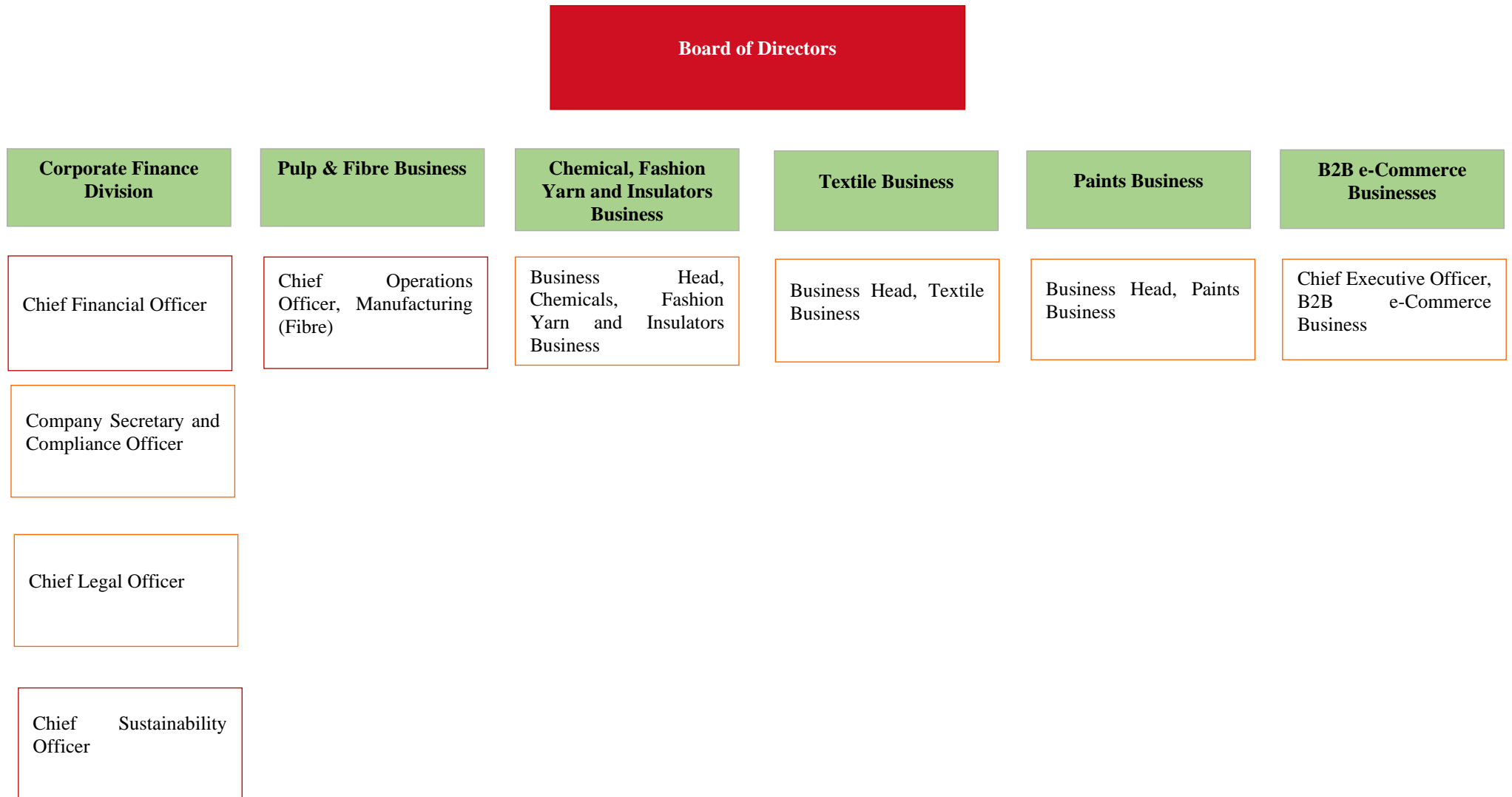
None of our Directors is or was a director of any listed company which has been or was delisted from any stock exchange, during the term of their directorship in such company, in the last ten years immediately preceding the date of filing of this Letter of Offer.

### Details of Key Managerial Personnel and Senior Management

Sr. No.	Particulars	Designation
<b>Key Managerial Personnel</b>		
1.	Harikrishna Agarwal	Managing Director
2.	Pavan Kumar Jain	Chief Financial Officer
3.	Sailesh Kumar Daga	Company Secretary & Compliance Officer
<b>Senior Management</b>		
4.	K. Suresh	Chief Operations Officer – Manufacturing (Fibre)
5.	Jayant V Dhobley	Business Head - Chemical, Fashion Yarn and Insulators Business
6.	Kapil Agrawal	Business Head - Textiles Business
7.	Himanshu Kapania	Business Head - Paints Business
8.	Sandeep Komaravelly	Chief Executive Officer - B2B e-Commerce Business

<b>Sr. No.</b>	<b>Particulars</b>	<b>Designation</b>
9.	Saugata Chakravarty	Chief Legal Officer
10.	Surya Valluri	Chief Sustainability Officer

## Organisational Structure



**SECTION V: FINANCIAL INFORMATION**

**FINANCIAL STATEMENTS/ RESULTS**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Page numbers</b>
1.	Unaudited Consolidated Financial Results for six months ended September 30, 2023	119
2.	Unaudited Standalone Financial Results for six months ended September 30, 2023	136
3.	Unaudited Consolidated Financial Results for six months ended September 30, 2022	144
4.	FY 2023 Audited Consolidated Financial Statements	160
5.	FY 2022 Audited Consolidated Financial Statements	361

**Limited Review Report on unaudited consolidated financial results of Grasim Industries Limited for the quarter ended 30 September 2023 and year-to-date results for the period from 01 April 2023 to 30 September 2023 pursuant to Regulation 33 and Regulation 52(4) read with Regulation 63 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, as prescribed in Securities and Exchange Board of India operational circular SEBI/HO/DDHS/P/CIR/2021/613 dated 10 August 2021, as amended.**

**To the Board of Directors of Grasim Industries Limited**

1. We have reviewed the accompanying Statement of unaudited consolidated financial results of Grasim Industries Limited (hereinafter referred to as “the Parent”), and its subsidiaries (the Parent and its subsidiaries together referred to as “the Group”) and its share of the net profit after tax and total comprehensive income of its associates and joint ventures for the quarter ended 30 September 2023 and year-to-date results for the period from 01 April 2023 to 30 September 2023 (“the Statement”), being submitted by the Parent pursuant to the requirements of Regulation 33 and Regulation 52(4) read with Regulation 63 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“Listing Regulations”), as prescribed in Securities and Exchange Board of India operational circular SEBI/HO/DDHS/P/CIR/2021/613 dated 10 August 2021, as amended.
2. This Statement, which is the responsibility of the Parent Company’s management and approved by the Parent Company’s Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 “Interim Financial Reporting” (“Ind AS 34”), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance with Regulation 33 and Regulation 52(4) read with Regulation 63 of the Listing Regulations, as prescribed in Securities and Exchange Board of India operational circular SEBI/HO/DDHS/P/CIR/2021/613 dated 10 August 2021, as amended. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the Securities and Exchange Board of India under Regulation 33(8) of the Listing Regulations, to the extent applicable.

4. The Statement includes the results/ information of the entities mentioned in Annexure 1.
5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of the other auditors referred to in paragraph 8 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 and Regulation 52(4) read with Regulation 63 of the Listing Regulations, as prescribed in Securities and Exchange Board of India operational circular SEBI/HO/DDHS/P/CIR/2021/613 dated 10 August 2021, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. We draw attention to Note 7 of the Statement which refer to Orders dated 31 August 2016 (Penalty of Rs. 1,449.51 crores) and 19 January 2017 (Penalty of Rs. 68.30 crores) of the Competition Commission of India ('CCI') against which UltraTech Cement Limited ("UltraTech"), a subsidiary of the Parent, had filed appeals. Upon the National Company Law Appellate Tribunal ("NCLAT") disallowing its appeal against the CCI order dated 31 August 2016, UltraTech has filed an appeal before the Hon'ble Supreme Court of India, which has by its order dated 5 October 2018, granted a stay against the NCLAT order. Consequently, UltraTech has deposited an amount of Rs. 144.95 crores equivalent to 10% of the penalty of Rs. 1,449.51 crores recorded as an asset. UltraTech, backed by legal opinions, believes that it has a good case in both the matters basis which no provision has been recognized in the books of account. Our conclusion is not modified in respect of these matters.
7. We draw attention to Note 7 of the Statement, where in case of UltraTech Nathdwara Cement Limited ("UNCL"), a wholly owned subsidiary of UltraTech, one of the joint auditors of the Company has reviewed the financial results and without modifying their conclusion on the unaudited consolidated financial results of UNCL for the quarter ended 30 September 2023 and year-to-date results for the period 01 April 2023 to 30 September 2023 reported that the Order dated 31 August 2016 (penalty of Rs.167.32 crores) was passed by the Competition Commission of India ('CCI') against which UNCL had filed appeal. Upon the NCLAT disallowing its appeal against the CCI order dated 31 August 2016, UNCL filed an appeal before the Hon'ble Supreme Court of India, which has by its order dated 5 October 2018, granted a stay against the NCLAT order. Consequently, UNCL has deposited an amount of Rs. 16.73 crores equivalent to 10% of the penalty of Rs. 167.32 crores recorded as asset in the consolidated financial results. Based on the legal opinion obtained by UltraTech on a similar matter, UNCL believes that it has a good case in this matter basis which, no provision has been recognised in the consolidated financial results. Our conclusion is not modified in respect of this matter.
8. The Statement includes the unaudited financial results and other financial information, in respect of,
  - i. 48 subsidiaries whose unaudited financial results include total assets of Rs. 2,40,654.31 crores (before consolidation adjustments) as at 30 September 2023 and total revenues of Rs. 8,888.73 crores and Rs. 17,098.82 crores (before consolidation adjustments), total net profit after tax of Rs. 658.70 crores and Rs. 1,219.44 crores (before consolidation adjustments) and total comprehensive income of Rs. 709.58 crores and Rs. 1,315.50 crores (before consolidation adjustments) for the quarter ended 30 September 2023 and for the period from 01 April 2023 to 30 September 2023, respectively and cash outflows (net) of Rs. 21.64 crores for the period from 01 April 2023 to 30 September 2023, which has been reviewed singly by one of us or other auditors, whose reports have been furnished to us by the management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures in respect of these subsidiaries is based solely on the report of the respective auditors and procedures performed by us as stated in paragraph 3 above.
  - ii. 7 joint ventures and 4 associates whose unaudited financial results include total net profit after tax of Rs. 57.01 crores and Rs. 122.51 crores (before consolidation adjustments) and total comprehensive income of Rs. 50.74 crores and Rs. 121.93 crores (before consolidation adjustments) for the quarter ended 30 September 2023 and for the period from 01 April 2023 to 30 September 2023, respectively which has been reviewed singly by one of us or other auditors, whose reports have been furnished to us by the management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures in respect of these joint ventures and associates is based solely on the report of the respective auditors and procedures performed by us as stated in paragraph 3 above.

Our conclusion is not modified in respect of above matter.

9. The Statement includes the unaudited interim financial information/ financial results of
- i. 13 subsidiaries, whose interim financial information/ financial results reflect total assets of Rs. 283.40 crores (before consolidation adjustments) as at 30 September 2023 and total revenues of Rs. 3.01 crores and Rs. 5.05 crores (before consolidation adjustments), total net profit after tax of Rs. 1.15 crores and Rs. 3.86 crores (before consolidation adjustments) and total comprehensive income of Rs. 1.16 crores and Rs.3.79 crores (before consolidation adjustments), for the quarter ended 30 September 2023 and for the period from 01 April 2023 to 30 September 2023, respectively, and cash outflows (net) of Rs. 0.20 crores for the period from 01 April 2023 to 30 September 2023.
  - ii. 8 associates and 6 joint ventures whose interim financial information/ financial results include the Group's share of net loss after tax of Rs. 48.85 crores and Rs. 124.58 crores (before consolidation adjustments) and total comprehensive loss of Rs. 89.01 crores and Rs. 169.08 crores (before consolidation adjustments), for the quarter ended 30 September 2023 and for the period from 01 April 2023 to 30 September 2023 respectively.

The unaudited interim financial results and other unaudited financial information of above subsidiaries, associates and joint ventures mentioned in paragraph 10 have not been reviewed by their/any auditor(s) and have been approved and furnished to us by the management. According to the information and explanations given to us by the Parent's management, these interim financial information/ financial results are not material to the Group.

Our conclusion is not modified in respect of this matter.

10. The statutory auditor of Aditya Birla Capital Limited ("ABCL"), a subsidiary company, without modifying their conclusion on the unaudited consolidated financials results of ABCL have stated that the joint auditors of Aditya Birla Health Insurance Co. Limited, vide their report dated 1 November 2023 have reported in the Other Matter section that:
- i. 'The actuarial valuation of liabilities in respect of Incurred but Not Reported (IBNR) and Incurred but Not Enough Reported (IBNER) included under claims outstanding creation as at September 30 2023 has been duly certified by the Appointed Actuary of the Company. The Appointed Actuary has also certified that the assumptions considered for such valuation are in accordance with the guidelines and norms prescribed by the IRDAI and the Institute of Actuaries of India in concurrence with the IRDAI;
  - ii. Other adjustments for the purpose of the Condensed Interim Financial Information confirmed by the Appointed Actuary in accordance with Indian Accounting Standard 104, on Insurance Contracts:
    - a. Grossing up and Classification of the Reinsurance Assets and;
    - b. Liability adequacy test as at the reporting dates.

The statutory auditors of the respective subsidiary of ABCL have relied upon Appointed Actuary's certificate and representation made in this regard for forming their opinion on the aforesaid mentioned items.

11. The statutory auditor of ABCL, a subsidiary company, without modifying their conclusion on the unaudited consolidated financial results of ABCL have stated that the joint auditors of Aditya Birla Sunlife Insurance Company Limited, vide their report dated 25 October 2023, have reported in the Other Matter section that:

'Determination of the following is the responsibility of the Company's Appointed Actuary (the "Appointed Actuary"):

- i. The actuarial valuation of liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists as at September 30 2023. The actuarial valuation of these liabilities has been duly certified by the Appointed Actuary and in his opinion, 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;

- ii. Other adjustments as at 30 September 2023 / for the quarter and half year ended September 30 2023 for the purpose of Reporting Pack confirmed by the Appointed Actuary in accordance with Indian Accounting Standard 104 - 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 cost 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 statutory auditors of the respective subsidiary of ABCL have relied upon Appointed Actuary's certificate in this regard for forming their conclusion on the aforesaid mentioned items.

Our conclusion is not modified in respect of the matters stated in para 10 and 11 based on the conclusion drawn by the statutory auditors of ABCL and their respective subsidiaries.

For **BSR & Co. LLP**  
*Chartered Accountants*  
Firm's Registration No.: 101248W/W-100022

For **KKC & Associates LLP**  
*Chartered Accountants*  
(formerly known as Khimji Kunverji & Co LLP)  
Firm's Registration No.: 105146W/W100621

**Vikas R Kasat**  
*Partner*  
Membership No: 105317  
ICAI UDIN: 23105317BGVTQP7814  
Place: Mumbai  
Date: 13 November 2023

**Gautam Shah**  
*Partner*  
Membership No: 117348  
ICAI UDIN: 23117348BGSZLY6797  
Place: Mumbai  
Date: 13 November 2023



Annexure 1

Sr No	Name of the Entity	Relationship
1	Samruddhi Swastik Trading and Investments Limited	Wholly Owned Subsidiary
2	Grasim Business Services Private Limited (w.e.f. 04 January 2023)	Wholly Owned Subsidiary
3	ABNL Investment Limited	Wholly Owned Subsidiary
4	<p>Aditya Birla Renewables Limited (including its following components)</p> <p><b>Subsidiaries:</b></p> <ul style="list-style-type: none"> <li>i. Aditya Birla Renewables Subsidiary Limited</li> <li>ii. Aditya Birla Renewables Utkal Limited</li> <li>iii. Aditya Birla Renewables SPV 1 Limited</li> <li>iv. Aditya Birla Renewables Solar Limited</li> <li>v. Aditya Birla Renewables Energy Limited</li> <li>vi. ABReL SPV 2 Limited</li> <li>vii. ABReL Solar Power Limited</li> <li>viii. Aditya Birla Renewables Green Power Private Limited (Formerly Known as Waacox Energy Private Limited)</li> <li>ix. ABReL Renewables EPC Limited</li> <li>x. ABReL EPCCO Services Limited (w.e.f. 04 April 2022)</li> <li>xi. ABReL Century Energy Limited</li> <li>xii. ABREL EPC Limited (w.e.f. 13 June 2022)</li> <li>xiii. ABReL (Odisha) SPV Limited (w.e.f. 15 June 2022)</li> <li>xiv. ABReL (MP) Renewables Limited (w.e.f. 16 June 2022)</li> <li>xv. ABReL Green Energy Limited (w.e.f. 22 June 2022)</li> <li>xvi. ABReL (RJ) Projects Limited (w.e.f. 11 November 2022)</li> <li>xvii. ABReL Hybrid Projects Limited (w.e.f. 31 August 2023)</li> </ul>	Wholly Owned Subsidiary
5	Aditya Birla Solar Limited (Merged with Aditya Birla Renewables Limited w.e.f 24 July 2023)	Wholly Owned Subsidiary
6	<p>UltraTech Cement Limited (including its following components)</p> <p><b>Subsidiaries:</b></p> <ul style="list-style-type: none"> <li>i. Harish Cement Limited</li> <li>ii. Gotan Limestone Khanij Udyog Private Limited</li> <li>iii. Bhagwati Limestone Company Private Limited</li> <li>iv. UltraTech Cement Middle East Investments Limited (including its following subsidiaries, step-down subsidiaries and associates)</li> </ul> <p>Subsidiaries:</p> <ul style="list-style-type: none"> <li>a) Star Cement Co. LLC, Dubai, UAE</li> <li>b) Star Cement Co. LLC, Ras-Al-Khaimah, UAE</li> <li>c) Al Nakhla Crusher LLC, Fujairah, UAE</li> <li>d) Arabian Cement Industry LLC, Abu Dhabi</li> <li>e) UltraTech Cement Co W.L.L, Bahrain</li> <li>f) Duqm Cement Project International, LLC, Oman (w.e.f 29 January 2023)</li> <li>g) Star Super Cement Industries LLC, UAE ("SSCIL") (formerly known as Binani Cement Factory LLC) (including its following subsidiaries) <ul style="list-style-type: none"> <li>a) BC Tradelink Limited, Tanzania</li> <li>b) Binani Cement Tanzania Limited, Tanzania</li> </ul> </li> </ul>	Subsidiary

Sr No	Name of the Entity	Relationship
	<p>c) Binani Cement (Uganda) Limited</p> <p>Associate:</p> <p>a. RAK White Cement Co for White cement &amp; Construction Materials P.S.C. U.A.E (including its following subsidiaries) (w.e.f. 15 April 2022)</p> <p>i) Modern Block Factory Establishment</p> <p>ii) Ras Al Khaimah Lime Co. Noora LLC</p> <p>v. PT UltraTech Investments, Indonesia (including its following subsidiaries up to 14 June 2022)</p> <p>a) PT UltraTech Mining Sumatera (up to 14 June 2022)</p> <p>b) PT Ultratech Cement Indonesia (up to 14 June 2022)</p> <p>vi. PT UltraTech Mining, Indonesia (upto 14 June 2022)</p> <p>vii. UltraTech Cement Lanka Private Limited.</p> <p>viii. UltraTech Nathdwara Cement Limited (UNCL) (including its following components)</p> <p>a) Murari Holdings Limited (MHL), British Virgin Island, BVI (struck off w.e.f. 30 September 2022)</p> <p>b) Mukundan Holdings Limited (MKHL), BVI (including its following subsidiary) (struck off w.e.f. 27 April 2022)</p> <p>i. Krishna Holdings PTE Limited, Singapore (upto 24 November 2022)</p> <p>c) Swiss Merchandise Infrastructure Limited</p> <p>d) Merit Plaza Limited</p> <p>e) Bhumi Resources (Singapore) PTE Limited (including its following wholly owned subsidiary)</p> <p>- PT Anggana Energy Resources, Indonesia</p> <p><b>Associates:</b></p> <p>i. Madanpur (North) Coal Company Private Limited</p> <p>ii. Aditya Birla Renewables SPV 1 Limited</p> <p>iii. Aditya Birla Renewables Energy Limited</p> <p>iv. ABReL (Odisha) SPV Limited (w.e.f. 15 June 2022)</p> <p>v. ABRel (MP) Renewables Limited (w.e.f. 16 June 2022)</p> <p>vi. ABRel Green Energy Limited (w.e.f. 22 June 2022)</p> <p>vii. ABREL (RJ) Projects Limited (w.e.f. 22 June 2023)</p> <p><b>Joint Venture:</b></p> <p>i. Bhaskarpara Coal Company Limited</p>	
7	<p>Aditya Birla Capital Limited</p> <p>(Including its following components)</p> <p><b>Subsidiaries:</b></p> <p>i. Aditya Birla Finance Limited</p> <p>ii. Aditya Birla Housing Finance Limited</p> <p>iii. Aditya Birla Trustee Company Private Limited</p> <p>iv. Aditya Birla PE Advisors Private Limited</p> <p>v. Aditya Birla Capital Technology Services Limited (Formerly known as Aditya Birla MyUniverse Limited)</p>	Subsidiary

Sr No	Name of the Entity	Relationship
	<ul style="list-style-type: none"> <li>vi. Aditya Birla Financial Shared Services Limited</li> <li>vii. Aditya Birla Money Limited</li> <li>viii. Aditya Birla Money Mart Limited</li> <li>ix. Aditya Birla Money Insurance Advisory Services Limited</li> <li>x. Aditya Birla Insurance Brokers Limited</li> <li>xi. Aditya Birla Sun Life Insurance Company Limited</li> <li>xii. Aditya Birla Sun Life Pension Management Limited</li> <li>xiii. Aditya Birla ARC Limited</li> <li>xiv. Aditya Birla Stressed Asset AMC Private Limited</li> <li>xv. ABARC-AST-001-Trust</li> <li>xvi. ABARC-AST-008-Trust</li> <li>xvii. ABARC-AST-0I0-Trust</li> <li>xviii. Aditya Birla Special Situation Fund – I</li> <li>xix. Aditya Birla Capital Digital Limited (w.e.f 23 March 2023)</li> </ul> <p><b>Joint Ventures:</b></p> <ul style="list-style-type: none"> <li>i. Aditya Birla Sunlife Trustee Private Limited</li> <li>ii. Aditya Birla Wellness Private Limited</li> <li>iii. Aditya Birla Health Insurance Co. Limited</li> </ul> <p><b>Associates:</b></p> <ul style="list-style-type: none"> <li>i. Aditya Birla Sunlife AMC Limited</li> <li>ii. Aditya Birla Sun Life AMC (Mauritius) Ltd.</li> <li>iii. Aditya Birla Sunlife AMC Limited, Dubai</li> <li>iv. Aditya Birla Sunlife AMC Pte. Limited, Singapore</li> </ul>	
7	AV Terrace Bay Inc., Canada	Joint Venture
8	AV Group NB Inc., Canada	Joint Venture
9	Aditya Birla Elyaf Sanayi Ve Ticaret Anonim Sirketi, Turkey	Joint Venture
10	Aditya Group AB, Sweden	Joint Venture
11	Aditya Birla Power Composites Limited	Joint Venture
12	Bhubaneswari Coal Mining Limited (including its following subsidiary) -Amelia Coal Mining Limited	Joint Venture
13	Birla Jingwei Fibres Company Limited, China	Joint Venture
14	Birla Advanced Knits Private Limited	Joint Venture
15	Aditya Birla Science & Technology Company Private Limited	Associate
16	ReNew Surya Uday Private Limited	Associate
17	Aditya Birla Idea Payment Bank Limited (under liquidation w.e.f 18 September 2019)	Associate
18	Greenyana Sunstream Private Limited	Associate



**GRASIM INDUSTRIES LIMITED**  
**UNAUDITED CONSOLIDATED FINANCIAL RESULTS**  
**FOR THREE MONTHS AND SIX MONTHS ENDED 30-09-2023**

₹ in crore

Particulars	Three Months Ended			Six Months Ended		Year Ended
	30-09-2023	30-06-2023	30-09-2022	30-09-2023	30-09-2022	31-03-2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
<b>1</b> Revenue from Operations	30,220.68	31,065.19	27,485.54	61,285.87	55,527.08	1,17,627.08
<b>2</b> Other Income [Refer Note 4]	284.59	295.79	252.04	580.38	420.11	3,612.05
<b>3 Total Income (1+2)</b>	<b>30,505.27</b>	<b>31,360.98</b>	<b>27,737.58</b>	<b>61,866.25</b>	<b>55,947.19</b>	<b>1,21,239.13</b>
<b>4 Expenses</b>						
Cost of Materials Consumed	5,407.39	5,567.06	5,278.41	10,974.45	10,618.61	21,622.26
Purchases of Stock-in-Trade	767.61	658.66	409.00	1,426.27	878.88	1,824.35
Changes [Decrease / (Increase)] in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	(279.23)	(184.69)	(554.32)	(463.92)	(745.68)	(834.66)
Employee Benefits Expense	1,983.26	1,859.20	1,849.08	3,842.46	3,518.86	7,193.86
Power and Fuel Cost	5,388.09	5,915.47	5,487.86	11,303.56	10,712.27	23,168.73
Freight and Handling Expenses	3,740.23	4,320.01	3,313.62	8,060.24	6,883.56	15,024.93
Change in Valuation of Liability in respect of Insurance Policies	1,222.96	1,541.80	1,976.81	2,764.76	3,134.49	7,451.57
Benefits Paid - Insurance Business (net)	1,869.79	1,342.09	1,392.48	3,211.88	2,747.29	5,467.75
Finance Cost relating to NBFC/HFC's Business	1,827.87	1,671.43	1,060.29	3,499.30	1,977.77	4,723.46
Other Finance Costs	397.80	360.98	312.92	758.78	641.91	1,320.27
Depreciation and Amortisation Expense	1,245.15	1,182.53	1,116.05	2,427.68	2,204.83	4,551.59
Other Expenses	4,067.90	3,688.84	3,741.32	7,756.74	7,204.68	15,119.24
<b>Total Expenses</b>	<b>27,638.82</b>	<b>27,923.38</b>	<b>25,383.52</b>	<b>55,562.20</b>	<b>49,777.47</b>	<b>1,06,633.35</b>
<b>5 Profit from Ordinary Activities before Share in Profit of Equity Accounted Investees, Exceptional Items and Tax (3 - 4)</b>	<b>2,866.45</b>	<b>3,437.60</b>	<b>2,354.06</b>	<b>6,304.05</b>	<b>6,169.72</b>	<b>14,605.78</b>
<b>6</b> Add : Share in Profit/(Loss) of Equity Accounted Investees	(4.73)	0.27	89.99	(4.46)	143.33	208.96
<b>7 Profit before Exceptional Items and Tax (5 + 6)</b>	<b>2,861.72</b>	<b>3,437.87</b>	<b>2,444.05</b>	<b>6,299.59</b>	<b>6,313.05</b>	<b>14,814.74</b>
<b>8</b> Less : Exceptional Items (Refer Note 2)	-	-	(88.03)	-	(88.03)	(88.03)
<b>9 Profit before Tax (7 + 8)</b>	<b>2,861.72</b>	<b>3,437.87</b>	<b>2,356.02</b>	<b>6,299.59</b>	<b>6,225.02</b>	<b>14,726.71</b>
<b>10 Tax Expense (Net)</b>						
(a) Current Tax	762.34	813.97	758.67	1,576.31	1,742.24	3,432.67
(b) Deferred Tax	75.33	47.55	88.16	122.88	214.84	215.84
<b>Total Tax Expense</b>	<b>837.67</b>	<b>861.52</b>	<b>846.83</b>	<b>1,699.19</b>	<b>1,957.08</b>	<b>3,648.51</b>
<b>11 Net Profit for the period (9- 10)</b>	<b>2,024.05</b>	<b>2,576.35</b>	<b>1,509.19</b>	<b>4,600.40</b>	<b>4,267.94</b>	<b>11,078.20</b>
<b>12 Other Comprehensive income (including related to Joint Ventures and Associates)</b>						
(i) Items that will not be reclassified to profit or loss	2,057.97	717.51	1,776.62	2,775.48	(1,365.56)	(3,444.28)
(ii) Income Tax relating to items that will not be reclassified to profit or loss	(245.48)	(86.69)	(212.86)	(332.17)	153.96	387.85
(iii) Items that will be reclassified to profit or loss	(25.76)	(3.63)	(162.29)	(29.39)	(417.96)	(182.04)
(iv) Income Tax relating to items that will be reclassified to profit or loss	2.32	9.70	35.04	12.02	85.42	57.69
<b>Other Comprehensive Income for the period</b>	<b>1,789.05</b>	<b>636.89</b>	<b>1,436.51</b>	<b>2,425.94</b>	<b>(1,544.14)</b>	<b>(3,180.78)</b>
<b>13 Total Comprehensive Income for the period (11+12)</b>	<b>3,813.10</b>	<b>3,213.24</b>	<b>2,945.70</b>	<b>7,026.34</b>	<b>2,723.80</b>	<b>7,897.42</b>
<b>Net Profit attributable to :</b>						
Owners of the Company	1,163.75	1,576.47	1,009.17	2,740.22	2,942.56	6,827.26
Non-controlling interest	860.30	999.88	500.02	1,860.18	1,325.38	4,250.94
	<b>2,024.05</b>	<b>2,576.35</b>	<b>1,509.19</b>	<b>4,600.40</b>	<b>4,267.94</b>	<b>11,078.20</b>
<b>Other Comprehensive Income attributable to :</b>						
Owners of the Company	1,773.89	610.98	1,445.28	2,384.87	(1,411.16)	(3,104.23)
Non-controlling interest	15.16	25.91	(8.77)	41.07	(132.98)	(76.55)
	<b>1,789.05</b>	<b>636.89</b>	<b>1,436.51</b>	<b>2,425.94</b>	<b>(1,544.14)</b>	<b>(3,180.78)</b>
<b>Total Comprehensive Income attributable to :</b>						
Owners of the Company	2,937.64	2,187.45	2,454.45	5,125.09	1,531.40	3,723.03
Non-controlling interest	875.46	1,025.79	491.25	1,901.25	1,192.40	4,174.39
	<b>3,813.10</b>	<b>3,213.24</b>	<b>2,945.70</b>	<b>7,026.34</b>	<b>2,723.80</b>	<b>7,897.42</b>
Paid up Equity Share Capital (Face Value ₹ 2 per share)	131.70	131.69	131.68	131.70	131.68	131.69
Reserve excluding Revaluation Reserves						78,610.30
<b>14 Earnings per Share of Face Value ₹ 2/- each (not annualised)</b>						
(a) Basic (₹)	17.73	24.01	15.37	41.73	44.80	103.98
(b) Diluted (₹)	17.71	23.99	15.35	41.69	44.76	103.88

See accompanying notes to the Financial Results



**GRASIM INDUSTRIES LIMITED**  
**UNAUDITED CONSOLIDATED SEGMENT WISE REVENUE, RESULTS, ASSETS AND LIABILITIES**  
**FOR THREE MONTHS AND SIX MONTHS ENDED 30-09-2023**

₹ in crore

Particulars	Three Months Ended			Six Months Ended		Year Ended
	30-09-2023	30-06-2023	30-09-2022	30-09-2023	30-09-2022	31-03-2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
<b>1. SEGMENT REVENUE</b>						
Viscose - Fibre and Yarn	3,888.88	3,583.61	3,903.14	7,472.49	8,203.02	15,148.58
Cement - Grey, White and Allied Products	16,012.13	17,737.10	13,892.63	33,749.23	29,056.56	63,239.98
Chemicals*	1,988.40	2,145.76	2,708.48	4,134.16	5,441.79	10,421.68
Financial Services	7,707.91	7,030.21	6,808.49	14,738.12	12,388.34	27,365.17
Others #	905.16	883.52	789.13	1,788.68	1,599.93	3,232.23
<b>TOTAL</b>	<b>30,502.48</b>	<b>31,380.20</b>	<b>28,101.87</b>	<b>61,882.68</b>	<b>56,689.64</b>	<b>1,19,407.64</b>
(Less) : Inter Segment Revenue	(281.80)	(315.01)	(616.33)	(596.81)	(1,162.56)	(1,780.56)
<b>Total Revenue from Operations</b>	<b>30,220.68</b>	<b>31,065.19</b>	<b>27,485.54</b>	<b>61,285.87</b>	<b>55,527.08</b>	<b>1,17,627.08</b>
<b>2. SEGMENT RESULTS</b>						
Viscose - Fibre and Yarn	468.32	389.61	323.88	857.93	824.03	1,031.27
Cement - Grey, White and Allied Products	2,718.02	3,222.91	2,012.90	5,940.93	5,216.49	11,122.93
Chemicals*	236.29	358.49	608.69	594.78	1,414.93	2,271.47
Financial Services {Refer Note 4}	1,020.90	906.20	649.80	1,927.10	1,264.47	5,603.40
Others #	3.38	49.21	99.89	52.59	233.14	290.06
<b>TOTAL</b>	<b>4,446.91</b>	<b>4,926.42</b>	<b>3,695.16</b>	<b>9,373.33</b>	<b>8,953.06</b>	<b>20,319.13</b>
Net Unallocable Income/(Expenditure)	62.49	54.69	87.87	117.18	63.40	158.51
(Less) :						
Finance Costs	(397.80)	(360.98)	(312.92)	(758.78)	(641.91)	(1,320.27)
Depreciation and Amortisation Expense	(1,245.15)	(1,182.53)	(1,116.05)	(2,427.68)	(2,204.83)	(4,551.59)
<b>Profit from Ordinary Activities before Share in Profit of Equity Accounted Investees, Exceptional Items and Tax</b>	<b>2,866.45</b>	<b>3,437.60</b>	<b>2,354.06</b>	<b>6,304.05</b>	<b>6,169.72</b>	<b>14,605.78</b>
Add : Share in Profit/(Loss) of Equity Accounted Investees	(4.73)	0.27	89.99	(4.46)	143.33	208.96
Less : Exceptional Items {Refer Note 2}	-	-	(88.03)	-	(88.03)	(88.03)
<b>Profit before Tax</b>	<b>2,861.72</b>	<b>3,437.87</b>	<b>2,356.02</b>	<b>6,299.59</b>	<b>6,225.02</b>	<b>14,726.71</b>
	As on	As on	As on	As on	As on	As on
	<b>30-09-2023</b>	<b>30-06-2023</b>	<b>30-09-2022</b>	<b>30-09-2023</b>	<b>30-09-2022</b>	<b>31-03-2023</b>
<b>3. SEGMENT ASSETS</b>						
Viscose - Fibre and Yarn	13,563.31	13,581.41	13,277.86	13,563.31	13,277.86	13,413.83
Cement - Grey, White and Allied Products	94,986.24	94,612.52	87,295.40	94,986.24	87,295.40	92,411.58
Chemicals*	8,484.40	8,494.74	7,959.09	8,484.40	7,959.09	8,635.55
Financial Services	2,14,539.65	2,02,831.81	1,67,541.92	2,14,539.65	1,67,541.92	1,89,519.12
Others #	13,559.61	11,428.95	6,483.87	13,559.61	6,483.87	9,359.34
<b>TOTAL</b>	<b>3,45,133.21</b>	<b>3,30,949.43</b>	<b>2,82,558.14</b>	<b>3,45,133.21</b>	<b>2,82,558.14</b>	<b>3,13,339.42</b>
Add: Inter Company Eliminations	(323.09)	(420.20)	(88.26)	(323.09)	(88.26)	(332.28)
Add: Investment in Associates/ Joint Ventures	10,906.56	11,020.14	7,855.01	10,906.56	7,855.01	11,016.84
Add: Unallocated Assets	15,852.51	13,517.77	16,918.00	15,852.51	16,918.00	13,181.05
<b>TOTAL ASSETS</b>	<b>3,71,569.19</b>	<b>3,55,067.14</b>	<b>3,07,242.89</b>	<b>3,71,569.19</b>	<b>3,07,242.89</b>	<b>3,37,205.03</b>
<b>4. SEGMENT LIABILITIES</b>						
Viscose - Fibre and Yarn	3,955.49	3,807.78	4,142.67	3,955.49	4,142.67	3,645.45
Cement - Grey, White and Allied Products	21,179.33	21,364.18	16,923.00	21,179.33	16,923.00	20,845.90
Chemicals*	1,610.94	1,593.53	1,823.00	1,610.94	1,823.00	1,898.16
Financial Services	1,79,117.88	1,68,190.76	1,37,099.61	1,79,117.88	1,37,099.61	1,58,563.53
Others #	2,502.66	2,427.00	1,417.88	2,502.66	1,417.88	1,994.94
<b>TOTAL</b>	<b>2,08,366.30</b>	<b>1,97,383.25</b>	<b>1,61,406.16</b>	<b>2,08,366.30</b>	<b>1,61,406.16</b>	<b>1,86,947.98</b>
Add: Inter Company Eliminations	(12.93)	(12.25)	(14.86)	(12.93)	(14.86)	(12.29)
Add : Unallocated Liabilities	32,323.23	29,413.02	28,028.26	32,323.23	28,028.26	27,356.51
<b>TOTAL LIABILITIES</b>	<b>2,40,676.60</b>	<b>2,26,784.02</b>	<b>1,89,419.56</b>	<b>2,40,676.60</b>	<b>1,89,419.56</b>	<b>2,14,292.20</b>

\* Chemical includes Chlor Alkali, Speciality Chemicals and Chlorine Derivatives.  
# Others represent mainly Textiles, Insulators, Paints, Solar Power and B2B E-commerce

**NOTES:**

1. The above consolidated financial results of the Company for the quarter and half year ended 30th September 2023 have been reviewed by the Audit Committee and approved by the Board of Directors of the Company today.
2. Exceptional Items is as under:  
During the previous year ended 31<sup>st</sup> March 2023, quarter ended and year to date period ended 30<sup>th</sup> September 2022, the Company has provided for Interest payable on custom duty on account of decision to pay custom duty on import of capital goods cleared at zero duty under EPCG scheme in earlier years.
3. Board of Directors of Aditya Birla Capital Limited (“ABCL”) at its meeting held on 27th March 2023, has approved the sale of its entire stake of 50.002% of the issued and paid-up share capital of Aditya Birla Insurance Brokers Limited (“ABIBL”) to Edme Services Private Limited, part of the Samara Capital Group and an affiliate of Samara Alternate Investment Fund. ABCL has filed an application dated 20th April 2023 with Insurance Regulatory and Development Authority of India (“IRDAI”), seeking approval of the proposed transaction. The proposed transaction is subject to receipt of the approval of IRDAI and other regulatory / statutory approvals and satisfaction of other conditions under the Share Purchase Agreement. Upon completion of the proposed transaction, ABIBL shall cease to be a subsidiary of the ABCL.
4. Aditya Birla Health Insurance Co. Limited (“ABHI”) has made a preferential allotment of 5,07,07,454 equity shares of ₹ 10 each to Platinum Jasmine A 2018 Trust, acting through its trustee, Platinum Owl C 2018 RSC Limited, being a wholly owned subsidiary of Abu Dhabi Investment Authority (“ADIA”), on 21st October 2022.

W.e.f. 21st October 2022, ABCL holds 45.91% stake in ABHI and has re-classified investment in ABHI from subsidiary to joint venture. This has resulted in fair value gain of ₹ 2,754.27 crore representing difference between fair value of retained interest in ABHI and derecognition of net assets of ABHI in accordance with Ind AS 110 ‘Consolidated Financial Statements’.

As a result, financial results for quarter and half year ended 30th September, 2023 are not comparable with corresponding previous quarter/ FY23.

5. The Board of Directors of the Company on 16<sup>th</sup> October 2023, considered and approved raising of funds by way of Rights Issue of Equity Shares of face value of ₹ 2 each to the eligible equity shareholders as on the record date, to be determined in due course, for an amount not exceeding ₹ 4,000 crore subject to regulatory approvals.

The above equity issuances shall be undertaken in accordance with the applicable laws, including the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, SEBI LODR Regulations, the Companies Act, 2013 and Rules made thereunder, as amended.

6. In terms of a Scheme of Arrangement between Jaiprakash Associates Limited (JAL); Jaypee Cement Corporation Limited (JCCL), UTCL (“The Parties”) and their respective shareholders and creditors, sanctioned by the National Company Law Tribunal, Mumbai and Allahabad bench, together with necessary approvals from the stock exchanges, Securities and Exchange Board of India (SEBI), and the Competition Commission of India; UTCL had on 27th June 2017, issued Series A Redeemable Preference Shares of ₹ 1,000 crores to JAL (Series A RPS) for a period of 5 years or such longer period as may be agreed by the Parties (the “Term”). The Series A RPS were held in escrow until satisfaction of certain conditions precedent in relation to the Dalla Super Plant and mines situated in the state of Uttar Pradesh (Earlier known as JP Super), to be redeemed post the expiry of the Term as per the agreement between The Parties. Upon expiry of the Term, UTCL offered redemption of the Series A RPS within the stipulated number of days, post adjustment of certain costs pertaining to the conditions precedent, as per the terms of the agreement entered into between the Parties.
- Redemption of the Series A RPS was subject to issuance of a joint notice to the escrow agent. The Series A RPS could not be redeemed due to inaction on the part of JAL in signing the joint instruction notice. This matter has since been referred to arbitration and the arbitration proceedings are pending.
7. UTCL had filed appeals against the orders of the Competition Commission of India (CCI) dated 31st August, 2016 (Penalty of ₹ 1,449.51 Crores) and 19th January 2017 (Penalty of ₹ 68.30 Crores). Upon the National Company Law Appellate Tribunal (“NCLAT”) disallowing its appeal against the CCI order dated 31st August 2016, it has filed an appeal before Hon’ble Supreme Court which has, by its order dated 5th October 2018, granted a stay against the NCLAT order. Consequently, it has deposited an amount of ₹ 144.95 Crores equivalent to 10% of the penalty of ₹ 1,449.51 Crores. UTCL backed by legal opinions, believes that it has a good case in both the matters and accordingly no provision has been recognised in the results.
- UltraTech Nathdwara Cement Ltd (UNCL) has also filed an appeal before Hon’ble Supreme Court against a similar CCI order dated 31st August 2016 and has deposited an amount of ₹ 16.73 Crores equivalent to 10% of the penalty amount of ₹ 167.32 Crores. UTCL backed by legal opinion believes that it has a good case in the said matter and accordingly no provision has been recognised in the results.
8. Aditya Birla Renewables Limited (“ABReL”) and Aditya Birla Solar Limited (“ABSL”), both wholly owned Subsidiaries of the Company, had filed the application and scheme of arrangement with the National Company Law Tribunal (“NCLT”), Mumbai on 27th March 2020. NCLT has approved the Scheme of Amalgamation of ABSL with ABReL under the Sections 230 to 232 of the Companies Act, 2013 and rules applicable thereunder (“the Scheme”) on 23rd June 2023. The Appointed Date of the Scheme is 1st April 2019 and the Scheme has been made effective from 24th July 2023 by filing the certified copy of the Order of NCLT with the Registrar of Companies, Mumbai by ABSL and ABReL. The Scheme does not have any impact on the quarterly results of the Company.
9. ABCL during the quarter ended 30th June 2023, issued equity share capital through Qualified Institutional Placement of 10,00,00,000 shares to Qualified Institutional Buyers and through Preferential Issuance of 7,57,11,688 shares to its Promoter and a member of Promoter Group entity, both aggregating to ₹ 3,000 crore. In accordance with Ind AS 32, the costs that are attributable directly to the above transaction, have been recognised in equity. Pursuant to this, the Company’s shareholding in ABCL has decreased from 54.15% to 52.79%.

**Grasim Industries Limited**

**10. The Consolidated Statement of Asset and Liabilities:**

₹ Crore

Particulars		AS AT	
		30-09-2023	31-03-2023
		(Unaudited)	(Audited)
<b>A. ASSETS</b>			
<b>1. Non-current assets</b>			
(a) Property, Plant and Equipment	65,692.07	63,753.53	
(b) Capital Work-in-Progress	12,764.57	7,730.18	
(c) Investment Property	14.15	14.37	
(d) Goodwill	20,148.45	20,137.55	
(e) Other Intangible Assets	8,380.36	8,591.89	
(f) Right of Use	2,546.93	2,399.03	
(g) Intangible Assets Under Development	83.11	47.50	
(h) Equity - Accounted Investees	10,906.56	11,016.84	
(i) Financial Assets			
(i) Investments			
- Investment of Insurance Business	43,745.16	39,523.43	
- Other Investment	13,680.52	9,502.90	
(ii) Assets held to cover linked liabilities	28,919.68	26,842.95	
(iii) Trade Receivables	4.45	6.82	
(iv) Loans	78,676.79	70,871.12	
(v) Other Financial Assets	2,993.57	3,759.70	
(j) Deferred Tax Assets	402.04	382.26	
(k) Non- Current Tax Assets (Net)	791.39	826.38	
(l) Other Non-Current Assets (Includes Capital Advances)	4,389.48	4,276.22	
<b>Sub-total - Non Current Assets</b>	<b>2,94,139.28</b>	<b>2,69,682.67</b>	
<b>2. Current Assets</b>			
(a) Inventories	12,254.78	11,159.15	
(b) Financial Assets			
(i) Investments			
- Investment of Insurance Business	1,180.45	900.69	
- Other Investment	12,352.34	13,905.64	
(ii) Assets held to cover linked liabilities	4,171.06	3,662.84	
(iii) Trade Receivables	5,944.19	5,915.10	
(iv) Cash and Cash Equivalents	2,208.16	2,312.56	
(v) Bank Balance other than (iv) above	2,825.32	1,400.82	
(vi) Loans	29,416.50	22,342.08	
(vii) Other Financial Assets	3,185.78	2,348.92	
(c) Current Tax Assets (Net)	6.14	3.27	
(d) Other Current Assets	3,874.31	3,553.27	
<b>Sub-total - Current Assets</b>	<b>77,419.03</b>	<b>67,504.34</b>	
(e) Non-Current Assets/ Disposal Group held for sale	10.88	18.02	
<b>TOTAL -ASSETS</b>	<b>3,71,569.19</b>	<b>3,37,205.03</b>	



# Grasim Industries Limited

The Consolidated Statement of Asset and Liabilities (continued):

₹ Crore

Particulars		AS AT	
		30-09-2023	31-03-2023
		(Unaudited)	(Audited)
<b>B. EQUITY AND LIABILITIES</b>			
<b>1. Equity</b>			
(a) Equity Share Capital	131.70	131.69	
(b) Other Equity	83,038.54	78,610.30	
<b>Sub-total - Equity Attributable to owners of the Company</b>	<b>83,170.24</b>	<b>78,741.99</b>	
<b>2. Non - Controlling Interest</b>	47,722.35	44,170.83	
<b>Total Equity</b>	<b>1,30,892.59</b>	<b>1,22,912.82</b>	
<b>3. Non-Current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	78,149.98	66,712.46	
(ii) Lease Liabilities	1,539.39	1,410.73	
(iii) Policyholder's Liabilities	73,300.40	67,012.03	
(iv) Other Financial liabilities	420.51	398.57	
(b) Provisions	801.17	765.81	
(c) Deferred Tax Liabilities (Net)	8,885.37	8,443.38	
(d) Other Non-Current Liabilities	21.68	16.24	
<b>Sub-total - Non-Current Liabilities</b>	<b>1,63,118.50</b>	<b>1,44,759.22</b>	
<b>4. Current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	41,918.11	34,635.46	
(ii) Lease Liabilities	320.58	279.91	
(iii) Policyholder's Liabilities	2,359.70	2,077.90	
(iv) Trade Payables			
- Total Outstanding Dues of Micro Enterprises and Small Enterprises	230.78	351.52	
- Total Outstanding Dues of Creditors other than Micro Enterprises and Small Enterprises	13,201.06	13,001.75	
(v) Other Financial Liabilities	10,166.74	9,859.01	
(b) Other Current Liabilities	6,066.87	6,438.15	
(c) Provisions	779.35	722.47	
(d) Current Tax Liabilities (Net)	2,514.91	2,166.82	
<b>Sub-total - Current Liabilities</b>	<b>77,558.10</b>	<b>69,532.99</b>	
(e) Liabilities directly associated with Non-Current Assets Held for Sale	-	-	
<b>TOTAL - EQUITY AND LIABILITIES</b>	<b>3,71,569.19</b>	<b>3,37,205.03</b>	

# Grasim Industries Limited

## 11. The Consolidated Statement of Cash flows:

₹ in Crore

Particulars	Six Months ended	
	30th September 2023 (Unaudited)	30th September 2022 (Unaudited)
<b>A. Cash flow from Operating Activities</b>		
Profit Before Tax after Exceptional Items and before Share in Profit/(Loss) of Equity Accounted Investees	6,304.05	6,081.69
<u>Adjustments for :</u>		
Exceptional Items (refer note 2)	-	88.03
Depreciation and Amortisation	2,427.68	2,204.83
Finance Costs	758.78	641.91
Interest Income	(207.23)	(206.11)
Dividend Income	(26.70)	(40.40)
Employee Stock Options and Stock Appreciation Rights Expenses	82.83	37.05
Allowance for Credit losses on advances / debts (Net)	5.96	(3.73)
Change in valuation of liabilities in respect of Insurance Policies in force	2,764.76	3,134.49
Impairment on Financial Instruments	658.47	377.77
Excess Provision Written Back (Net)	(17.23)	(82.54)
(Gain)/Loss on Sale/ Discard of Property, Plant and Equipment (Net)	(11.64)	3.73
Profit on Sale of Investments (Net)	(78.45)	(13.50)
Unrealised Gain and fair value adjustments on Investments measured at Fair Value through Profit and Loss (Net)	(561.01)	(129.08)
Unrealised Exchange (gain)/loss	44.83	(126.44)
Fair value adjustments to Borrowings	(13.52)	(33.23)
Other Non-Operating (Income) / Expenses (Net)	-	1.17
Operating Profit Before Working Capital Changes	<b>12,131.58</b>	<b>11,935.64</b>
<u>Adjustments for:</u>		
Trade Receivables	(22.89)	(133.38)
Loans of Financing Business	(15,523.69)	(10,638.70)
Financial and Other Assets	(258.66)	(1,622.81)
Inventories	(1,095.62)	(1,778.69)
Trade Payables and Other Liabilities	(306.67)	(1,029.24)
Investment of Life Insurance Policy holders	(2,745.77)	(3,383.84)
<b>Cash Generated from Operations</b>	<b>(7,821.72)</b>	<b>(6,651.02)</b>
Income Taxes Paid (Net of Refund)	(1,211.10)	(938.74)
<b>Net cash generated / (used) from Operating Activities</b>	<b>(9,032.82)</b>	<b>(7,589.76)</b>
<b>B. Cash flow from Investing Activities</b>		
Purchase of Property, Plant and Equipment and other Intangible Assets	(8,802.49)	(5,785.92)
Proceeds from Disposal of Property, Plant and Equipment	55.36	22.38
Investments in Joint Ventures and Associates	-	(819.84)
Sale of Mutual Fund Units, Shares and Bonds (Non-Current)	5,920.45	5,384.93
Purchase of Mutual Fund Units, Shares and Bonds (Non-Current)	(4,251.49)	(2,278.15)
Proceeds from (Purchase)/Sale of Investments and Shareholders' Investment of Life Insurance Business (Current) {Net}	(1,414.51)	616.22
Purchase of other Non-Current Investments	(10.93)	-

# Grasim Industries Limited

₹ in Crore

Particulars	Six Months ended	
	30th September 2023 (Unaudited)	30th September 2022 (Unaudited)
Proceeds from sale of other Non-Current Investment	-	0.10
Redemption/(Investment) in Other Bank Deposits	(1,322.53)	(750.51)
Receipt against Loans and Advances given to Other companies	-	5.40
Loans and Advances given to Joint Ventures and Associates	(44.50)	-
Receipt against Loans and Advances given to Associates	11.33	1.10
(Investment)/ disinvestment in other Corporate Bodies	-	(23.99)
Interest Received	136.95	144.57
Dividend Received	102.32	124.67
<b>Net Cash generated / (used) from Investing Activities</b>	<b>(9,620.04)</b>	<b>(3,359.04)</b>
<b>C. Cash flow from Financing Activities</b>		
Proceeds from Issue of Share Capital under ESOP scheme	57.58	4.47
Proceeds from Shares issued by Subsidiary Company (Including Securities Premium) (Net of Share Issue Expenses)	2,090.82	150.95
Treasury shares acquired by ESOP Trust	(170.68)	(157.76)
Issue of Treasury Shares	13.05	17.48
Proceeds from Non-Current Borrowings	23,000.84	16,477.20
Repayments of Non-Current Borrowings	(9,857.92)	(8,507.99)
Proceeds/(Repayments) of Current Borrowings (Net)	5,526.86	4,567.96
Proceeds of Supplier's Credit	-	119.16
Proceeds from Inter Corporate Loan	40.60	87.17
Repayment of Inter Corporate Loan	-	(50.22)
Repayment of Lease Liability (including interest)	(189.86)	(153.19)
Interest and finance charges paid	(837.15)	(581.16)
Dividend Paid	(1,125.33)	(1,121.45)
<b>Net Cash generated / (used) from Financing Activities</b>	<b>18,548.81</b>	<b>10,852.62</b>
<b>D. Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>(104.05)</b>	<b>(96.18)</b>
<b>E. Cash and Cash Equivalents as at beginning of the Year</b>	<b>2,312.56</b>	<b>2,240.70</b>
<b>F. Add: Effect of Exchange Rate on Consolidation of Foreign Subsidiaries</b>	<b>(0.35)</b>	<b>(0.51)</b>
<b>Cash and Cash Equivalents at the end of the period</b>	<b>2,208.16</b>	<b>2,144.01</b>

12. The Board of Directors at the meeting held on 28<sup>th</sup> April 2023 approved a Scheme of Amalgamation (Scheme) of UltraTech Nathdwara Cement Limited (UNCL) (a wholly-owned subsidiary of UTCL) and its wholly-owned subsidiaries viz. Swiss Merchandise Infrastructure Limited (Swiss) and Merit Plaza Limited (Merit) with the UTCL. At the meetings convened on 04<sup>th</sup> September 2023, in terms of directions of the National Company Law Tribunal (NCLT), Mumbai Bench, the UTCL's secured and unsecured creditors approved the Scheme.

13. During the half year ended 30<sup>th</sup> September 2023, Ultratech Cement Limited ("UTCL") has opted for new tax regime from the financial year 2023-24 in terms of provision of Section 115BAA of Income tax Act, 1961. Provision for Current and Deferred tax expenses has been recognized accordingly.

## Grasim Industries Limited

### 14. Additional Information of Consolidated Financial Results required pursuant to Clause 52 (4) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Particulars	Three Months Ended			Six Months Ended		Year Ended
	30-09-2023	30-06-2023	30-09-2022	30-09-2023	30-09-2022	31-03-2023
i. Operating Margin (%) ^ (Earnings before Interest *, Depreciation, Tax, Exceptional items and share of associates and joint venture - Corporate Dividend and Treasury Income) / Revenue from Operations	14.07%	15.25%	13.09%	14.67%	15.69%	14.50%
ii. Net Profit Margin (%) ((Net profit for the period/year) / Revenue from Operations)	6.70%	8.29%	5.49%	7.51%	7.69%	9.42%
iii. Interest Service Coverage Ratio (in times) ^ (Profit after Tax + Deferred Tax + Depreciation + Finance cost * + Loss on Sale of asset + ESOP expenses - Unrealised gain on investment) / (Interest expenses * + Interest Capitalised)	8.19	10.23	8.98	9.13	10.98	10.38
iv. Debt Service Coverage Ratio (in times) ^ (Profit after Tax + Deferred Tax + Depreciation + Finance cost * + Loss on Sale of asset + ESOP expenses - Unrealised gain on investment) / (Interest expenses * + Interest Capitalised + Lease payment + Principal repayment of long term debt*)	3.27	2.96	6.81	3.10	4.26	3.90
v. Bad debts to Accounts Receivable Ratio (%) (Bad debts written off * / Average trade receivable)	0.01%	0.02%	0.00%	0.03%	0.01%	0.99%
vi. Debtors Turnover (in times) (annualized) (Sale of products / Average trade receivable)	20.01	20.66	19.24	20.46	19.98	20.53
vii. Inventory Turnover (in times) (annualized) (Cost of goods sold / Average Inventory)	4.32	4.72	4.51	4.53	4.73	5.03
viii. Debt - Equity Ratio (in times) (Total debt / Total equity)	0.92	0.85	0.73	0.92	0.73	0.82
ix. Current Ratio (in times) (Current assets# / Current liabilities @ )	2.17	2.11	1.94	2.17	1.94	1.93
x. Current Liability Ratio (in times) (Current Liabilities @ / Total liabilities)	0.15	0.16	0.16	0.15	0.16	0.16
xi. Total debts to Total assets (in times) (Total debt / Total assets)	0.32	0.31	0.28	0.32	0.28	0.30
xii. Long term debt to Working Capital (in times) Non current borrowings (including current maturities) / (Current asset # - Current liabilities @ )	2.33	2.23	2.34	2.33	2.34	2.56
xiii. Net worth (₹ in crore)	83,170.24	80,996.08	76,509.66	83,170.24	76,509.66	78,741.99
xiv. Basic Earning per share (in ₹) (not annualised)	17.73	24.01	15.37	41.73	44.80	103.98
xv. Diluted Earning per share (in ₹) (not annualised)	17.71	23.99	15.35	41.69	44.76	103.88

^ Excludes fair value gain recognised on loss of control of ABHI.

\* excluding amount related to financial service business

# Current asset excluding assets held for sale

@ Current liabilities excluding current borrowings

**Notes:**

a. The Ratios are to be read and interpreted considering that the Group has diversified nature of business.

15. During the quarter, the Company has transferred 78,582 equity shares in favour of the option grantees from the Grasim Employee Welfare Trust ("Trust"), against applications received from them under the Employee Stock Option Scheme – 2018.

For and on behalf of Board of Directors

Place : Mumbai  
Date : 13th November, 2023

**Harikrishna Agarwal**  
Managing Director

**Grasim Industries Limited**

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

*An Aditya Birla Group Company*

**[www.adityabirla.com](http://www.adityabirla.com) and [www.grasim.com](http://www.grasim.com)**

**Tel: (07366) 246760-66 | Fax: (07366) 244114, 246024 | CIN: L17124MP1947PLC000410**

**Limited Review Report on unaudited standalone financial results of Grasim Industries Limited for the quarter ended 30 September 2023 and year to date results for the period from 01 April 2023 to 30 September 2023 pursuant to Regulation 33 and Regulation 52(4) read with Regulation 63 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, as prescribed in Securities and Exchange Board of India operational circular SEBI/HO/DDHS/P/CIR/2021/613 dated 10 August 2021, as amended.**

**To the Board of Directors of Grasim Industries Limited**

1. We have reviewed the accompanying Statement of unaudited standalone financial results of Grasim Industries Limited (hereinafter referred to as "the Company") for the quarter ended 30 September 2023 and year to date results for the period from 01 April 2023 to 30 September 2023 ("the Statement"), in which are included the financial results of Grasim Employees' Welfare Trust ("Trust").
2. This Statement, which is the responsibility of the Company's management and approved by its Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance with Regulation 33 and Regulation 52(4) read with Regulation 63 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations"), as prescribed in Securities and Exchange Board of India operational circular SEBI/HO/DDHS/P/CIR/2021/613 dated 10 August 2021, as amended. Our responsibility is to issue a report on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement, prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 and Regulation 52(4) read with Regulation 63 of the Listing Regulations, as prescribed in Securities and Exchange Board of India operational circular SEBI/HO/DDHS/P/CIR/2021/613 dated 10 August 2021, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For **B S R & Co. LLP**

*Chartered Accountants*

Firm's Registration No.: 101248W/W-100022

For **KKC & Associates LLP**

*Chartered Accountants*

(formerly known as Khimji Kunverji & Co LLP)

Firm's Registration No.: 105146W/W100621

**Vikas R Kasat**

*Partner*

Membership No: 105317

ICAI UDIN: 23105317BGVTQO5484

Place: Mumbai

Date: 13 November 2023

**Gautam Shah**

*Partner*

Membership No: 117348

ICAI UDIN: 23117348BGSZLX9451

Place: Mumbai

Date: 13 November 2023



**GRASIM INDUSTRIES LIMITED**  
**UNAUDITED STANDALONE FINANCIAL RESULTS**  
**FOR THREE MONTHS AND SIX MONTHS ENDED 30-09-2023**

₹ in Crore

Particulars	Three Months Ended			Six Months Ended		Year Ended
	30-09-2023	30-06-2023	30-09-2022	30-09-2023	30-09-2022	31-03-2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1 Revenue from Operations	6,442.02	6,237.55	6,745.24	12,679.57	13,998.28	26,839.71
2 Other Income	760.32	115.86	755.51	876.18	799.21	1,018.34
3 <b>Total Income (1+2)</b>	<b>7,202.34</b>	<b>6,353.41</b>	<b>7,500.75</b>	<b>13,555.75</b>	<b>14,797.49</b>	<b>27,858.05</b>
4 <b>Expenses</b>						
Cost of Materials Consumed	3,059.59	3,008.26	3,277.49	6,067.85	6,618.83	12,695.07
Purchases of Stock-in-Trade	219.43	225.72	92.53	445.15	189.84	466.22
Changes [Decrease / (Increase)] in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	118.12	(136.17)	(251.23)	(18.05)	(353.42)	(261.91)
Employee Benefits Expense	533.08	536.76	503.51	1,069.84	973.65	2,023.49
Finance Costs	106.89	105.69	85.07	212.58	171.74	367.67
Depreciation and Amortisation Expense	291.85	287.75	266.19	579.60	521.33	1,097.29
Power and Fuel Cost	1,017.94	1,050.28	1,202.88	2,068.22	2,428.44	4,745.01
Other Expenses	900.27	879.33	963.45	1,779.60	1,864.09	3,991.94
<b>Total Expenses</b>	<b>6,247.17</b>	<b>5,957.62</b>	<b>6,139.89</b>	<b>12,204.79</b>	<b>12,414.50</b>	<b>25,124.78</b>
5 <b>Profit before Exceptional Items and Tax (3-4)</b>	<b>955.17</b>	<b>395.79</b>	<b>1,360.86</b>	<b>1,350.96</b>	<b>2,382.99</b>	<b>2,733.27</b>
6 Exceptional Items (Refer Note 2)	-	-	(88.03)	-	(88.03)	(88.03)
7 <b>Profit before Tax (5 + 6)</b>	<b>955.17</b>	<b>395.79</b>	<b>1,272.83</b>	<b>1,350.96</b>	<b>2,294.96</b>	<b>2,645.24</b>
8 <b>Tax Expense</b>						
Current Tax	97.54	4.65	222.83	102.19	401.21	435.27
Write back of tax relating to prior years	-	(4.95)	-	(4.95)	(1.56)	(1.56)
Deferred Tax	62.89	40.82	85.70	103.71	122.45	87.80
<b>Total Tax Expense</b>	<b>160.43</b>	<b>40.52</b>	<b>308.53</b>	<b>200.95</b>	<b>522.10</b>	<b>521.51</b>
9 <b>Net Profit for the period (7-8)</b>	<b>794.74</b>	<b>355.27</b>	<b>964.30</b>	<b>1,150.01</b>	<b>1,772.86</b>	<b>2,123.73</b>
10 <b>Other Comprehensive Income</b>						
(i) Items that will not be reclassified to profit or loss	2,028.10	693.31	1,768.53	2,721.41	(1,374.43)	(3,482.59)
(ii) Income Tax relating to items that will not be reclassified to profit or loss	(241.76)	(69.58)	(211.12)	(311.34)	155.98	400.12
(iii) Items that will be reclassified to profit or loss	7.21	(25.01)	(12.92)	(17.80)	(15.74)	14.20
(iv) Income Tax relating to items that will be reclassified to profit or loss	(1.70)	6.17	4.46	4.47	5.07	(5.74)
<b>Other Comprehensive Income for the period</b>	<b>1,791.85</b>	<b>604.89</b>	<b>1,548.95</b>	<b>2,396.74</b>	<b>(1,229.12)</b>	<b>(3,074.01)</b>
11 <b>Total Comprehensive Income for the period (9 + 10)</b>	<b>2,586.59</b>	<b>960.16</b>	<b>2,513.25</b>	<b>3,546.75</b>	<b>543.74</b>	<b>(950.28)</b>
12 Paid-up Equity Share Capital (Face Value ₹ 2 per share)	131.70	131.69	131.68	131.70	131.68	131.69
13 Reserves excluding Revaluation Reserves						46,823.24
14 <b>Earnings per Share of Face value ₹ 2/- each (not annualised)</b>						
(a) Basic (₹)	<b>12.10</b>	<b>5.41</b>	<b>14.68</b>	<b>17.51</b>	<b>26.99</b>	<b>32.34</b>
(b) Diluted (₹)	<b>12.09</b>	<b>5.41</b>	<b>14.68</b>	<b>17.50</b>	<b>26.97</b>	<b>32.31</b>

See accompanying notes to the Financial Results



**GRASIM INDUSTRIES LIMITED**  
**UNAUDITED STANDALONE SEGMENT WISE REVENUE, RESULTS, ASSETS AND LIABILITIES**  
**FOR THREE MONTHS AND SIX MONTHS ENDED 30-09-2023**

₹ in Crore

Particulars	Three Months Ended			Six Months Ended		Year Ended
	30-09-2023	30-06-2023	30-09-2022	30-09-2023	30-09-2022	31-03-2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
<b>1. SEGMENT REVENUE</b>						
Viscose - Fibre and Yarn	3,888.88	3,583.61	3,903.14	7,472.49	8,203.02	15,148.58
Chemicals #	1,988.40	2,145.76	2,708.48	4,134.16	5,441.79	10,421.68
Others *	816.63	794.26	732.47	1,610.89	1,474.70	2,939.52
<b>TOTAL</b>	<b>6,693.91</b>	<b>6,523.63</b>	<b>7,344.09</b>	<b>13,217.54</b>	<b>15,119.51</b>	<b>28,509.78</b>
(Less) : Inter Segment Revenue	(251.89)	(286.08)	(598.85)	(537.97)	(1,121.23)	(1,670.07)
<b>Total Revenue from Operations</b>	<b>6,442.02</b>	<b>6,237.55</b>	<b>6,745.24</b>	<b>12,679.57</b>	<b>13,998.28</b>	<b>26,839.71</b>
<b>2. SEGMENT RESULTS</b>						
Viscose - Fibre and Yarn	468.32	389.61	323.88	857.93	824.03	1,031.27
Chemicals #	236.29	358.49	608.69	594.78	1414.93	2,271.47
Others *	(54.07)	(24.13)	60.37	(78.20)	140.20	84.91
<b>TOTAL</b>	<b>650.54</b>	<b>723.97</b>	<b>992.94</b>	<b>1,374.51</b>	<b>2,379.16</b>	<b>3,387.65</b>
Net Unallocable Income/(Expenditure)	703.37	65.26	719.18	768.63	696.90	810.58
(Less) :	1,353.91	789.23	1,712.12	2,143.14	3,076.06	4,198.23
Finance Costs	(106.89)	(105.69)	(85.07)	(212.58)	(171.74)	(367.67)
Depreciation and Amortisation Expense	(291.85)	(287.75)	(266.19)	(579.60)	(521.33)	(1,097.29)
<b>Profit before Exceptional Items and Tax</b>	<b>955.17</b>	<b>395.79</b>	<b>1,360.86</b>	<b>1,350.96</b>	<b>2,382.99</b>	<b>2,733.27</b>
Exceptional Items (Refer Note 2)	-	-	(88.03)	-	(88.03)	(88.03)
<b>Profit before Tax</b>	<b>955.17</b>	<b>395.79</b>	<b>1,272.83</b>	<b>1,350.96</b>	<b>2,294.96</b>	<b>2,645.24</b>
<b>3. SEGMENT ASSETS</b>						
Viscose - Fibre and Yarn	13,563.31	13,581.41	13,277.86	13,563.31	13,277.86	13,413.83
Chemicals #	8,484.40	8,494.74	7,959.09	8,484.40	7,959.09	8,635.55
Others *	7,580.30	6,174.01	3,341.64	7,580.30	3,341.64	4,944.49
<b>TOTAL</b>	<b>29,628.01</b>	<b>28,250.16</b>	<b>24,578.59</b>	<b>29,628.01</b>	<b>24,578.59</b>	<b>26,993.87</b>
Add: Unallocated Assets	39,032.42	36,551.92	38,653.14	39,032.42	38,653.14	35,183.24
<b>TOTAL ASSETS</b>	<b>68,660.43</b>	<b>64,802.08</b>	<b>63,231.73</b>	<b>68,660.43</b>	<b>63,231.73</b>	<b>62,177.11</b>
<b>4. SEGMENT LIABILITIES</b>						
Viscose - Fibre and Yarn	3,955.49	3,807.78	4,142.67	3,955.49	4,142.67	3,645.45
Chemicals #	1,610.94	1,593.53	1,823.00	1,610.94	1,823.00	1,898.16
Others *	2,266.21	2,135.16	1,352.83	2,266.21	1,352.83	1,875.72
<b>TOTAL</b>	<b>7,832.64</b>	<b>7,536.47</b>	<b>7,318.50</b>	<b>7,832.64</b>	<b>7,318.50</b>	<b>7,419.33</b>
Add: Unallocated Liabilities	11,029.89	9,337.16	7,458.45	11,029.89	7,458.45	7,802.85
<b>TOTAL LIABILITIES</b>	<b>18,862.53</b>	<b>16,873.63</b>	<b>14,776.95</b>	<b>18,862.53</b>	<b>14,776.95</b>	<b>15,222.18</b>

# Chemical includes Chlor Alkali, Speciality Chemicals and Chlorine Derivatives.

\* 'Others' represent mainly Textiles, Insulators, Paints and B2B E-Commerce.



**NOTES:**

1. The above financial results of the Company for the quarter and half year ended 30th September, 2023 have been reviewed by the Audit Committee and approved by the Board of Directors of the Company today.
2. Exceptional Items included in results are as below:
  - During the previous year ended 31st March, 2023, quarter ended and year to date period ended 30th September 2022, the Company has provided for Interest payable on custom duty on account of decision to pay custom duty on import of capital goods cleared at zero duty under EPCG scheme in earlier years.
3. Aditya Birla Renewables Limited (“ABReL”) and Aditya Birla Solar Limited (“ABSL”), both wholly owned Subsidiaries of the Company, had filed the application and scheme of arrangement with the National Company Law Tribunal (“NCLT”), Mumbai on 27th March, 2020. NCLT has approved the Scheme of Amalgamation of ABSL with ABReL under the Sections 230 to 232 of the Companies Act, 2013 and rules applicable thereunder (“the Scheme”) on 23rd June, 2023.

The Appointed Date of the Scheme is 1st April, 2019 and the Scheme has been made effective from 24th July, 2023 by filing the certified copy of the Order of NCLT with the Registrar of Companies, Mumbai by ABSL and ABReL. The Scheme does not have any impact on the quarterly results of the Company.

4. The Board of Directors of the Company on 16th October 2023, considered and approved raising of funds by way of Rights Issue of Equity Shares of face value of ₹ 2 each to the eligible equity shareholders as on the record date, to be determined in due course, for an amount not exceeding ₹ 4,000 crore subject to regulatory approvals.

The above equity issuances shall be undertaken in accordance with the applicable laws, including the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, SEBI LODR Regulations, the Companies Act, 2013 and Rules made thereunder, as amended.

# Grasim Industries Limited

## 5. The Standalone Statement of Assets and Liabilities:

₹ in Crore

Particulars		As on	
		30-09-2023	31/03/2023
		(Unaudited)	(Audited)
<b>A. ASSETS</b>			
<b>1. Non-Current Assets</b>			
(a) Property, Plant and Equipment		14,571.14	14,634.81
(b) Capital Work- in- Progress		5,554.61	2,919.09
(c) Other Intangible Assets		787.71	817.75
(d) Right of Use		791.66	764.29
(e) Goodwill		2.78	2.78
(f) Intangible assets under development		8.17	6.60
<b>(g) Financial Assets</b>			
(i) Investment in Equity of Subsidiaries, Joint Ventures and Associates		23,300.03	22,300.03
(ii) Other Investments		11,232.25	8,541.12
(iii) Loans		98.57	100.31
(iv) Other Financial Assets		330.79	339.21
(h) Non-Current Tax Assets (Net)		209.74	191.43
(i) Other Non- Current Assets (Includes Capital Advances)		708.83	840.13
<b>Sub-total - Non-Current Assets</b>		<b>57,596.28</b>	<b>51,457.55</b>
<b>2. Current Assets</b>			
(a) Inventories		4,436.59	4,492.78
<b>(b) Financial Assets</b>			
(i) Investments		3,124.94	3,055.63
(ii) Trade Receivables		1,640.85	1,597.26
(iii) Cash and Cash Equivalents		91.52	16.48
(iv) Bank Balance other than (iii) above		223.35	457.89
(v) Loans		239.82	3.68
(vi) Other Financial Assets		114.29	133.91
(c) Other Current Assets		1,192.79	961.93
<b>Sub-total Current Assets</b>		<b>11,064.15</b>	<b>10,719.56</b>
<b>TOTAL - ASSETS</b>		<b>68,660.43</b>	<b>62,177.11</b>
<b>B. EQUITY AND LIABILITIES</b>			
<b>1. Equity</b>			
(a) Equity Share Capital		131.70	131.69
(b) Other Equity		49,666.20	46,823.24
<b>Sub-total - Equity</b>		<b>49,797.90</b>	<b>46,954.93</b>
<b>2. Non-Current Liabilities</b>			
<b>(a) Financial Liabilities</b>			
(i) Borrowings		6,150.57	4,273.23
(ii) Lease Liability		108.93	74.37
(iii) Other Financial Liabilities		10.45	10.61
<b>(b) Provisions</b>			
(c) Deferred Tax Liabilities (Net)		1,945.38	1,534.80
(d) Other Non-Current Liabilities		12.70	7.08
<b>Sub-total - Non-current Liabilities</b>		<b>8,295.17</b>	<b>5,964.32</b>
<b>3. Current Liabilities</b>			
<b>(a) Financial Liabilities</b>			
(i) Borrowings #		1,927.68	981.00
(ii) Lease Liability		29.82	23.00
(iii) Trade Payables			
- Total Outstanding Dues of Micro and Small Enterprises		57.02	121.41
- Total Outstanding Dues of Creditors other than Micro and Small Enterprises		4,747.49	4,589.79
(iv) Other Financial Liabilities		1,634.54	1,617.82
<b>(b) Other Current Liabilities</b>			
(c) Provisions		353.19	322.39
(d) Current Tax Liabilities (Net)		635.02	614.41
<b>Sub-total Current Liabilities</b>		<b>10,567.36</b>	<b>9,257.86</b>
<b>TOTAL - EQUITY AND LIABILITIES</b>		<b>68,660.43</b>	<b>62,177.11</b>

# Includes current maturities of long-term debts ₹ 1283.61 Crore (Previous year ₹ 1067.06 Crore)

# Grasim Industries Limited

## 6. The Standalone Statement of Cash flows:

		₹ in Crore	
Particulars		Six Months ended 30-09-2023 (Unaudited)	Six Months ended 30-09-2022 (Unaudited)
<b>A.</b>	<b>Cash Flow from Operating Activities</b>		
	<b>Profit Before Tax</b>	<b>1,350.96</b>	<b>2,294.96</b>
	<b>Adjustments for:</b>		
	Exceptional Items (Note 2)	-	88.03
	Depreciation and Amortisation Expense	579.60	521.33
	Finance Costs	212.58	171.74
	Interest Income	(81.36)	(46.05)
	Dividend Income	(654.97)	(668.67)
	Unrealised Exchange (Gain)/Loss (Net)	23.21	7.64
	Allowance for Credit losses (Net)	(1.09)	(3.45)
	(Gain)/Loss on Sale/Discard of Property, Plant and Equipment (Net)	(9.28)	4.16
	Employee Stock Option/Stock Appreciation Right Expenses	16.69	15.21
	Unrealised Gain on Investments measured at Fair Value through Profit or Loss (Net)	(94.68)	(46.91)
	Profit on Sale of Investments (Net)	(11.08)	(0.51)
	<b>Operating profit Before Working Capital Changes</b>	<b>1,330.58</b>	<b>2,337.48</b>
	<b>Adjustments for Changes in Working Capital :</b>		
	Trade Receivables	(43.35)	80.04
	Financial and Other Assets	(152.54)	(77.68)
	Inventories	56.19	(464.20)
	Trade Payables, Other Liabilities and Provisions	438.32	74.36
	<b>Cash Generated from Operations</b>	<b>1,629.20</b>	<b>1,950.00</b>
	Income Taxes Paid (Net of Refund)	(94.94)	(266.49)
	<b>Net Cash generated / (used) from Operating Activities (A)</b>	<b>1,534.26</b>	<b>1,683.51</b>
<b>B.</b>	<b>Cash Flow from Investing Activities</b>		
	Purchase of Property, Plant and Equipment and Other Intangible Assets	(2,977.08)	(1,651.43)
	Proceeds from Disposal of Property, Plant and Equipment	13.80	3.27
	Investments in Subsidiaries, Joint Ventures and Associates	(1,000.00)	(130.20)
	Sale of Other Non-Current Equity Investments	-	0.10
	Sale/(Purchase) of Current Investments (Net)	66.26	232.46
	Loans and Advances given to Subsidiaries, Joint Ventures and Associates	(246.50)	(94.92)
	Receipt against Loans and Advances given to Subsidiaries, Joint Ventures and Associates	11.33	7.10
	Investment in/(Redemption of) Bank Deposits (having original maturity more than 3 months) and earmarked balances with Banks	234.54	(283.51)
	Interest from Subsidiaries, Joint Ventures and Associates	7.62	2.82
	Interest from Others	57.84	4.26
	Dividend from Subsidiaries, Joint Ventures and Associates	628.27	628.27
	Dividend from Others	26.70	40.40
	<b>Net Cash generated / (used) from Investing Activities (B)</b>	<b>(3,177.22)</b>	<b>(1,241.38)</b>
<b>C.</b>	<b>Cash Flow from Financing Activities</b>		
	Proceeds from Issue of Share Capital under ESOS	-	4.47
	Treasury Shares acquired by ESOP Trust	(70.27)	(73.35)
	Issue of Treasury Shares	6.35	12.24
	Proceeds from Non-Current Borrowings	3,129.05	997.63
	Repayments of Non-Current Borrowings	(733.64)	(505.27)
	Proceeds/(Repayment) of Current Borrowings (Net)	431.35	(8.92)
	Proceeds of Supplier's credit	-	119.16
	Payments of Lease Liabilities	(15.55)	(5.53)
	Payments of Interest on Lease Liabilities	(4.61)	(2.91)
	Interest and Finance Charges Paid	(367.31)	(274.34)
	Dividend Paid	(657.37)	(657.46)
	<b>Net Cash generated / (used) from Financing Activities (C)</b>	<b>1,718.00</b>	<b>(394.28)</b>
<b>D.</b>	<b>Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>75.04</b>	<b>47.85</b>
	<b>Cash and Cash Equivalents at the Beginning of the Year</b>	<b>16.48</b>	<b>52.69</b>
	<b>Cash and Cash Equivalents at the End of the Period</b>	<b>91.52</b>	<b>100.54</b>

## Grasim Industries Limited

### 7. Additional Information of Standalone Financial Results required pursuant to Clause 52 (4) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Sr No	Particulars	Three Months Ended			Six Months Ended		Year Ended
		30-09-2023	30-06-2023	30-09-2022	30-09-2023	30-09-2022	31-03-2023
i.	Operating Margin (%) <i>(Earnings before Interest, Depreciation, Tax and Exceptional items - Corporate Dividend and Treasury Income) / Revenue from Operations</i>	9.47%	11.28%	14.43%	10.36%	16.59%	12.19%
ii.	Net Profit Margin (%) <i>((Net profit for the period) / Revenue from Operations)</i>	12.34%	5.70%	14.30%	9.07%	12.66%	7.91%
iii.	Interest Service Coverage Ratio (in times) <i>(Profit after Tax + Deferred Tax + Depreciation + Finance cost + Loss on Sale of asset + ESOP expenses - Unrealised gain on investment) / (Finance cost + Interest Capitalised)</i>	8.21	6.34	15.00	7.38	14.18	9.15
iv.	Debt Service Coverage Ratio (in times) <i>(Profit after Tax + Deferred Tax + Depreciation + Finance cost + Loss on Sale of asset + ESOP expenses - Unrealised gain on investment) / (Finance cost + Interest Capitalised + Lease payment + Principal repayment of long term debt)</i>	6.30	0.91	13.85	1.93	3.69	2.43
v.	Bad debts to Accounts Receivable Ratio (%) <i>(Bad debts written off / Average trade receivable)</i>	0.00%	0.07%	0.01%	0.07%	0.01%	0.07%
vi.	Debtors Turnover (in times) (annualized) <i>(Sale of products / Average trade receivable)</i>	15.64	15.32	15.93	15.49	16.77	16.17
vii.	Inventory Turnover (in times) (annualized) <i>(Cost of goods sold / Average Inventory)</i>	4.23	4.00	4.38	4.17	4.64	4.62
viii.	Debt - Equity Ratio (in times) <i>(Total debt / Total equity)</i>	0.16	0.14	0.10	0.16	0.10	0.11
ix.	Current Ratio (in times) <i>(Current assets / Current liabilities *)</i>	1.28	1.26	1.48	1.28	1.48	1.30
x.	Current Liability Ratio (in times) <i>(Current Liabilities * / Total liabilities)</i>	0.46	0.50	0.55	0.46	0.55	0.54
xi.	Total debts to Total assets (in times) <i>(Total debt / Total assets)</i>	0.12	0.10	0.07	0.12	0.07	0.08
xii.	Long term debt to Working Capital (in times) <i>Non current borrowings (including current maturities) / (Current asset - Current liabilities *)</i>	3.07	2.58	1.16	3.07	1.16	2.06
xiii.	Net worth (₹ in crore)	49,797.90	47,928.45	48,454.78	49,797.90	48,454.78	46,954.93
xiv.	Basic Earning per share (in ₹) (not annualised)	12.10	5.41	14.68	17.51	26.99	32.34
xv.	Diluted Earning per share (in ₹) (not annualised)	12.09	5.41	14.68	17.50	26.97	32.31
xvi.	<b>Asset cover available, in case of Non Convertible Debt securities</b> : Not applicable as NCDs are unsecured						

\* Current liabilities excluding current borrowings.

## Grasim Industries Limited

8. During the quarter, the Company has transferred 78,582 equity shares in favour of the option grantees from the Grasim Employee Welfare Trust ("Trust"), against applications received from them under the Employee Stock Option Scheme – 2018.

For and on behalf of Board of Directors

Place : Mumbai  
Date : 13th November, 2023

**Harikrishna Agarwal**  
Managing Director  
DIN-09288720

**Grasim Industries Limited**

**Regd. Office: Birlagram, Nagda 456 331 (M.P.)**  
*An Aditya Birla Group Company*  
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# B S R & Co. LLP

Chartered Accountants

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# KKC & Associates LLP

Chartered Accountants

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**Limited Review Report on unaudited consolidated financial results of Grasim Industries Limited for the quarter ended 30 September 2022 and year-to-date results for the period from 01 April 2022 to 30 September 2022 pursuant to Regulation 33 and Regulation 52(4) read with Regulation 63 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended**

**To the Board of Directors of Grasim Industries Limited**

1. We have reviewed the accompanying Statement of unaudited consolidated financial results of Grasim Industries Limited (“the Parent”), and its subsidiaries (the Parent and its subsidiaries together referred to as “the Group”) and its share of the net profit after tax and total comprehensive income of its associates and joint ventures for the quarter ended 30 September 2022 and year-to-date results for the period from 01 April 2022 to 30 September 2022 (“the Statement”), being submitted by the Parent pursuant to the requirements of Regulation 33 and Regulation 52(4) read with Regulation 63 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“Listing Regulations”).
2. This Statement, which is the responsibility of the Parent Company’s management and approved by the Parent Company’s Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 “Interim Financial Reporting” (“Ind AS 34”), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance with Regulation 33 and Regulation 52(4) read with Regulation 63 of the Listing Regulations. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the Securities and Exchange Board of India under Regulation 33(8) of the Listing Regulations, to the extent applicable.

4. The Statement includes the results/ information of the entities mentioned in Annexure 1.
5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of the other auditors referred to in paragraph 8 and 9 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 and Regulation 52(4) read with Regulation 63 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. We draw attention to Note 10 of the Statement which refer to Orders dated 31 August 2016 (Penalty of Rs.1,449.51 crores) and 19 January 2017 (Penalty of Rs.68.30 crores) of the Competition Commission of India (“CCI”) against which UltraTech Cement Limited (“UltraTech”), a subsidiary of the Parent, had filed appeals. Upon the National Company Law Appellate Tribunal (“NCLAT”) disallowing its appeal against the CCI order dated 31 August 2016, UltraTech has filed an appeal before the Hon’ble Supreme Court of India, which has by its order dated 5 October 2018, granted a stay against the NCLAT order. Consequently, UltraTech has deposited an amount of Rs.144.95 crores equivalent to 10% of the penalty of Rs.1,449.51 crores recorded as asset. UltraTech, backed by legal opinions, believes that it has a good case in both the matters basis which no provision has been recognized in the books of account. Our conclusion is not modified in respect of these matters.
7. We draw attention to Note 10 of the Statement, where in case of UltraTech Nathdwara Cement Limited (“UNCL”), a wholly owned subsidiary of UltraTech, one of the joint auditors of the Company has reviewed the financial results and without modifying their conclusion on the unaudited consolidated financial results of UNCL for the quarter ended 30 September 2022 and year-to-date results for the period from 01 April 2022 to 30 September 2022 reported that the Order dated 31 August 2016 (penalty of Rs.167.32 crores) was passed by the Competition Commission of India (“CCI”) against which UNCL had filed appeal. Upon the NCLAT disallowing its appeal against the CCI order dated 31 August 2016, UNCL filed an appeal before the Hon’ble Supreme Court of India, which has by its order dated 5 October 2018, granted a stay against the NCLAT order. Consequently, UNCL has deposited an amount of Rs.16.73 crores equivalent to 10% of the penalty of Rs.167.32 crores recorded as asset in the consolidated financial results. Based on the legal opinion obtained by UltraTech on a similar matter, UNCL believes that it has a good case in this matter basis which, no provision has been recognised in the consolidated financial results. Our conclusion is not modified in respect of this matter.
8. The Statement includes the unaudited financial results and other financial information, in respect of,
  - i. 41 subsidiaries whose unaudited financial results include total assets of Rs.1,87,400.34 crores (before consolidation adjustments) as at 30 September 2022 and total revenues of Rs.7,842.12 crores and Rs.14,486.48 crores (before consolidation adjustments), total net profit after tax of Rs.320.96 crores and Rs.663.28 crores (before consolidation adjustments) and total comprehensive income of Rs.375.38 crores and Rs.607.25 crores (before consolidation adjustments) for the quarter ended 30 September 2022 and for the period from 01 April 2022 to 30 September 2022, respectively and cash outflows (net) of Rs.144.62 crores for the period from 01 April 2022 to 30 September 2022, which has been reviewed singly by one of us or other auditors, whose reports have been furnished to us by the management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures in respect of these subsidiaries is based solely on the report of the respective auditors and procedures performed by us as stated in paragraph 3 above.
  - ii. 6 joint venture and 4 associate whose unaudited financial results include total net profit after tax of Rs.111.98 crores and Rs.195.28 crores (before consolidation adjustments) and total comprehensive income of Rs.95.71 crores and Rs.170.77 crores (before consolidation adjustments) for the quarter ended 30 September 2022 and for the period from 01 April 2022 to 30 September 2022, respectively which has been reviewed singly by one of us or other auditors, whose reports have been furnished to us by the management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures in respect of these joint ventures and associates is based solely on the report of the respective auditors and procedures performed by us as stated in paragraph 3 above.

Our conclusion is not modified in respect of these matters.

9. One of the joint ventures is located outside India whose financial results and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been reviewed by other auditors under generally accepted auditing standards applicable in their respective countries. The Parent Company’s management has converted the financial results 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 reviewed these conversion adjustments made by the Parent Company’s management.

Our conclusion 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 Parent Company and reviewed by us.

10. The Statement includes the unaudited interim financial information/ financial results of
- i. 24 subsidiaries, whose interim financial information/ financial results reflect total assets of Rs. 273.91 crores (before consolidation adjustments) as at 30 September 2022 and total revenues of Rs.18.24 crores and Rs.24.15 crores (before consolidation adjustments), total net profit after tax of Rs.17.62 crores and Rs.22.96 crores (before consolidation adjustments) and total comprehensive income of Rs.20.39 crores and Rs.25.28 crores (before consolidation adjustments), for the quarter ended 30 September 2022 and for the period from 01 April 2022 to 30 September 2022, respectively, and cash inflows (net) of Rs.3.80 crores for the period from 01 April 2022 to 30 September 2022.
  - ii. 6 associates and 5 joint ventures whose interim financial information/ financial results include the Group's share of net loss after tax of Rs.21.94 crores and Rs.51.91 crores (before consolidation adjustments) and total comprehensive loss of Rs.89.29 crores and Rs.132.89 crores (before consolidation adjustments), for the quarter ended 30 September 2022 and for the period from 01 April 2022 to 30 September 2022 respectively.

The unaudited interim financial results and other unaudited financial information of above subsidiaries, associates and joint ventures have not been reviewed by their/any auditor(s) and have been approved and furnished to us by the management. According to the information and explanations given to us by the Parent's management, these interim financial information/ financial results are not material to the Group.

Our conclusion is not modified in respect of these matters.

11. The statutory auditors of Aditya Birla Capital Limited ("ABCL"), a subsidiary company, without modifying their conclusion on the unaudited consolidated financials results of ABCL have stated that the joint auditors of Aditya Birla Health Insurance Co. Limited, vide their report dated 20 October 2022, have reported in the Other Matter section that:
- i. 'The actuarial valuation of liabilities in respect of Incurred but Not Reported (IBNR) and Incurred but Not Enough Reported (IBNER) included under claims outstanding and Premium Deficiency Reserve creation as at September 30, 2022 has been duly certified by the Appointed Actuary of the Company. The Appointed Actuary has also certified that the assumptions considered for such valuation are in accordance with the guidelines and norms prescribed by the IRDAI and the Institute of Actuaries of India in concurrence with the IRDAI;
  - ii. Other adjustments for the purpose of the Condensed Interim Financial Information confirmed by the Appointed Actuary in accordance with Indian Accounting Standard 104, on Insurance Contracts:
    - a. Grossing up and Classification of the Reinsurance Assets and;
    - b. Liability adequacy test as at the reporting dates.'

The statutory auditors of the respective subsidiary of ABCL have relied upon Appointed Actuary's certificate and representation made in this regard for forming their opinion on the aforesaid mentioned items.

12. The statutory auditors of ABCL, a subsidiary company, without modifying their conclusion on the unaudited consolidated financial results of ABCL have stated that the joint auditors of Aditya Birla Sunlife Insurance Company Limited, vide their report dated 21 October 2022, have reported in the Other Matter section that:

'Determination of the following is the responsibility of the Company's Appointed Actuary (the "Appointed Actuary"):

- i. The actuarial valuation of liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists as at September 30, 2022. The actuarial valuation of these liabilities has been duly certified by the Appointed Actuary and in his opinion, 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;



**BSR & Co. LLP**  
Chartered Accountants

**KKC & Associates LLP**  
Chartered Accountants  
(formerly Khimji Kunverji & Co LLP)

- ii. Other adjustments as at September 30, 2022 / for the quarter and half year ended September 30, 2022 for the purpose of Reporting Pack confirmed by the Appointed Actuary in accordance with Indian Accounting Standard 104 - 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 cost 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 statutory auditors of the respective subsidiary of ABCL have relied upon Appointed Actuary's certificate in this regard for forming their conclusion on the aforesaid mentioned items.

Our conclusion is not modified in respect of the matters stated in para 11 and 12 based on the conclusion drawn by the statutory auditors of ABCL and their respective subsidiaries.

13. The consolidated financial statements of the Company for the year ended 31 March 2022 have been audited jointly by the then Joint auditor B S R & Co. LLP and S R B C & CO LLP whose report dated 24 May 2022 had expressed an unmodified opinion. The consolidated financial information of the Company for the immediate preceding quarter ended 30 June 2022 and for the corresponding quarter ended 30 September 2021 and the corresponding period from 01 April 2021 to 30 September 2021 have been reviewed jointly by the then Joint auditor B S R & Co. LLP and S R B C & CO LLP whose report dated 12 August 2022 and 12 November 2021 respectively have expressed an unmodified conclusion.

Our conclusion is not modified in respect of this matter.

For **B S R & Co. LLP**  
*Chartered Accountants*  
Firm's Registration No.: 101248W/W-100022

For **KKC & Associates LLP**  
*Chartered Accountants*  
(formerly Khimji Kunverji & Co LLP)  
Firm's Registration No.: 105146W/W100621

**Vikas R Kasat**  
*Partner*  
Membership No: 105317  
ICAI UDIN: 22105317BCZZTE3763  
Place: Mumbai  
Date: 14 November 2022

**Gautam Shah**  
*Partner*  
Membership No: 117348  
ICAI UDIN: 22117348BCZZQH3185  
Place: Mumbai  
Date: 14 November 2022

Annexure 1

<b>Sr No</b>	<b>Name of the Entity</b>	<b>Relationship</b>
1	Samruddhi Swastik Trading and Investments Limited	Wholly Owned Subsidiary
2	ABNL Investment Limited	Wholly Owned Subsidiary
3	Aditya Birla Renewables Limited (including its following components) <b>Subsidiaries:</b> i. Aditya Birla Renewables Subsidiary Limited ii. Aditya Birla Renewables Utkal Limited iii. Aditya Birla Renewables SPV 1 Limited iv. Aditya Birla Renewables Solar Limited v. Aditya Birla Renewables Energy Limited vi. ABReL SPV 2 Limited vii. ABReL Solar Power Limited viii. Waacox Energy Private Limited ix. ABReL Renewables EPC Limited x. ABReL EPCCO Services Limited (w.e.f. 04 April 2022) xi. ABReL Century Energy Limited xii. ABREL EPC Limited (w.e.f. 13 June 2022) xiii. ABReL (Odisha) SPV Limited (w.e.f. 15 June 2022) xiv. ABReL (MP) Renewables Limited (w.e.f. 16 June 2022) xv. ABReL Green Energy Limited (w.e.f. 22 June 2022)	Wholly Owned Subsidiary
4	Aditya Birla Solar Limited	Wholly Owned Subsidiary
5	UltraTech Cement Limited (including its following components) <b>Subsidiaries:</b> i. Dakshin Cements Limited (ceased to be a subsidiary w.e.f. 9 April 2021) ii. Harish Cement Limited iii. Gotan Limestone Khanij Udyog Private Limited iv. Bhagwati Limestone Company Private Limited v. UltraTech Cement Middle East Investments Limited (including its following subsidiaries, step-down subsidiaries and associates) Subsidiaries: a) Star Cement Co. LLC, Dubai, UAE b) Star Cement Co. LLC, Ras-Al-Khaimah, UAE c) Al Nakhla Crusher LLC, Fujairah, UAE d) Arabian Cement Industry LLC, Abu Dhabi e) UltraTech Cement Co W.L.L, Bahrain f) Star Super Cement Industries LLC, UAE ("SSCIL") (formerly known as Binani Cement Factory LLC) (including its following subsidiaries) a) BC Tradelink Limited, Tanzania b) Binani Cement Tanzania Limited, Tanzania c) Binani Cement (Uganda) Limited Associate: i. RAK White Cement Co for White cement & Construction Materials P.S.C. U.A.E (w.e.f. 15 April 2022) vi. PT UltraTech Investments, Indonesia (including its following subsidiaries up to 14 June 2022)	Subsidiary

Sr No	Name of the Entity	Relationship
	<p>a) PT UltraTech Mining Sumatera (up to 14 June 2022) b) PT Ultratech Cement Indonesia (up to 14 June 2022) vii. PT UltraTech Mining, Indonesia (upto 14 June 2022) viii. UltraTech Cement Lanka Private Limited. ix. UltraTech Nathdwara Cement Limited (UNCL) (including its following components) a) Murari Holdings Limited (MHL), British Virgin Island, BVI (struck off w.e.f. 30 September 2022) b) Mukundan Holdings Limited (MKHL), BVI (including its following subsidiary) (struck off w.e.f. 27 April 2022) i. Krishna Holdings PTE Limited, Singapore (under liquidation) c) Swiss Merchandise Infrastructure Limited d) Merit Plaza Limited e) Bahar Ready Mix Concrete Limited (struck off w.e.f 2 November 2021) f) Smooth Energy Private Limited (struck off w.e.f 26 October 2021) g) Bhumi Resources (Singapore) PTE Limited (including its following wholly owned subsidiary) - PT Anggana Energy Resources, Indonesia h) 3B Binani Glassfibre S.a.r.l, Luxembourg (3B) (Including its following subsidiaries)^ (Up to 31 March 2022) - 3B-Fibreglass SRL, Belgium (up to 31 March 2022) - 3B-Fibreglass A/s, Norway (up to 31 March 2022) - Tunfib Sarl (up to 31 March 2022) - Goa Glass Fiber Limited, India (up to 31 March 2022)</p> <p><b>Associates:</b></p> <p>i. Madanpur (North) Coal Company Private Limited ii. Aditya Birla Renewables SPV 1 Limited iii. Aditya Birla Renewables Energy Limited iv. ABReL (Odisha) SPV Limited (w.e.f. 12 August 2022) v. ABRel (MP) Renewables Limited (w.e.f. 04 August 2022) vi. ABRel Green Energy Limited (w.e.f. 09 August 2022)</p> <p><b>Joint Venture:</b></p> <p>i. Bhaskarpara Coal Company Limited</p>	
6	<p>Aditya Birla Capital Limited (Including its following components)</p> <p><b>Subsidiaries:</b></p> <p>i. Aditya Birla Finance Limited ii. Aditya Birla Housing Finance Limited iii. Aditya Birla Trustee Company Private Limited iv. Aditya Birla PE Advisors Private Limited v. Aditya Birla Capital Technology Private Limited vi. Aditya Birla Financial Shared Services Limited vii. Aditya Birla Money Limited viii. Aditya Birla Money Mart Limited</p>	Subsidiary

Sr No	Name of the Entity	Relationship
	<ul style="list-style-type: none"> <li>ix. Aditya Birla Money Insurance Advisory Services Limited</li> <li>x. Aditya Birla Insurance Brokers Limited</li> <li>xi. Aditya Birla Health Insurance Co. Limited</li> <li>xii. Aditya Birla Sun Life Insurance Company Limited</li> <li>xiii. Aditya Birla Sun Life Pension Management Limited</li> <li>xiv. Aditya Birla ARC Limited</li> <li>xv. Aditya Birla Stressed Asset AMC Private Limited</li> <li>xvi. ABARC-AST-001-Trust</li> <li>xvii. ABARC-AST-008-Trust</li> <li>xviii. ABARC-AST-010-Trust</li> <li>xix. Aditya Birla Special Situation Fund – I</li> </ul> <p><b>Joint Ventures:</b></p> <ul style="list-style-type: none"> <li>i. Aditya Birla Sunlife Trustee Private Limited</li> <li>ii. Aditya Birla Wellness Private Limited</li> </ul> <p><b>Associates:</b></p> <ul style="list-style-type: none"> <li>i. Aditya Birla Sunlife AMC Limited</li> <li>ii. Aditya Birla Sun Life AMC (Mauritius) Ltd.</li> <li>iii. Aditya Birla Sunlife AMC, Dubai</li> <li>iv. Aditya Birla Sunlife AMC Pte. Ltd</li> </ul>	
7	AV Terrace Bay Inc., Canada	Joint Venture
8	AV Group NB Inc., Canada	Joint Venture
9	Aditya Birla Elyaf Sanayi Ve Ticaret Anonim Sirketi, Turkey	Joint Venture
10	Aditya Group AB, Sweden	Joint Venture
11	Aditya Birla Power Composites Limited	Joint Venture
12	Bhubaneswari Coal Mining Limited	Joint Venture
13	Birla Jingwei Fibres Company Limited, China	Joint Venture
14	Birla Advanced Knits Private Limited	Joint Venture
15	Aditya Birla Science & Technology Company Private Limited	Associate
16	ReNew Surya Uday Private Limited	Associate
17	Aditya Birla Idea Payment Bank Limited (under liquidation w.e.f 18 September 2019)	Associate
18	Greenyana Sunstream Private Limited	Associate

^ Project Bird Holding II Sarl merged with 3B Binani GlassFibre Sarl w.e.f. 12 April 2021



**GRASIM INDUSTRIES LIMITED**  
**UNAUDITED CONSOLIDATED FINANCIAL RESULTS**  
**FOR THREE MONTHS AND SIX MONTHS ENDED 30-09-2022**

₹ Crore

Particulars	Three Months Ended			Six Months Ended		Year Ended
	30-09-2022	30-06-2022	30-09-2021	30-09-2022	30-09-2021	31-03-2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
<b>1 Continuing Operations</b>						
2a Revenue from Operations	27,485.54	28,041.54	22,567.48	55,527.08	42,487.50	95,701.13
2b Other Income	252.04	168.07	250.21	420.11	519.94	821.34
<b>3 Total Income (2a+2b)</b>	<b>27,737.58</b>	<b>28,209.61</b>	<b>22,817.69</b>	<b>55,947.19</b>	<b>43,007.44</b>	<b>96,522.47</b>
<b>4 Expenses</b>						
Cost of Materials Consumed	5,278.41	5,340.20	3,941.11	10,618.61	7,317.40	16,889.60
Purchases of Stock-in-Trade	409.00	469.88	238.58	878.88	506.36	1,404.56
Changes [Decrease / (Increase)] in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	(554.32)	(191.36)	(106.91)	(745.68)	(847.60)	(921.74)
Employee Benefits Expense	1,849.08	1,669.78	1,601.62	3,518.86	3,049.23	6,327.71
Power and Fuel Cost	5,487.86	5,224.41	3,212.68	10,712.27	6,263.15	15,520.70
Freight and Handling Expenses	3,313.62	3,569.94	2,876.17	6,883.56	5,671.80	12,584.10
Change in Valuation of Liability in respect of Insurance Policies	1,976.81	1,157.68	794.29	3,134.49	1,039.23	4,240.83
Benefits Paid - Insurance Business (net)	1,392.48	1,354.81	2,061.23	2,747.29	3,704.33	6,702.55
Finance Cost relating to NBFC/HFC's Business	1,060.29	917.48	863.98	1,977.77	1,720.72	3,480.30
Other Finance Costs	312.92	328.99	311.65	641.91	721.33	1,295.70
Depreciation and Amortisation Expense	1,116.05	1,088.78	1,016.81	2,204.83	2,007.41	4,161.07
Other Expenses	3,741.32	3,463.36	3,052.73	7,204.68	5,564.32	12,521.45
<b>Total Expenses</b>	<b>25,383.52</b>	<b>24,393.95</b>	<b>19,863.94</b>	<b>49,777.47</b>	<b>36,717.68</b>	<b>84,206.83</b>
<b>5 Profit from Ordinary Activities before Share in Profit of Equity Accounted Investees, Exceptional Items and Tax (3 - 4)</b>	<b>2,354.06</b>	<b>3,815.66</b>	<b>2,953.75</b>	<b>6,169.72</b>	<b>6,289.76</b>	<b>12,315.64</b>
6 Add : Share in Profit of Equity Accounted Investees	89.99	53.34	111.41	143.33	248.12	380.33
<b>7 Profit before Exceptional Items and Tax from continuing operations(5 + 6)</b>	<b>2,444.05</b>	<b>3,869.00</b>	<b>3,065.16</b>	<b>6,313.05</b>	<b>6,537.88</b>	<b>12,695.97</b>
8 Less : Exceptional Items {Refer Note 2}	(88.03)	-	-	(88.03)	-	(69.11)
<b>9 Profit before Tax from continuing operations (7 - 8)</b>	<b>2,356.02</b>	<b>3,869.00</b>	<b>3,065.16</b>	<b>6,225.02</b>	<b>6,537.88</b>	<b>12,626.86</b>
10 Tax Expense of continuing operations (Net)						
(a) Current Tax {Refer Note 8}	758.67	983.57	1,015.15	1,742.24	2,065.06	1,954.40
(b) Deferred Tax {Refer Note 8}	88.16	126.68	49.87	214.84	60.36	(18.09)
<b>Total Tax Expense</b>	<b>846.83</b>	<b>1,110.25</b>	<b>1,065.02</b>	<b>1,957.08</b>	<b>2,125.42</b>	<b>1,936.31</b>
<b>11 Net Profit for the period from continuing operations (9- 10)</b>	<b>1,509.19</b>	<b>2,758.75</b>	<b>2,000.14</b>	<b>4,267.94</b>	<b>4,412.46</b>	<b>10,690.55</b>



**GRASIM INDUSTRIES LIMITED**  
**UNAUDITED CONSOLIDATED FINANCIAL RESULTS**  
**FOR THREE MONTHS AND SIX MONTHS ENDED 30-09-2022**

₹ Crore

Particulars	Three Months Ended			Six Months Ended		Year Ended
	30-09-2022	30-06-2022	30-09-2021	30-09-2022	30-09-2021	31-03-2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
<b>Discontinued Operations</b>						
Profit before tax from discontinued operations	-	-	130.13	-	255.59	352.52
Exceptional Items (Net) { Refer Note 2 }	-	-	-	-	-	670.71
Tax expenses of discontinued operations	-	-	(19.97)	-	(34.98)	(440.07)
Reversal/(Provision) of Impairment of disposal group classified as held for sale	-	-	(77.90)	-	(152.70)	(67.42)
<b>12 Net Profit for the period from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>32.26</b>	<b>-</b>	<b>67.91</b>	<b>515.74</b>
<b>13 Net Profit for the period (11 + 12)</b>	<b>1,509.19</b>	<b>2,758.75</b>	<b>2,032.40</b>	<b>4,267.94</b>	<b>4,480.37</b>	<b>11,206.29</b>
Other Comprehensive income (including related to Joint Ventures and Associates)						
(i) Items that will not be reclassified to profit or loss	1,776.62	(3,142.18)	2,107.12	(1,365.56)	2,867.40	3,442.16
(ii) Income Tax relating to items that will not be reclassified to profit or loss	(212.86)	366.82	(65.10)	153.96	(146.46)	(221.77)
(iii) Items that will be reclassified to profit or loss	(162.29)	(255.67)	95.67	(417.96)	139.07	63.88
(iv) Income Tax relating to items that will be reclassified to profit or loss	35.04	50.38	(34.01)	85.42	(30.19)	(3.47)
<b>14 Other Comprehensive Income</b>	<b>1,436.51</b>	<b>(2,980.65)</b>	<b>2,103.68</b>	<b>(1,544.14)</b>	<b>2,829.82</b>	<b>3,280.80</b>
<b>15 Total Comprehensive Income (after tax) (13+14)</b>	<b>2,945.70</b>	<b>(221.90)</b>	<b>4,136.08</b>	<b>2,723.80</b>	<b>7,310.19</b>	<b>14,487.09</b>
<b>Net Profit from continuing operations attributable to :</b>						
<b>Owners of the Company</b>	<b>1,009.17</b>	<b>1,933.39</b>	<b>1,326.92</b>	<b>2,942.56</b>	<b>2,958.57</b>	<b>7,102.37</b>
Non-controlling interest	500.02	825.36	673.22	1,325.38	1,453.89	3,588.18
	<b>1,509.19</b>	<b>2,758.75</b>	<b>2,000.14</b>	<b>4,267.94</b>	<b>4,412.46</b>	<b>10,690.55</b>
<b>Net Profit attributable to :</b>						
<b>Owners of the Company</b>	<b>1,009.17</b>	<b>1,933.39</b>	<b>1,359.18</b>	<b>2,942.56</b>	<b>3,026.48</b>	<b>7,549.78</b>
Non-controlling interest	500.02	825.36	673.22	1,325.38	1,453.89	3,656.51
	<b>1,509.19</b>	<b>2,758.75</b>	<b>2,032.40</b>	<b>4,267.94</b>	<b>4,480.37</b>	<b>11,206.29</b>
<b>Other Comprehensive Income attributable to :</b>						
<b>Owners of the Company</b>	<b>1,445.28</b>	<b>(2,856.44)</b>	<b>2,034.01</b>	<b>(1,411.16)</b>	<b>2,770.70</b>	<b>3,281.85</b>
Non-controlling interest	(8.77)	(124.21)	69.67	(132.98)	59.12	(1.05)
	<b>1,436.51</b>	<b>(2,980.65)</b>	<b>2,103.68</b>	<b>(1,544.14)</b>	<b>2,829.82</b>	<b>3,280.80</b>
<b>Total Comprehensive Income attributable to :</b>						
<b>Owners of the Company</b>	<b>2,454.45</b>	<b>(923.05)</b>	<b>3,393.19</b>	<b>1,531.40</b>	<b>5,797.18</b>	<b>10,831.63</b>
Non-controlling interest	491.25	701.15	742.89	1,192.40	1,513.01	3,655.46
	<b>2,945.70</b>	<b>(221.90)</b>	<b>4,136.08</b>	<b>2,723.80</b>	<b>7,310.19</b>	<b>14,487.09</b>
Paid up Equity Share Capital (Face Value ₹ 2 per share)	131.68	131.67	131.64	131.68	131.64	131.67
Reserve excluding Revaluation Reserves						75,566.56
<b>16 Earnings per Share of Face Value ₹ 2/- each (not annualised)</b>						
(a) Basic - Continuing Operations (₹)	15.37	29.44	20.21	44.80	45.05	108.16
(b) Diluted - Continuing Operations (₹)	15.35	29.40	20.18	44.76	44.99	108.00
(c) Basic - Discontinued Operations (₹)	-	-	0.49	-	1.03	6.82
(d) Diluted - Discontinued Operations (₹)	-	-	0.49	-	1.03	6.80
(e) Basic - Continuing and discontinued Operations (₹)	15.37	29.44	20.70	44.80	46.08	114.98
(f) Diluted - Continuing and discontinued Operations (₹)	15.35	29.40	20.67	44.76	46.02	114.80

See accompanying notes to the Financial Results



**GRASIM INDUSTRIES LIMITED**  
**UNAUDITED CONSOLIDATED SEGMENT WISE REVENUE, RESULTS, ASSETS AND LIABILITIES**  
**FOR THREE MONTHS AND SIX MONTHS ENDED 30-09-2022**

₹ Crore

Particulars	Three Months Ended			Six Months Ended		Year Ended
	30-09-2022	30-06-2022	30-09-2021	30-09-2022	30-09-2021	31-03-2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
<b>1. SEGMENT REVENUE</b>						
Viscose - Fibre and Yarn	3,903.14	4,299.88	3,005.17	8,203.02	5,107.93	12,209.85
Cement - Grey, White and Allied Products	13,892.63	15,163.93	12,016.80	29,056.56	23,846.62	52,598.83
Chemicals - Caustic Soda and Allied Chemicals	2,708.48	2,733.31	1,626.68	5,441.79	3,063.16	7,887.88
Financial Services	6,808.49	5,579.85	5,584.35	12,388.34	9,872.06	22,094.34
Others #	789.13	810.80	543.21	1,599.93	992.43	2,321.44
<b>TOTAL</b>	<b>28,101.87</b>	<b>28,587.77</b>	<b>22,776.21</b>	<b>56,689.64</b>	<b>42,882.20</b>	<b>97,112.34</b>
(Less) : Inter Segment Revenue	(616.33)	(546.23)	(208.73)	(1,162.56)	(394.70)	(1,411.21)
<b>Total Revenue from Operations</b>	<b>27,485.54</b>	<b>28,041.54</b>	<b>22,567.48</b>	<b>55,527.08</b>	<b>42,487.50</b>	<b>95,701.13</b>
<b>2. SEGMENT RESULTS (Refer Note 4)</b>						
Viscose - Fibre and Yarn	323.88	500.15	580.23	824.03	1,068.04	1,721.20
Cement - Grey, White and Allied Products	2,012.90	3,203.59	2,854.78	5,216.49	6,367.14	12,022.16
Chemicals - Caustic Soda and Allied Chemicals	608.69	806.24	232.35	1,414.93	507.09	1,533.90
Financial Services	649.80	614.67	492.78	1,264.47	861.32	2,068.55
Others #	99.89	133.25	68.80	233.14	129.51	330.37
<b>TOTAL</b>	<b>3,695.16</b>	<b>5,257.90</b>	<b>4,228.94</b>	<b>8,953.06</b>	<b>8,933.10</b>	<b>17,676.18</b>
Net Unallocable Income/(Expenditure)	87.87	(24.47)	53.27	63.40	85.40	96.23
	3,783.03	5,233.43	4,282.21	9,016.46	9,018.50	17,772.41
(Less) :						
Finance Costs	(312.92)	(328.99)	(311.65)	(641.91)	(721.33)	(1,295.70)
Depreciation and Amortisation Expense	(1,116.05)	(1,088.78)	(1,016.81)	(2,204.83)	(2,007.41)	(4,161.07)
<b>Profit from Ordinary Activities before Share in Profit of Equity Accounted Investees, Exceptional Items and Tax</b>	<b>2,354.06</b>	<b>3,815.66</b>	<b>2,953.75</b>	<b>6,169.72</b>	<b>6,289.76</b>	<b>12,315.64</b>
Add : Share in Profit of Equity Accounted Investees	89.99	53.34	111.41	143.33	248.12	380.33
Less : Exceptional Items {Refer Note 2}	(88.03)	-	-	(88.03)	-	(69.11)
<b>Profit before Tax from continuing operations</b>	<b>2,356.02</b>	<b>3,869.00</b>	<b>3,065.16</b>	<b>6,225.02</b>	<b>6,537.88</b>	<b>12,626.86</b>
	<b>As on</b>	<b>As on</b>	<b>As on</b>	<b>As on</b>	<b>As on</b>	<b>As on</b>
	<b>30-09-2022</b>	<b>30-06-2022</b>	<b>30-09-2021</b>	<b>30-09-2022</b>	<b>30-09-2021</b>	<b>31-03-2022</b>
<b>3. SEGMENT ASSETS</b>						
Viscose - Fibre and Yarn	13,277.86	12,865.06	11,850.76	13,277.86	11,850.76	12,873.84
Cement - Grey, White and Allied Products	87,295.40	87,379.24	85,071.41	87,295.40	85,071.41	85,690.55
Chemicals - Caustic Soda and Allied Chemicals	7,959.09	8,316.83	7,195.52	7,959.09	7,195.52	7,704.95
Financial Services	1,67,541.92	1,56,356.82	1,41,777.65	1,67,541.92	1,41,777.65	1,53,499.05
Others #	6,483.87	5,321.79	4,449.96	6,483.87	4,449.96	4,812.24
<b>TOTAL</b>	<b>2,82,558.14</b>	<b>2,70,239.74</b>	<b>2,50,345.30</b>	<b>2,82,558.14</b>	<b>2,50,345.30</b>	<b>2,64,580.63</b>
Add: Inter Company Eliminations	(88.26)	(85.92)	(40.63)	(88.26)	(40.63)	(87.66)
Add: Investment in Associates/ Joint Ventures	7,855.01	7,891.09	7,010.69	7,855.01	7,010.69	7,050.17
Fertilisers (Discontinued Operations)	-	-	1,476.80	-	1,476.80	-
Add: Unallocated Assets	16,918.00	14,910.21	15,434.19	16,918.00	15,434.19	17,851.69
<b>TOTAL ASSETS</b>	<b>3,07,242.89</b>	<b>2,92,955.12</b>	<b>2,74,226.35</b>	<b>3,07,242.89</b>	<b>2,74,226.35</b>	<b>2,89,394.83</b>
<b>4. SEGMENT LIABILITIES</b>						
Viscose - Fibre and Yarn	4,142.67	3,613.71	3,040.04	4,142.67	3,040.04	4,171.19
Cement - Grey, White and Allied Products	16,923.00	17,375.72	15,685.09	16,923.00	15,685.09	17,159.50
Chemicals - Caustic Soda and Allied Chemicals	1,823.00	2,061.05	1,678.65	1,823.00	1,678.65	1,890.40
Financial Services	1,37,099.61	1,26,299.06	1,12,911.04	1,37,099.61	1,12,911.04	1,23,718.42
Others #	1,417.88	1,261.15	858.69	1,417.88	858.69	1,203.85
<b>TOTAL</b>	<b>1,61,406.16</b>	<b>1,50,610.69</b>	<b>1,34,173.51</b>	<b>1,61,406.16</b>	<b>1,34,173.51</b>	<b>1,48,143.36</b>
Add: Inter Company Eliminations	(14.86)	(12.64)	(9.77)	(14.86)	(9.77)	(12.08)
Fertilisers (Discontinued Operations)	-	-	517.03	-	517.03	-
Add : Unallocated Liabilities	28,028.26	26,244.52	30,663.99	28,028.26	30,663.99	25,088.84
<b>TOTAL LIABILITIES</b>	<b>1,89,419.56</b>	<b>1,76,842.57</b>	<b>1,65,344.76</b>	<b>1,89,419.56</b>	<b>1,65,344.76</b>	<b>1,73,220.12</b>

# Others represent mainly Textiles, Insulators, Paints and Solar Power business

## Grasim Industries Limited

### NOTES:

1. The above consolidated financial results of the Company for the three months and six months ended 30th September 2022 have been reviewed by the Audit Committee and approved by the Board of Directors of the Company today.
2. Exceptional Items are as under:

₹ Crore

Particulars	Three Months Ended			Six Months Ended		Year Ended
	30-09-2022	30-06-2022	30-09-2021	30-09-2022	30-09-2021	31-03-2022
<b>Continuing Operation</b>						
Provision against disputed water charges	-	-	-	-	-	(69.11)
Provision for interest payable on Custom Duty *	(88.03)	-	-	(88.03)	-	-
<b>Discontinued Operation</b>						
Gain on divestment of Fertiliser Business (Note 3)	-	-	-	-	-	540.15
Provision for maintenance charges of Uttar Pradesh State Industrial Development Corporation pertaining to Fertiliser Division	-	-	-	-	-	(29.36)
Gain on divestment of 3B Binani Glassfibre (stepdown subsidiary of UNCL) #	-	-	-	-	-	159.92
<b>Exceptional Gain from Discontinued Operations</b>	-	-	-	-	-	<b>670.71</b>

\* During the quarter, the Company has provided for interest payable on custom duty on account of decision to pay custom duty on import of capital goods cleared at zero duty under EPCG scheme in earlier years.

# During the year ended 31st March 2022, UltraTech Nathdwara Cement Limited (“UNCL”) entered into an agreement with Galata Chemicals Holding GmbH, Germany ("Galata") as per which Galata along with its affiliates has made necessary payments to UNCL for the purposes of refinancing the loans given to 3B Binani Glassfibre SARL (“3B”) and acquisition of entire shareholding of UNCL in 3B and UNCL has, inter alia, transferred its entire shareholding in 3B to Galata as on 31st March 2022. Consequent to the transaction, 3B has ceased to be a wholly-owned subsidiary of the UNCL and recognised ₹ 159.92 Crores as exceptional gain for the year ended 31st March 2022.

3. On 1st January, 2022, the Company consummated the sale and transfer of Indo Gulf Fertiliser Business to Indorama as contemplated in the Scheme of Arrangement and recognized pre-tax gain of ₹ 540.15 Crore, which is included under discontinued operations as exceptional items.
4. During the quarter ended 30th June, 2022, in line with the review process adopted by Chief Operating Decision Maker, the Company has changed its segment disclosure related to the segment’s performance measure as per Ind AS 108 - Operating Segments. EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization) is considered to be the revised measure of segment performance. However assets pertaining to the segments are considered as part of the segment assets. The corresponding segment information of previous periods have been restated accordingly.
5. During the quarter, the Company has allotted 84,510 fully paid up equity shares of ₹ 2 each upon exercise Employee Stock Options scheme, 2006 and Employee Stock Options scheme, 2013.

Further, the Company has transferred 58,808 equity shares in favour of the option grantees from the Grasim



## Grasim Industries Limited

Employee Welfare Trust ("Trust"), against applications received from them under the Employee Stock Option Scheme – 2018, being implemented in accordance with the provisions of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

### 6. The Consolidated Statement of Asset and Liabilities:

₹ Crore

Particulars		AS AT	
		30-09-2022	31-03-2022
		(Unaudited)	(Audited)
<b>A. ASSETS</b>			
<b>1. Non-current assets</b>			
(a) Property, Plant and Equipment	59,242.45	58,148.57	
(b) Capital Work-in-Progress	8,419.55	6,572.18	
(c) Investment Property	14.59	14.81	
(d) Goodwill	20,126.50	20,058.50	
(e) Other Intangible Assets	8,719.04	8,895.41	
(f) Right of Use	2,044.45	1,878.83	
(g) Intangible Assets Under Development	56.93	42.94	
(h) Equity - Accounted Investees	7,855.01	7,050.17	
(i) Financial Assets			
(i) Investments			
- Investment of Insurance Business	35,764.75	30,952.64	
- Other Investment	11,833.08	13,881.17	
(ii) Assets held to cover linked liabilities	25,641.79	26,137.33	
(iii) Loans	59,657.63	51,954.12	
(iv) Other Financial Assets	2,361.78	2,458.00	
(j) Deferred Tax Assets	348.56	246.04	
(k) Non- Current Tax Assets (Net)	1,035.18	989.16	
(l) Other Non-Current Assets (Includes Capital Advances)	3,923.72	3,347.27	
<b>Sub-total - Non Current Assets</b>	<b>2,47,045.01</b>	<b>2,32,627.14</b>	
<b>2. Current Assets</b>			
(a) Inventories	11,335.52	9,536.42	
(b) Financial Assets			
(i) Investments			
- Investment of Insurance Business	1,431.97	2,339.22	
- Other Investment	9,316.84	12,382.87	
(ii) Assets held to cover linked liabilities	4,619.35	4,022.72	
(iii) Trade Receivables	5,569.26	5,429.36	
(iv) Cash and Cash Equivalents	2,144.01	2,240.70	
(v) Bank Balance other than (iv) above	1,762.28	1,011.85	
(vi) Loans	17,551.94	14,247.01	
(vii) Other Financial Assets	3,278.43	2,773.76	
(c) Current Tax Assets (Net)	0.10	0.11	
(d) Other Current Assets	3,165.70	2,774.14	
<b>Sub-total - Current Assets</b>	<b>60,175.40</b>	<b>56,758.16</b>	
(e) Non-Current Assets/ Disposal Group held for sale	22.48	9.53	
<b>TOTAL -ASSETS</b>	<b>3,07,242.89</b>	<b>2,89,394.83</b>	

**Grasim Industries Limited**

The Consolidated Statement of Asset and Liabilities (Continued):

₹ Crore

Particulars		AS AT	
		30-09-2022	31-03-2022
		(Unaudited)	(Audited)
<b>B. EQUITY AND LIABILITIES</b>			
<b>1. Equity</b>			
(a) Equity Share Capital	131.68	131.67	
(b) Other Equity	76,377.98	75,566.56	
<b>Sub-total - Equity Attributable to owners of the Company</b>	<b>76,509.66</b>	<b>75,698.23</b>	
<b>2. Non - Controlling Interest</b>	41,313.67	40,476.48	
<b>Total Equity</b>	<b>1,17,823.33</b>	<b>1,16,174.71</b>	
<b>3. Non-Current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	53,745.88	46,545.96	
(ii) Lease Liabilities	1,368.98	1,319.38	
(iii) Policyholder's Liabilities	61,346.79	57,705.64	
(iv) Other Financial liabilities	399.80	428.74	
(b) Provisions	835.24	732.94	
(c) Deferred Tax Liabilities (Net)	8,607.14	8,526.67	
(d) Other Non-Current Liabilities	77.04	76.32	
<b>Sub-total - Non-Current Liabilities</b>	<b>1,26,380.87</b>	<b>1,15,335.65</b>	
<b>4. Current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	32,022.59	26,457.29	
(ii) Lease Liabilities	259.20	238.16	
(iii) Supplier's Credit	302.56	183.40	
(iv) Policyholder's Liabilities	3,238.94	3,167.74	
(v) Trade Payables			
- Total Outstanding Dues of Micro Enterprises and Small Enterprises	187.04	244.28	
- Total Outstanding Dues of Creditors other than Micro Enterprises and Small Enterprises	11,446.91	11,149.16	
(vi) Other Financial Liabilities	7,218.71	8,166.09	
(b) Other Current Liabilities	5,774.46	6,445.02	
(c) Provisions	754.06	815.74	
(d) Current Tax Liabilities (Net)	1,834.22	1,017.59	
<b>Sub-total - Current Liabilities</b>	<b>63,038.69</b>	<b>57,884.47</b>	
(e) Liabilities directly associated with Non-Current Assets Held for Sale	-	-	
<b>TOTAL - EQUITY AND LIABILITIES</b>	<b>3,07,242.89</b>	<b>2,89,394.83</b>	

# Grasim Industries Limited

## 7. The Consolidated Statement of Cash flows:

₹ in Crore

Particulars	Six Months Ended on	
	30th September 2022 (Unaudited)	30th September 2021 (Unaudited)
<b>A. Cash flow from Operating Activities</b>		
Profit Before Tax after Exceptional Items and before Share in Profit/(Loss) of Equity Accounted Investees	6,081.69	6,289.77
<u>Adjustments for :</u>		
Exceptional Items	88.03	-
Depreciation and Amortisation	2,204.83	2,007.41
Finance Costs	641.91	721.33
Interest Income	(206.11)	(119.15)
Dividend Income	(40.40)	(29.39)
Employee Stock Options and Stock Appreciation Rights Expenses	37.05	28.27
Allowance for Credit losses on advances / debts (Net)	(3.73)	4.38
Change in valuation of liabilities in respect of Insurance Policies in force	3,134.49	1,039.22
Impairment on Financial Instruments including Loss on de-recognition of Financial Assets at Amortised cost (Expected Credit Loss)	377.77	382.86
Excess Provision Written Back (Net)	(82.54)	(57.10)
Loss on Sale/ Discard of Property, Plant and Equipment (Net)	3.73	2.10
Profit on Sale of Investments (Net)	(13.50)	(122.61)
Unrealised Gain and fair value adjustments on Investments measured at Fair Value through Profit and Loss (Net)	(129.08)	(484.89)
Unrealised Exchange (gain)/loss	(126.44)	18.12
Gain on control establishment on Associate	-	(7.88)
Fair value adjustments to Borrowings	(33.23)	-
Other Non-Operating (Income) / Expenses (Net)	1.17	(0.16)
Operating Profit Before Working Capital Changes	<b>11,935.64</b>	9,672.28
<u>Adjustments for:</u>		
Trade Receivables	(133.38)	(429.67)
Loans of Financing Business	(10,638.70)	(259.35)
Financial and Other Assets	(1,622.81)	(834.69)
Inventories	(1,778.69)	(2,373.67)
Trade Payables and Other Liabilities	(1,029.24)	1,441.89
Investment of Life Insurance Policy holders	(3,383.84)	(450.93)
Cash Generated from Operations	<b>(6,651.02)</b>	6,765.86
Income Taxes Paid (Net of Refund)	<b>(938.74)</b>	(1,357.78)
<b>Net cash generated / (used) from Operating Activities</b>	<b>(7,589.76)</b>	5,408.08
<b>B. Cash flow from Investing Activities</b>		
Purchase of Property, Plant and Equipment and other Intangible Assets	(5,785.92)	(3,596.04)
Proceeds from Disposal of Property, Plant and Equipment	22.38	27.39
Acquisition of Equity Shares in Subsidiaries	-	(41.60)
Investments in Joint Ventures and Associates	(819.84)	(0.05)
Sale of Mutual Fund Units, Shares and Bonds (Non-Current)	5,384.93	9,353.33
Purchase of Mutual Fund Units, Shares and Bonds (Non-Current)	(2,278.15)	(3,231.08)
Proceeds from (Purchase)/Sale of Investments and Shareholders' Investment of Life Insurance Business (Current) {Net}	616.22	(257.71)
Purchase of other Non-Current Investments	-	(30.13)
Proceeds from sale of other Non-Current Investment	0.10	-
Redemption/(Investment) in Other Bank Deposits	(750.51)	173.06
Expenditure for Cost of Assets Transferred	-	(88.52)
Loans and Advances given to Other companies	-	(11.20)
Receipt against Loans and Advances given to Other companies	5.40	44.28
Loans and Advances given to Joint Ventures and Associates	-	(5.00)
Receipt against Loans and Advances given to Associates	1.10	1.10
(Investment)/ disinvestment in other Corporate Bodies	(23.99)	(7.14)
Interest Received	144.57	86.88
Dividend Received	124.67	65.38
Rent Received	-	0.13
<b>Net Cash generated / (used) from Investing Activities</b>	<b>(3,359.04)</b>	2,483.08

# Grasim Industries Limited

₹ in Crore

Particulars	Six Months Ended on	
	30th September 2022 (Unaudited)	30th September 2021 (Unaudited)
<b>C. Cash flow from Financing Activities</b>		
Proceeds from Issue of Share Capital under ESOP scheme	4.47	3.71
Treasury shares acquired by ESOP Trust	(157.76)	(111.82)
Issue of Treasury Shares	17.48	-
Equity Infusion by Minority Shareholder in a Subsidiary Company	152.28	148.52
Transaction cost on equity shares of a Subsidiary Company and share Issue Expenses	(1.33)	(0.05)
Proceeds from Non-Current Borrowings	16,477.20	7,624.61
Repayments of Non-Current Borrowings	(8,507.99)	(13,910.77)
Proceeds/(Repayments) of Current Borrowings (Net)	4,567.96	(1,567.74)
Proceeds of Supplier's Credit	119.16	-
Proceeds from Inter Corporate Loan	87.17	38.80
Repayment of Inter Corporate Loan	(50.22)	(14.10)
Repayment of Lease Liability (including interest)	(153.19)	(138.96)
Interest and finance charges paid	(581.16)	(761.02)
Dividend Paid	(1,121.45)	(1,062.97)
<b>Net Cash generated / (used) from Financing Activities</b>	<b>10,852.62</b>	<b>(9,751.79)</b>
<b>D. Net Increase/(Decrease) in Cash and Cash Equivalents from Continuing Operations</b>	<b>(96.18)</b>	<b>(1,860.63)</b>
<b>E. Net Cash Flow Transferred from Discontinued Operations to Continuing Operations</b>	<b>-</b>	<b>486.45</b>
<b>F. Cash and Cash Equivalents as at beginning of the Year from Continuing Operations</b>	<b>2,240.70</b>	<b>2,927.94</b>
<b>G. Add: Cash and Cash Equivalents Received on acquisition of controlling Stake in Waacox</b>	<b>-</b>	<b>0.08</b>
<b>H. Add: Effect of Exchange Rate on Consolidation of Foreign Subsidiaries</b>	<b>(0.51)</b>	<b>(0.24)</b>
<b>I. Cash and Cash Equivalents at the end of the period from Continuing Operations</b>	<b>2,144.01</b>	<b>1,553.60</b>
<b>J. Cash Flow from Discontinued Operations</b>		
Opening Cash & Cash Equivalents	-	-
Cash flows from Operating activities	-	112.46
Cash flows from/(used in) Investing activities	-	(30.36)
Cash flows from/(used in) Financing activities	-	404.44
<b>Net Increase in Cash and Cash Equivalents from Discontinuing Operations</b>	<b>-</b>	<b>486.54</b>
Net Cash Flow Transferred from Discontinued Operations to Continuing Operations	-	(486.45)
<b>Cash &amp; Cash Equivalents from Discontinued operations</b>	<b>-</b>	<b>0.09</b>
<b>Less: Reclassified to asset held for sale</b>	<b>-</b>	<b>(0.09)</b>
<b>Cash and Cash Equivalents at the end of the period from Discontinued Operations</b>	<b>-</b>	<b>-</b>
<b>K. Cash and Cash Equivalents at the end of the period</b>	<b>2,144.01</b>	<b>1,553.60</b>

8. (a). During the year ended 31st March, 2022, pursuant to decision of income tax appeals of earlier years in favour of the Company, the Company had written back excess tax provision amounting to ₹320.61 Crore.
- (b). Considering significant capitalisation of assets in the previous year, the Company had created deferred tax liability at the applicable concessional tax rate on temporary tax differences of depreciation expected to be reversed in the period after the Company is likely to opt for new tax regime under section 15BAA of Income tax act, 1961. This resulted in deferred tax credit of ₹ 197.18 Crore during the previous year ended 31st March 2022.
- (c) Pursuant to completion of prior year Income tax assessments, Ultratech Cement Limited (“UTCL”) subsidiary of the Company, has (i) reversed accumulated provision for tax amounting to ₹ 303.92 Crores in the previous year

## Grasim Industries Limited

ended 31st March 2022 and (ii) accrued Minimum Alternate Tax Credit Entitlement of ₹ 1,213.94 Crores for the year ended 31st March 2022.

9. Aditya Birla Health Insurance Co. Limited ("ABHI"), a subsidiary of Aditya Birla Capital Ltd., has made a preferential allotment of 5,07,07,454 equity shares of ₹ 10 each to Platinum Jasmine A 2018 Trust, acting through its trustee, Platinum Owl C 2018 RSC Limited, being a wholly owned subsidiary of Abu Dhabi Investment Authority ("ADIA"), on 21st October, 2022 for an aggregate consideration of ₹ 664.27 crore. Pursuant to such issuance of the equity shares, ADIA owns 9.99% stake in ABHI.

10. UTCL had filed appeals against the orders of the Competition Commission of India (CCI) dated 31st August 2016 (Penalty of ₹ 1,449.51 Crores) and 19th January 2017 (Penalty of ₹ 68.30 Crores). Upon the National Company Law Appellate Tribunal ("NCLAT") disallowing its appeal against the CCI order dated 31st August 2016, it has filed an appeal before Hon'ble Supreme Court which has, by its order dated 05th October, 2018, granted a stay against the NCLAT order. Consequently, it has deposited an amount of ₹ 144.95 Crores equivalent to 10% of the penalty of ₹ 1,449.51 Crores. UTCL backed by legal opinions, believes that it has a good case in both the matters and accordingly no provision has been recognised in the results.

UltraTech Nathdwara Cement Ltd (UNCL) has also filed an appeal before Hon'ble Supreme Court against a similar CCI order dated 31st August 2016 and has deposited an amount of ₹ 16.73 Crores equivalent to 10% of the penalty amount of ₹ 167.32 Crores. UTCL backed by legal opinion believes that it has a good case in the said matter and accordingly no provision has been recognised in the results.

For and on behalf of Board of Directors

Place : Mumbai  
Date : 14th November, 2022

**Harikrishna Agarwal**  
Managing Director

**Grasim Industries Limited**

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

**An Aditya Birla Group Company**

**[www.adityabirla.com](http://www.adityabirla.com) and [www.grasim.com](http://www.grasim.com)**

**Tel: (07366) 246760-66 | Fax: (07366) 244114, 246024 | CIN: L17124MP1947PLC000410**

# Independent Auditor's Report

To the Members of  
**Grasim Industries Limited**

## **REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS**

### **Opinion**

We have audited the consolidated financial statements of Grasim Industries Limited (hereinafter referred to as the "Holding Company" or the "Parent" or "the Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), its associates and its joint ventures, which comprise the consolidated balance sheet as at 31<sup>st</sup> March 2023, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated 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 the one of the joint auditors of the Parent and other auditors on separate/consolidated financial statements /financial information of such subsidiaries, associates and joint ventures as were audited by the one of the joint auditors of the Parent and other auditors, the aforesaid consolidated 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 consolidated state of affairs of the Group, its associates and joint ventures as at 31<sup>st</sup> March 2023, of its consolidated profit and other comprehensive loss, consolidated changes in equity and consolidated cash flows for the year then ended.

### **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 Consolidated Financial Statements section of our report. We are independent of the Group, its associates and joint ventures in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of reports of the one of the joint auditors of the Parent and other

auditors referred to in paragraph (a) and (b) of the "Other Matters" section below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

### **Emphasis of Matters**

- a. We draw attention to Note 4.1.2 (a) of the consolidated financial statements which refer to Orders dated 31<sup>st</sup> August 2016 (Penalty of ₹ 1,449.51 crore) and 19<sup>th</sup> January 2017 (Penalty of ₹ 68.30 crore) of the Competition Commission of India ('CCI') against which Ultratech Cement Limited ("Ultratech"), a subsidiary of the Parent had filed appeal. Upon the National Company Law Appellate Tribunal ("NCLAT") disallowing its appeal against the CCI order dated 31<sup>st</sup> August 2016, Ultratech has filed an appeal before the Hon'ble Supreme Court of India, which has by its order dated 5<sup>th</sup> October 2018, granted a stay against the NCLAT order. Consequently, Ultratech has deposited an amount of ₹ 144.95 crore equivalent to 10% of the penalty of ₹ 1,449.51 crore recorded as asset. Ultratech, backed by legal opinions, believes that it has a good case in both the matters basis which no provision has been recognized in the books of account. Our opinion is not modified in respect of this matter.
- b. We draw attention to Note 4.1.2 (a) of the consolidated financial statements, where in case of UltraTech Nathdwara Cement Limited ("UNCL"), a wholly-owned subsidiary of Ultratech, one of the joint auditors of the Company has audited the financial statements and without modifying their opinion on the audited consolidated financial statements of UNCL for the year ended 31<sup>st</sup> March 2023 reported that the Order dated 31<sup>st</sup> August 2016 (penalty of ₹ 167.32 crore) was passed by the Competition Commission of India ('CCI') against which UNCL had filed appeal. Upon the NCLAT disallowing its appeal against the CCI order dated 31<sup>st</sup> August 2016, UNCL filed an appeal before the Hon'ble Supreme Court of India, which has by its order dated 5<sup>th</sup> October 2018, granted a stay against the NCLAT order. Consequently, UNCL has deposited an amount of ₹ 16.73 crore equivalent to 10% of the penalty of ₹ 167.32 crore recorded as asset in the consolidated annual financial results. Based on the legal opinion obtained by Ultratech on a similar matter, UNCL believes that it has a good case in this matter basis which, no provision has been recognised in the books of account of UNCL. Our opinion is not modified in respect of this matter.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment and based on the consideration of reports of the one of the joint auditors of the Parent and other auditors on separate/

consolidated financial statements of components audited by them, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Description of Key Audit Matters:

<b>Assessment of impairment of Goodwill and Other Intangibles</b>	
<b>See Notes 2.3 and 2.4 to consolidated financial statements</b>	
<b>The key audit matters</b>	<b>How the matter was addressed in our audit</b>
<ul style="list-style-type: none"> <li>• As disclosed in note 2.3 and 2.4 of consolidated financial statements, the Group has goodwill of ₹ 20,137.55 crore and other intangible assets of ₹ 8,591.89 crore as at 31<sup>st</sup> March 2023 which represents goodwill/ intangibles assets acquired through various business combinations and allocated to cash generating units (“CGU”).</li> <li>• 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.</li> <li>• As disclosed in note 2.3.1, impairment of goodwill and intangible assets is determined by assessing the recoverable amount of each CGU to which these assets relate.</li> <li>• We have identified the annual impairment assessment as key audit matter because of the amounts involved, complexity in assessment, judgemental by nature, significant changes in business environment and further, is based following key assumptions: <ul style="list-style-type: none"> <li>A. projected future cash inflows</li> <li>B. expected growth rate, discount rate, terminal growth rate</li> <li>C. benchmarking of price and market multiples</li> </ul> </li> </ul>	<p>Our audit procedures included:</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 Goodwill and Other Intangibles.</li> <li>• Obtained an understanding of the process followed by the management in determining the CGU to which goodwill/intangible assets are allocated and determination of 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 2.3.1 to consolidated financial statements.</li> </ul>

## **KAM reported in standalone financial statements of the Holding Company**

### **Litigation pertaining to matters related to Competition Commission of India**

**See Note 4.1 to consolidated financial statements**

<b>The key audit matters</b>	<b>How the matter was addressed in our audit</b>
<p>As disclosed in note 4.1 of the consolidated financial statements, the Company has pending litigation with regards to order issued by the Competition Commission of India (“CCI”) on the Viscose Staple Fiber (“VSF”) business amounting to ₹ 301.61 crore alleging the Company for abuse of dominant position and consequent violations of Competition Act, 2002.</p> <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 legal opinion, when considering whether, and how much to provide or in determining the required disclosure for the potential exposure of this matter. This is due to highly complex nature along with the fact that CCI proceedings may span over multiple years and may involve protracted negotiations or litigation. These estimates could change substantially over time.</p>	<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 provision made, if any.</li> <li>• Obtained and read the details of legal matters. Further, read the latest correspondence between the Company and various regulatory authorities (including filling made to these 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 correspondences as applicable between Management and Legal counsel for CCI matters.</li> <li>• Obtained and evaluated independent confirmations from the Legal counsel representing the Company before the Legal authority</li> <li>• Assessed the disclosures in note 4.1 made in relation to the CCI matter for compliance with disclosure requirements.</li> </ul>

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**KAM as reported by the auditors of UltraTech**

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**Revenue recognition – Discounts, incentives and rebates**

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**See Notes 3.1 to consolidated financial statements**

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**The key audit matters**

- Revenue is measured net of discounts, incentives, rebates etc. given to the customers on the UltraTech's sales.
- UltraTech's presence across different marketing regions within the country and the competitive business environment makes the assessment of various types of discounts, incentives and rebates as complex and judgemental.
- Therefore, there is a risk of revenue being misstated as a result of variations in the assessment of discounts, incentives and rebates.
- Given the complexity and judgement required to assess the provision for discounts, incentives and rebates, this is a key audit matter.

**How the matter was addressed in our audit**

- The Procedures performed by the auditors, as reported by them, included the following:
- Assessed the UltraTech's accounting policies relating to revenue, discounts, incentives and rebates by comparing with applicable accounting standards.
  - We have assessed the design and implementation and tested the operating effectiveness of UltraTech's internal controls over the provisions, approvals and disbursements of discounts, incentives and rebates.
  - Assessed the 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.
  - Verified, on a sample basis, the underlying documentation for discounts, incentives and rebates recorded and disbursed during the year.
  - Compared the historical trend of payments and reversal of discounts, incentives and rebates to provisions made to assess the current year accruals.
  - Examined the manual journals posted to discounts, rebates and incentives to identify unusual or irregular items.
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**Regulations – Litigations and claims**

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**See Notes 4.1 to consolidated financial statements**

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**The key audit matters**

- UltraTech operates in various States within India and is exposed to different Central and State/Local laws, regulations and interpretations thereof. Due to a complex regulatory environment, there is an inherent risk of litigations and claims.
- 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.
- 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.
- 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.
- These estimates could change significantly over time as new facts emerge and each legal case progresses.
- 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.

**How the matter was addressed in our audit**

- The Procedures performed by the auditors, as reported by them, included the following:
- Understood the processes, evaluated the design and implementation of controls and tested the operating effectiveness of the UltraTech's controls over the recording and re-assessment of uncertain legal positions, claims (including claims receivable) and contingent liabilities.
  - Gained an understanding of outstanding litigations against UltraTech from the UltraTech's inhouse legal counsel and other key managerial personnel who have knowledge of these matters.
  - Read the correspondence between the UltraTech and the various indirect tax/legal authorities and the legal opinions of external legal advisors, where applicable, for significant matters.
  - Tested the completeness of the litigations and claims by examining, on a sample basis, the UltraTech's legal expenses and minutes of the board meetings.
  - Challenged the UltraTech's estimate of the possible outcome of the disputed cases based on applicable indirect tax laws and legal precedence by involving our tax specialists.
  - Assessed the adequacy of the UltraTech's disclosures in respect of contingent liabilities for indirect tax and legal matters.
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**KAM as reported by the auditors of Aditya Birla Capital Limited**

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**Impairment of testing of goodwill**

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**See Notes 2.3 to consolidated financial statements**

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**The key audit matters**

- Aditya Birla Capital Limited ("ABCL") Group has goodwill of ₹ 554.83 crore as of 31<sup>st</sup> March 2023 which represents goodwill acquired through various business combinations and allocated to Cash Generating Units ("CGU").
- As per ABCL's Group's policy, a CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication of the unit may be impaired.
- Impairment of goodwill is determined by assessing the recoverable amount of each CGU to which these assets relate.
- The Statutory auditors of ABCL have identified the annual impairment assessment as a key audit matter because of its complexity, being an area of estimate and judgment, exposed to significant changes in external business environment and is based on following key assumptions like:
  - i. projected future cash inflows;
  - ii. expected growth rate, discount rate, terminal growth rate; and
  - iii. price and market multiples.

**How the matter was addressed in our audit**

The Procedures performed by the auditors, as reported by them, included the following:

**Design and Controls**

- Tested the design and the operating effectiveness of internal controls over the impairment assessment process including valuation methodology used in impairment assessment on the carrying value of goodwill; and
- Obtained an understanding of the process followed by the Holding Company in determining the CGU to which goodwill is allocated and determination of recoverable amount of each CGU.

**Substantive Procedures**

- Compared the Holding Company's assumptions to externally sourced/available data in relation to key inputs such as long-term growth rates and discount rates;
  - Assessed the forecasted cash flows based on our understanding of the business;
  - Assessed historical forecasting accuracy, by comparing previously forecasted cash flows to actual results achieved;
  - Involved valuation specialists to test and evaluate Holding Company's key assumptions used in the valuation methodology;
  - Performed sensitivity analysis in relation to the key assumptions; and
  - Tested the arithmetical accuracy of computation of recoverable amounts of each CGU.
  - Assessing the completeness and accuracy of the consolidated financial statements disclosures made by the Group as per applicable Ind AS.
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**The statutory joint auditors of Aditya Birla Health Insurance Company Limited ('ABHICL'), which was a subsidiary of ABCL until 20<sup>th</sup> October 2022 and became a joint venture with effect from 21<sup>st</sup> October 2022, have reported a key audit matter on IT systems and Controls, which is reproduced below:**

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**The key audit matters**

- ABHICL operates and is dependent on technology considering significant number of transactions that are processed daily across multiple and discrete Information Technology ('IT') systems, some of which are integrated. The audit approach relies extensively on several reports generated by interface of these IT systems and in-built automated controls therein
- The major IT systems concerning the financial reporting process include:
  - Core Policy administration system
  - Distribution Management system
  - SAP Investment Module
  - SAP Core Accounting system
  - Interface/interplay of one or more of above systems in building up or generating required reports
- IT general and application controls are critical to ensure that changes to applications and underlying data are made in an appropriate manner. Adequate controls contribute to mitigating the risk of potential fraud or errors as a result of changes to the applications and data.
- Management of the ABHICL continuously works on the process of implementing several remediation activities, including 'Mission Transformation'(which aims at integrating all the possible business functions for seamless transition/ recording of data, less manual intervention and automation based reporting framework) that are expected to contribute to reducing the risk over IT applications in the financial reporting process, which includes implementation of preventive and detective controls across critical applications and infrastructure, as also integration of the systems to the best possible extent.
- Due to the pervasive nature, in our preliminary risk assessment, we planned our audit by assessing the risk of a material misstatement arising from the technology as significant for the audit, hence identified IT systems as Key Audit Matters.

**How the matter was addressed in our audit**

The Procedures performed by the auditors, as reported by them, included the following:

- Review of the report of IS testing pertaining to IT systems general controls including access rights over applications, operating systems and databases relied upon for financial reporting.
- Obtaining suitable representations from the management about satisfactory operations of controls built in the systems.
- In the course of our audit, testing of the key IT general controls by our IT personnel and seeking management's views on identified issues

Our audit tests were designed to cover the following:

- Understanding the ABHICL's IT control environment and key changes in the course of our audit that were considered relevant to the financial reporting & audit;
  - Reviewed the workflow of core transactions as captured by the IT systems;
  - Selectively tested key automated and manual business cycle controls including logic for system generated reports relevant to the financial reporting;
  - Selectively recomputing workings of several data processing results critical to be used in the financial reporting
  - Selectively re-evaluating masters updating, interface with resultant reports;
  - Selective testing of the interface of policy admin system with other allied IT systems.
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**The statutory joint auditors of Aditya Birla Finance Limited ('ABFL'), a subsidiary of ABCL, have reported a key audit matter on Allowances for Expected Credit Losses (ECL)**

The key audit matters	How the matter was addressed in our audit
<ul style="list-style-type: none"> <li>• As at 31<sup>st</sup> March 2023, the carrying value of loan assets measured at amortised cost, aggregated ₹ 7,884,950.10 lakh (net of allowance of expected credit loss ₹ 160,328.71 lakh) constituting approximately 94% of the Company's total assets. Significant judgement is used in classifying these loan assets and applying appropriate measurement principles. ECL allowance on such loan assets measured at amortised cost is a critical estimate involving a greater level of management judgement.</li> <li>• As part of our risk assessment, we determined that the allowance for ECL on loan assets has a high degree of estimation uncertainty, with a potential range of reasonable outcomes for the financial statements.</li> <li>• The elements of estimating ECL which involved increased level of audit focus are the following : <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"), Loss Given Default ("LGD") and Exposure at Default ("EAD") at product level with past trends;</li> <li>- Judgements used in projecting economic scenarios and probability weights applied to reflect future economic conditions; and</li> <li>- Adjustments to model driven ECL results to address emerging trends.</li> </ul> </li> </ul>	<p>The Procedures performed by the auditors, as reported by them, included the following:</p> <ul style="list-style-type: none"> <li>• Examined the policies approved by the Board of Directors of ABFL that articulate the objectives of managing each portfolio and their business models. 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> <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 have been approved by the Audit Committee of the Board of Directors. Our audit procedures related to the allowance for ECL included the following, among others: <ul style="list-style-type: none"> <li>• Testing the design and operating effectiveness of the following: <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>- Accuracy of the computation of the ECL estimate including reasonableness of the methodology used to determine macro-economic overlays and adjustments to the output of the ECL Model.</li> </ul> </li> <li>• Test of details on a sample in respect of the following: <ul style="list-style-type: none"> <li>- Tested accuracy and completeness of the input data such as ratings and period of default and other related information used in estimating the PD</li> <li>- Completeness and accuracy of the staging of the loans and the underlying data based on which the ECL estimates have been computed.</li> <li>- Evaluated reasonableness of LGD estimates by comparing actual recoveries post the loan asset becoming credit impaired with estimates of LGD; and</li> <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> </ul> </li> <li>• Evaluated 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> </li> </ul>

**The statutory joint auditors of Aditya Birla Finance Limited ('ABFL'), a subsidiary of ABCL, have reported a key audit matter on Information Technology and General Controls**

The key audit matters	How the matter was addressed in our audit
<ul style="list-style-type: none"> <li>ABFL is dependent on its Information Technology ("IT") systems due to the significant number of transactions that are processed daily across such multiple and discrete IT systems.</li> <li>Also, IT application controls are critical to ensure that changes to applications and underlying data are made in an appropriate manner and under controlled environments. Appropriate controls contribute to mitigating the risk of potential fraud or errors as a result of changes to applications and data.</li> <li>On account of the pervasive use of its IT systems, the testing of the general computer controls of the key IT systems used in financial reporting was considered to be a Key Audit Matter</li> </ul>	<p>The Procedures performed by the auditors, as reported by them, included the following:</p> <ul style="list-style-type: none"> <li>With the assistance of ABFL IT specialists, obtained an understanding of the ABFL's IT applications, databases and operating systems relevant to financial reporting and the control environment. For these elements of the IT infrastructure the areas of our focus included access security (including controls over privileged access), programme change controls, database management and network operations.</li> <li>In particular: <ul style="list-style-type: none"> <li>Tested the design, implementation and operating effectiveness of the ABFL's general IT controls over the key IT systems relevant to financial reporting. This included evaluation of ABFL's controls over segregation of duties and access rights being provisioned / modified based on duly approved requests, access for exit cases being revoked in a timely manner and access of all users being recertified during the period of audit;</li> <li>Tested key automated business cycle controls and logic for the reports generated through the IT infrastructure that were relevant for financial reporting or were used in the exercise of internal financial controls with reference to financial statements. Our tests included testing of the compensating controls or alternate procedures to assess whether there were any unaddressed IT risks that would materially impact the financial statements.</li> </ul> </li> </ul>

**The auditors of Aditya Birla Housing Finance Limited ('ABHFL'), a subsidiary of ABCL, have reported a key audit matter on Provisioning based on Expected Credit Loss model (ECL) under IND AS 109 and testing of Impairment of assets, more particularly the Loan Book of ABHFL**

The key audit matters	How the matter was addressed in our audit
<p><b>Subjective Estimates</b></p>	<p>The Procedures performed by the auditors, as reported by them, included the following:</p>
<ul style="list-style-type: none"> <li>Under Ind AS 109, "Financial instruments" allowance for loan losses are determined using expected credit loss ('ECL') estimation model. The estimation of ECL on financial instruments involves significant judgement and estimates and therefore increased levels of audit focus in the ABHFL's estimation of ECLs, which are as under: <ul style="list-style-type: none"> <li>Data inputs - The application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model.</li> <li>Model estimations - Inherently judgemental models are used to estimate ECL which involves determining Probabilities of Default ("PD"), Loss Given Default ("LGD"), and Exposures at Default ("EAD"). The PD and the LGD are the key drivers of estimation complexity in the ECL and as a result are considered the most significant judgemental aspect of the ABHFL's modelling approach.</li> <li>Economic scenarios - Ind AS 109 requires the Company to measure ECLs on an unbiased forward-looking basis reflecting a range of future economic indicators. Significant management judgement is applied in determining the economic scenarios used and the probability weights applied to them.</li> </ul> </li> <li>The effect of these matters is that, as part of our risk assessment, we determined that the impairment of loans and advances to customers, involving estimations and judgements, with a potential range of reasonable outcomes greater than our materiality for the Ind AS Financial Statements as a whole.</li> </ul>	<p>Review of Policy/procedures &amp; design/controls</p> <ul style="list-style-type: none"> <li>Minutely going through the Board approved Policy and approach note concerning the assessment of credit and other risks and ascertainment/ageing of 'default' by the borrowers and procedures in relation to stages and ECL computation.</li> <li>Testing key controls relating to selection and implementation of material macro economic variables and the controls over the scenario selection and application of probability weights.</li> <li>Assessing the design, implementation and operating effectiveness of key internal financial controls including monitoring process of overdue loans (including those which became overdue after the reporting date), measurement of provision, stage wise classification of loans, identification of NPA accounts, assessing the reliability of management information.</li> <li>Understanding management's approach, interpretation, systems and controls implemented in relation to probability of default and stage-wise bifurcation of product-wise portfolios for timely ascertainment of stress and early warning signals.</li> <li>Testing and review of controls over measurement of provisions and disclosures in the Ind AS Financial Statements.</li> <li>Involvement of Information system resource to obtain comfort over data integrity and process of report generation through interface of various systems. Walk through the processes which involve manual work to ascertain existence of maker-checker controls</li> <li>Understanding of models and general economic indicator criteria used for regression testing over data of the loan book.</li> </ul> <p><b>Substantive verification</b></p> <ul style="list-style-type: none"> <li>Sample testing over key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data and reasonableness of economic forecasts, weights, and model assumptions applied.</li> <li>Model calculations testing through selective re- performance, wherever possible.</li> <li>Assessing disclosures - Assessed whether the disclosures on key judgements, assumptions and quantitative data with respect to impairment loans (including restructuring related disclosures) in the Ind AS Financial Statements are appropriate and sufficient as also aligned to regulatory requirements.</li> </ul>

**The auditors of Aditya Birla Housing Finance Limited ('ABHFL'), a subsidiary of ABCL, have reported a key audit matter on Information Technology IT systems and controls**

<b>The key audit matters</b>	<b>How the matter was addressed in our audit</b>
<p>IT systems and controls</p> <ul style="list-style-type: none"> <li>ABHFL's financial reporting processes are dependent on technology considering significant number of transactions that are processed daily across multiple and discrete Information Technology ('IT') systems. The Financial accounting system of the ABHFL is interfaced with several other IT systems including Loan Management &amp; Originating systems and several other systemic workflows.</li> <li>IT general and application controls are critical to ensure that changes to applications and underlying data are made in an appropriate manner. Adequate controls contribute to mitigating the risk of potential fraud or errors as a result of changes to the applications and data. These includes implementation of preventive and detective controls across critical applications and infrastructure.</li> <li>Due to the pervasive nature of role of information technology systems in financial reporting, in our preliminary risk assessment, we planned our audit by assessing the risk of a material misstatement arising from the technology as significant for the audit, hence the Key Audit Matter.</li> </ul>	<p>The Procedures performed by the auditors, as reported by them, included the following:</p> <ul style="list-style-type: none"> <li>In course of audit, our focus was on user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems. We performed a range of audit procedures, which included: <ul style="list-style-type: none"> <li>Review of the report of IS Audit carried in earlier year(s) by an independent firm of Chartered Accountants pertaining to IT systems general controls including access rights over applications, operating systems and databases relied upon for financial reporting.</li> <li>Deployed our internal experts to carry out IT general and specific application Controls testing and identifying gaps, if any.</li> </ul> </li> <li>Our other processes include: <ul style="list-style-type: none"> <li>Selectively recomputing interest calculations and maturity dates;</li> <li>Selectively re-evaluating masters updation, interface with resultant reports like LTV Report, SUD Report, Portfolio movement Report;</li> <li>Selective testing of the interface of SAP FA module with other IT systems like Loan Management System and other workflows.</li> <li>Testing of the system generated reports and accounting entries manually for core financial reporting matters (i.e. verification around the computer system)</li> <li>Evaluating the design, implementation and operating effectiveness of the significant accounts-related IT automated controls which are relevant to the accuracy of system calculation, and the consistency of data transmission.</li> <li>Other areas that were independently assessed included password policies, system configurations, system interface controls, controls over changes to applications and databases</li> </ul> </li> </ul>

**The auditors of Aditya Birla Money Limited ('ABML'), a subsidiary of ABCL, have reported a key audit matter on Information Technology and General Controls**

<b>The key audit matters</b>	<b>How the matter was addressed in our audit</b>
<ul style="list-style-type: none"> <li>The financial accounting and reporting systems of the Company are fundamentally reliant on IT systems and IT controls to process significant transaction volumes.</li> <li>Due to the complexity, large volume of transactions processed daily and reliance on automated and IT dependent manual controls, matter pertaining to adequacy and effectiveness of IT control environment is considered as a Key Audit Matter.</li> <li>Our areas of audit focus included user access management, developer access to the production environment and changes to the IT environment. These are key to ensuring that IT dependent and application based controls are operating effectively.</li> </ul>	<p>The Procedures performed by the auditors, as reported by them, included the following:</p> <ul style="list-style-type: none"> <li>Understood and assessed the overall IT control environment and the controls in place which included controls over access to systems and data, as well as system changes.</li> <li>Tested the design and operating effectiveness of IT access controls over the information systems that are important to financial reporting and various interfaces, configuration and other identified application controls.</li> <li>Tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorised.</li> <li>Tested the Company's periodic review of access rights. We also inspected requests of changes to systems for appropriate approval and authorisation. In addition to the above, we tested the design and operating effectiveness of certain automated and IT dependent manual controls that were considered as key internal controls over financial reporting.</li> <li>Tested the design and operating effectiveness compensating controls in case deficiencies were identified and, where necessary, extended the scope of our substantive audit procedures.</li> </ul>

**The statutory joint auditors of Aditya Birla Sun Life Insurance Company Limited ('ABSLICL'), subsidiary of ABCL, have reported a key audit matter on Information Technology Systems**

The key audit matters	How the matter was addressed in our audit
<ul style="list-style-type: none"> <li>ABSLICL is dependent on its Information Technology ("IT") systems due to the significant number of transactions that are processed daily across such multiple and discrete IT systems. Also, IT application controls are critical to ensure that changes to applications and underlying data are made in an appropriate manner and under controlled environments. Appropriate controls contribute to mitigating the risk of potential fraud or errors as a result of changes to applications and data. On account of the pervasive use of its IT systems, the testing of the general computer controls of the IT systems used in financial reporting was considered to be a Key Audit Matter.</li> </ul>	<p>The Procedures performed by the auditors, as reported by them, included the following:</p> <ul style="list-style-type: none"> <li>With the assistance of ABSLICL IT specialists, we obtained an understanding of the ABSLICL 's IT applications, databases and operating systems relevant to financial reporting and the control environment. For these elements of the IT infrastructure the areas of our focus included access security (including controls over privileged access), programme change controls, database management and network operations.</li> <li>In Particular: <ul style="list-style-type: none"> <li>Tested the design, implementation, and operating effectiveness of the ABSLICL's general IT controls over the IT systems relevant to financial reporting. This included evaluation of ABSLICL's controls over segregation of duties and access rights being provisioned/ modified based on duly approved requests, access for exit cases being revoked in a timely manner and access of all users being recertified during the period of audit.</li> <li>Tested key automated business cycle controls and logic for the reports generated through the IT infrastructure that were relevant for financial reporting or were used in the exercise of internal financial controls with reference to financial statements. Our tests included testing of the compensating controls or alternate procedures to assess whether there were any unaddressed IT risks that would materially impact the Financial Statements.</li> </ul> </li> </ul>

**The auditors of Aditya Birla Sun Life AMC Limited ('ABSLAMCL'), an associate of ABCL, have reported a key audit matter on Revenue from Asset Management and Advisory Fees and Management Fees from Portfolio Management and Other Services**

The key audit matters	How the matter was addressed in our audit
<ul style="list-style-type: none"> <li>Revenue from operations is the most significant balance in the Statement of Profit and Loss. It majorly comprises of: <ul style="list-style-type: none"> <li>Asset Management and Advisory Fees amounting to ₹ 118,200.57 lakh.</li> <li>Management Fees from Portfolio Management and Other Services amounting to ₹ 4,459.98 lakh.</li> </ul> </li> <li>The Asset Management and Advisory Fees is based on certain percentage of the applicable daily Assets Under Management ('AUM') in accordance with guidelines prescribed under SEBI (Mutual Fund) Regulations, 1996 as amended from time to time. There are inherent risks in computing such revenue streams including computation of applicable AUM and manual input of key contractual terms, which could result in errors. Considering the complexity in contractual terms involving multiple schemes, it requires monitoring to ensure completeness.</li> <li>Accordingly, we have considered revenue from asset management and advisory fees and management fees from portfolio management and other services as a key audit matter. Any discrepancy in such computation could give rise to a material misstatement in the financial statements.</li> </ul>	<p>The Procedures performed by the auditors, as reported by them, included the following:</p> <ul style="list-style-type: none"> <li>Obtained and read the accounting policy for revenue recognition.</li> <li>Obtained an understanding of the significant revenue items and identified where there is a higher risk of error due to manual processes, complex contractual terms, and areas of judgement.</li> <li>Test checked the design and operating effectiveness of key controls in place across the Company over recognition of Management Fees. Obtained and assessed independent assurance reports for the relevant controls at the third-party administrators.</li> <li>Obtained and read the investment management fee report, issued by statutory auditors of mutual fund schemes and reconciled the certified amounts with the accounting records of the ABSLAMCL.</li> <li>On a sample basis, obtained and tested arithmetical accuracy of revenue calculation and the reconciliation with the accounting records.</li> <li>On sample basis, verified the input of contractual terms with rates approved by the management.</li> <li>On a sample basis, checked the receipts of such income in bank statements.</li> <li>Re-calculated Portfolio Management Services Fees in respect of certain sample contracts and compared with the actual fees charged by the ABSLAMCL for such contracts.</li> <li>Evaluated the disclosure relating to management fee income earned by the ABSLAMCL.</li> </ul>

**The auditors of Aditya Birla ARC Limited ('ABARCL'), a subsidiary of ABCL, have reported a key audit matter on Fair Valuation of financial instruments – Security Receipts (SRs)**

The key audit matters	How the matter was addressed in our audit
<ul style="list-style-type: none"> <li>• ABCL has invested in SRs issued by various trust incorporated by the it for acquisition of distressed credit Business. Depending on the arrangement such Investments are in the range of 100%-15% of the total SRs issued by the various trust. The said SRs are subsequently measured at Fair Value through Profit and Loss (FVTPL) as per the business model of the ABCL and considered as level 3 in the valuation hierarchy. Total investment in SRs outstanding as on 31<sup>st</sup> March 2023 is ₹ 47,582.65 Lakhs.</li> <li>• ABCL determines the fair value of SRs based on the Net Assets Value (NAV) report provided by the trust. The NAV of the said investment can only be estimated by the trusts using a combination of the recovery range provided by the external rating agency, estimated cash flows, collateral values, discount rate used and various other assumptions.</li> <li>• Considering the complexities involved and various assumptions and significant judgements made by the trust in deriving Net Assets Value of such SRs, we have considered the valuation of these investments as a key audit matter.</li> </ul>	<p>The Procedures performed by the auditors, as reported by them, included the following:</p> <ul style="list-style-type: none"> <li>• Tested the design and effectiveness of internal controls implemented by the management in respect of valuation of the investments including those relating to assessment of recovery plan by Asset Acquisition Committee for determination of appropriate recovery rate based on the range provided by the External Rating Agency.</li> <li>• Assessment of the valuation inputs;               <ul style="list-style-type: none"> <li>- Analysed reasonableness of the estimated cash flows and recovery rate, the other relevant judgements and estimates, if any; and</li> <li>- Assessed the information used to determine the key assumptions;</li> <li>- Compared the historical estimates of the cash flows with the actual recoveries and obtained explanations for the variations, if any;</li> <li>- Compared the management's assumption of discount rate with the supporting internal/ external evidence;</li> <li>- Valuation report of collateral values</li> </ul> </li> </ul>

**Other Information**

The Holding Company’s Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company’s annual report, but does not include the financial statements and auditor’s report thereon. The Holding Company’s annual report is expected to be made available to us after the date of this auditor’s report.

Our opinion on the consolidated 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 financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Holding Company’s annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the relevant laws and regulations.

**Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements**

The Holding Company’s Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows 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. The respective Management and 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 the assets of the Group and of its associates and joint ventures and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements 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 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 financial statements by the Management and Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and the respective Management and Board of Directors and of its associates and joint ventures are 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 Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 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 in preparation of consolidated financial statements 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 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 financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial statements/financial information of such 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 financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements/financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by one of the joint auditors of the Parent and other auditors, such one of the joint auditors of the Parent and 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. Our responsibilities in



this regard are further described in paragraph (a) and (b) of the section titled "Other Matters" in this audit report.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated 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 financial statements of the current period 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 Matters

(a) The consolidated financial statements include the audited financial statements of:

- i. 55 subsidiaries and 1 entity which was a subsidiary until 20<sup>th</sup> October 2022, whose financial statements/ financial information reflect Group's share of total assets (before consolidation adjustments) of ₹ 214,214.29 crore as at 31<sup>st</sup> March 2023, Group's share of total revenue (before consolidation adjustments) of ₹ 31,952.47 crore, Group's share of total net profit after tax (before consolidation adjustments) of ₹ 4,505.64 crore and Group's share of net cash outflow (before consolidation adjustments) of ₹ 116.47 crore for the year ended on that date, as considered in the consolidated financial statements, which have been audited singly by one of us or other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the report of other auditors.

- ii. 6 joint ventures and 8 associates and 1 entity which became a joint venture with effect from 21<sup>st</sup> October 2022, whose financial statements/ financial information include the Group's share of total net profit after tax (before consolidation adjustments) of ₹ 282.74 crore for the year ended 31<sup>st</sup> March 2023, as considered in the consolidated financial statements, which have been audited singly by one of us or other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these joint ventures and associates, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid joint ventures and associates, is based solely on the report of such auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of above matters with respect to our reliance on the work done and the reports of the one of the joint auditors of the Parent and other auditors.

- (b) One of the joint ventures is located outside India whose financial statements/ 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 Parent Company's management has converted the financial statements of such joint venture 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 Parent Company's management.

Our opinion in so far as it relates to the balances and affairs of such joint venture located outside India is based on the report of other auditor and the conversion adjustments prepared by the management of the Parent Company and audited by us.

- (c) The consolidated financial statements include the unaudited financial statements of:

- i. 13 subsidiaries, whose financial statements/ financial information reflect Group's share of total assets (before consolidation adjustments) of ₹ Nil crore as at 31<sup>st</sup> March 2023, Group's share of total revenue (before consolidation adjustments) of ₹ Nil and Group's share of total net profit after tax (before consolidation adjustments) of ₹ Nil crore and Group's share of net cash



flows (before consolidation adjustments) of ₹ Nil crore for the year ended on that date, as considered in the consolidated financial statements.

- ii. 5 joint ventures and 4 associates whose financial statements/ financial information reflect Group's share of total net loss after tax (before consolidation adjustments) of ₹ 139.28 crore for the year ended 31<sup>st</sup> March 2023, as considered in the consolidated financial statements.

These unaudited financial statements/financial information have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, joint ventures and associate and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, joint ventures and associate, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements / financial information are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of above matter with respect to the financial statements/financial information certified by the Management.

- (d) The consolidated financial statements of the Company for the quarter ended 31<sup>st</sup> March 2022 and year to date results for the period from 1<sup>st</sup> April 2021 to 31<sup>st</sup> March 2022 were audited by the then Joint auditor B S R & Co. LLP and SRBC& CO LLP, whose report dated 24<sup>th</sup> May 2022 had expressed an unmodified opinion.
- (e) The statutory auditor of Aditya Birla Capital Limited ("ABCL"), a subsidiary company, without modifying their opinion on the audited consolidated annual financials results of ABCL have stated that the joint auditors of Aditya Birla Health Insurance Co. Limited, vide their report dated 26<sup>th</sup> April 2023, have reported in the Other Matter section that:

The actuarial valuation of liabilities in respect of Incurred but Not Reported (IBNR) and Incurred but Not Enough Reported (IBNER) included under claims outstanding and Premium Deficiency Reserve (PDR) as at 31<sup>st</sup> March 2023

has been duly certified by the Appointed Actuary of the Company. The Appointed Actuary has also certified that the assumptions considered for such valuation are in accordance with the guidelines and norms prescribed by the IRDAI and the Institute of Actuaries of India.

The statutory auditors of the respective subsidiary of ABCL have relied upon Appointed Actuary's certificate and representation made in this regard for forming their opinion on the aforesaid mentioned items.

Our Opinion is not modified in respect of this matter based on the conclusion drawn by the statutory auditors of ABCL and their subsidiary auditor.

- (f) The statutory auditor of ABCL, a subsidiary company, without modifying their opinion on the audited consolidated annual financials results of ABCL have stated that the joint auditors of Aditya Birla Sunlife Insurance Company Limited, vide their report dated 25<sup>th</sup> April 2023, have reported in the Other Matter section that:

'Determination of the following is the responsibility of the Company's Appointed Actuary (the "Appointed Actuary"):

- i. The actuarial valuation of liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists as at 31<sup>st</sup> March 2023. The actuarial valuation of these liabilities has been duly certified by the Appointed Actuary and in his opinion, 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;
- ii. Other adjustments as at 31<sup>st</sup> March 2023 / for the year ended 31<sup>st</sup> March 2023 for the purpose of Reporting Pack confirmed by the Appointed Actuary in accordance with Indian Accounting Standard 104 - 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 cost 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 and,
- e. Disclosures as mentioned in Note No. 54 to the Reporting Pack

The statutory auditors of the respective subsidiary of ABCL have relied upon Appointed Actuary's certificate in this regard for forming their opinion on the aforesaid mentioned items.

Our Opinion is not modified in respect of this matter based on the conclusion drawn by the statutory auditors of ABCL and their subsidiary auditor.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("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 A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the one of the joint auditors of the Parent and other auditors on separate/consolidated financial statements of such subsidiaries, associates and joint ventures as were audited by the one of the joint auditors of the Parent and other auditors, as noted in the "Other Matters" paragraph, we report, to the extent applicable, that:
  - a. We/the other auditors whose report 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 financial statements.
  - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the one of the joint auditors of the Parent and other auditors.

- c. The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d. In our opinion, the aforesaid consolidated 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 of the Holding Company as on 31<sup>st</sup> March 2023 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate companies and joint ventures incorporated in India, none of the directors of the Group companies, its associate companies and joint ventures incorporated in India is disqualified as on 31<sup>st</sup> March 2023 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 Holding Company and its subsidiary companies, associate companies and joint ventures incorporated in India 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 Auditor's 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 and based on the consideration of the reports of the one of the joint auditors of the Parent and other auditors on separate/ consolidated financial statements of the subsidiaries, associates and joint ventures, as noted in the "Other Matters" paragraph:

- a. The consolidated financial statements disclose the impact of pending litigations as at 31<sup>st</sup> March 2023 on the consolidated financial position of the Group, its

associates and joint ventures. Refer Note 4.1 to the consolidated financial statements.

- b. Provision has been made in the consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts including derivative contracts. Refer Note 4.10 to the consolidated financial statements in respect of such items as it relates to the Group, its associates and joint ventures.
  - c. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies, associate companies and joint ventures company incorporated in India during the year ended 31<sup>st</sup> March 2023.
  - d. (i) The respective management of the Holding Company and its subsidiary companies, associate companies and joint ventures incorporated in India whose financial statements/financial information have been audited under the Act have represented to us, one of the joint auditors of the Parent and the other auditors of such subsidiary companies, associate companies and joint ventures respectively that, to the best of their knowledge and belief, other than as disclosed in the Note 4.16 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiary companies, associate companies and joint ventures to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or any of such subsidiary companies, associate companies and joint ventures (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - (ii) The respective management of the Holding Company and its subsidiary companies, associate companies and joint ventures incorporated in India whose financial statements/financial information have been audited under the Act have represented to us, one of the joint auditors of the Parent and the other auditors of such subsidiary companies, associate companies and joint ventures respectively that, to the best of their knowledge and belief, other than as disclosed in the Note 4.16 to the consolidated financial statements, no funds have been received by the Holding Company or any of such subsidiary companies, associate companies and joint ventures from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiary companies, associate companies and joint ventures shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - (iii) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiary companies, associate companies and joint ventures incorporated in India whose financial statements/financial information have been audited under the Act, nothing has come to our, one of the joint auditors of the Parent or other auditors notice that has caused us, one of the joint auditors of the Parent or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.
- e. The final dividend paid by the Holding Company and its subsidiary companies, associate companies and joint ventures incorporated in India during the year, in

respect of the same declared for the previous year, is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.

As stated in Note 4.15 to the consolidated financial statements, the respective Board of Directors of the Holding Company and its subsidiary companies, associate companies and joint ventures incorporated in India have proposed final dividend for the year which is subject to the approval of the respective members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

- f. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Holding Company and its subsidiary companies, associate companies and joint ventures incorporated in India only with effect from 1<sup>st</sup> April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.

- C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us and based on the consideration of reports of the one of the joint auditors of the Parent and statutory auditors of such subsidiary companies, associate companies and joint ventures incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company and its subsidiary companies, associate companies and joint ventures to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Company/the Holding Company and its subsidiary companies, associate companies and joint ventures 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) of the Act which are required to be commented upon by us.

For **BSR & Co. LLP**

Chartered Accountants

Firm's Registration No.: 101248W/W-100022

**Vikas R Kasat**

Partner

Membership No: 105317

ICAI UDIN : 23105317BGVTOQ6867

Mumbai

Date: 26<sup>th</sup> May 2023

For **KKC & Associates LLP**

Chartered Accountants

(formerly known as Khimji Kunverji & Co LLP)  
Firm's Registration No.: 105146W/W100621

**Gautam Shah**

Partner

Membership No: 117348

ICAI UDIN : 23117348BGSZ1Q1713

Mumbai

Date: 26<sup>th</sup> May 2023

# Annexure A

To the Independent Auditor's Report on the Consolidated Financial Statements of Grasim Industries Limited for the year ended 31<sup>st</sup> March 2023

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(xxi) In our opinion and according to the information and explanations given to us, following company incorporated in India and included in the consolidated financial statements, has unfavourable remarks, qualification or adverse remarks given by the respective auditor in their report under the Companies (Auditor's Report) Order, 2020 (CARO):

Sr. No.	Name of the entity	CIN	Relation with company	Clause number of the CARO report which is unfavourable or qualified or adverse
1	Bhaskarpara Coal Company Limited	U10100CT2008PLC020943	Subsidiary's Joint Venture	Clause xix
2	ABReL Green Energy Limited	U40200MH2022PLC385194	Subsidiary's Associate	Clause vii
3	Aditya Birla Renewables SPV 1 Limited	U40300MH2017PLC296313	Subsidiary's Associate	Clause vii
4	AB Insurance Brokers Limited	U99999GJ2001PLC062239	Step Down Subsidiary	Clause iii (e)
5	Aditya Birla Sun Life Pension Management Limited	U66000MH2015PLC260801	Step Down Subsidiary	Clause xvii
6	Aditya Birla ARC Limited	U65999MH2017PLC292331	Step Down Subsidiary	Clause iii (c) and iii (e)
7	Aditya Birla Finance Limited	U65990GJ1991PLC064603	Step Down Subsidiary	Clause ii (b), iii (c), and iii (d)
8	Aditya Birla Housing Finance Limited	U65922GJ2009PLC083779	Step Down Subsidiary	Clause iii (c), and iii (d)
9	AB Money Limited	L65993GJ1995PLC064810	Step Down Subsidiary	Clause iii (c), and iii (f) and vii (a)
10	Aditya Birla Solar Limited	U40106MH2016PLC280762	Subsidiary	Clause ix(a)
11	ABReL Century Energy Limited	U40106MH2022PLC378261	Step Down Subsidiary	Clause vii(a)
12	ABReL SPV 2 Limited	U40108MH2020PLC352631	Step Down Subsidiary	Clause i(b) & vii(a)
13	Waacox Energy Private Limited	U40300MH2015PTC268114	Step Down Subsidiary	Clause vii(a)
14	ABReL (Odisha) SPV Limited	U40109MH2022PLC384633	Step Down Subsidiary	Clause vii(a)
15	ABReL EPC Limited	U40106MH2022PLC384431	Step Down Subsidiary	Clause vii(a)
16	ABReL Renewables EPC Ltd	U40107MH2022PLC378167	Step Down Subsidiary	Clause vii(a)
17	ABReL Solar Power Limited	U40106MH2021PLC366642	Step Down Subsidiary	Clause vii(a)
18	Aditya Birla Renewables Utkal Limited	U40300MH2019PLC325878	Step Down Subsidiary	Clause vii(a)
19	ABREL (MP) Renewables Limited	U40106MH2022PLC384701	Step Down Subsidiary	Clause vii(a)
20	Aditya Birla Renewables Solar Limited	U40106MH2020PLC339323	Step Down Subsidiary	Clause vii(a)
21	Aditya Birla Renewables Limited	U40300MH2015PLC267263	Step Down Subsidiary	Clause vii(a)
22	ABReL EPCCO Services Limited	U40108MH2022PLC379924	Step Down Subsidiary	Clause vii(a)

The above does not include comments, if any, in respect of the following entities as the CARO report relating to them has not been issued by its auditor till the date of principal auditor's report.

Name of the entities	CIN	Associate
Madanpur (North) Coal Company Private Limited	U10101CT2007PTC020161	Associate

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No.: 101248W/W-100022

For **KKK & Associates LLP**

Chartered Accountants

(formerly known as Khimji Kunverji & Co LLP)

Firm's Registration No.: 105146W/W100621

**Vikas R Kasat**

Partner

Membership No: 105317

ICAI UDIN: 23105317BGVTOQ6867

Mumbai

Date: 26<sup>th</sup> May 2023

**Gautam Shah**

Partner

Membership No: 117348

ICAI UDIN: 23117348BCGSZ1Q1713

Mumbai

Date: 26<sup>th</sup> May 2023

# Annexure B

To the Independent Auditor's Report on the consolidated financial statements of Grasim Industries Limited for the year ended 31<sup>st</sup> March 2023

## **Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of sub-section 3 of Section 143 of the Act**

**(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

### **Opinion**

In conjunction with our audit of the consolidated financial statements of Grasim Industries Limited (hereinafter referred to as "the Holding Company") as of and for the year ended 31<sup>st</sup> March 2023, we have audited the internal financial controls with reference to financial statements of the Holding Company and such companies incorporated in India under the Act which are its subsidiary companies, its associate companies and joint ventures, as of that date.

In our opinion and based on the consideration of reports of the one of the joint auditors of the Parent and other auditors on internal financial controls with reference to financial statements/financial information of subsidiary companies, associate companies and joint ventures, as were audited by the one of the joint auditors of the Parent and other auditors, the Holding Company and such companies incorporated in India which are its subsidiary companies, its associate companies and joint ventures, have, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31<sup>st</sup> March 2023, based on the internal financial controls with reference to financial statements criteria established by such companies considering the essential components of such internal controls 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 and Board of Directors' Responsibilities for Internal Financial Controls**

The respective 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 financial statements criteria established by the respective

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 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 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 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 financial statements were 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 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 control 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 financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the one of the joint auditors of the Parent and other auditors of the relevant subsidiary companies, associate

companies and joint ventures 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 internal financial controls 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 financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls with reference to 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 consolidated 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 financial statements.

For **BSR & Co. LLP**

Chartered Accountants

Firm's Registration No.: 101248W/W-100022

**Vikas R Kasat**

Partner

Membership No: 105317

ICAI UDIN: 23105317BGVTOQ6867

Mumbai

Date: 26<sup>th</sup> May 2023

### **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.

### **Other Matter**

Our aforesaid 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/financial information insofar as it relates to 56 subsidiary companies, 8 associate companies and 5 joint ventures, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. Our opinion is not modified in respect of this matter.

For **KKC & Associates LLP**

Chartered Accountants

(formerly known as Khimji Kunverji & Co LLP)

Firm's Registration No.: 105146W/W100621

**Gautam Shah**

Partner

Membership No: 117348

ICAI UDIN: 23117348BGSZ1Q1713

Mumbai

Date: 26<sup>th</sup> May 2023

# Consolidated Balance Sheet

as at 31<sup>st</sup> March 2023

₹ in crore

	Note No.	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	2.1	63,753.53	58,148.57
Capital Work-in-Progress	2.1	7,730.18	6,572.18
Investment Property	2.2	14.37	14.81
Goodwill	2.3	20,137.55	20,058.50
Other Intangible Assets	2.4	8,591.89	8,895.41
Intangible Assets Under Development	2.4	47.50	42.94
Right of Use Assets	2.5	2,399.03	1,878.83
Investment in Equity Accounted Investees	2.6	11,016.84	7,050.17
Financial Assets			
Investments			
- Investments of Insurance Business	2.7	39,523.43	30,952.64
- Other Investments	2.8	9,502.90	13,881.17
Asset Held to Cover Linked Liabilities of Life Insurance Business	2.9	26,842.95	26,137.33
Trade Receivables	2.10	6.82	-
Loans	2.11	70,871.12	51,954.12
Other Financial Assets	2.12	3,759.70	2,458.00
Deferred Tax Assets (Net)	2.13	382.26	246.04
Non-Current Tax Assets (Net)		826.38	989.16
Other Non-Current Assets	2.14	4,276.22	3,347.27
<b>Total - Non-Current Assets</b>		<b>269,682.67</b>	<b>232,627.14</b>
<b>Current Assets</b>			
Inventories	2.15	11,159.15	9,536.42
Financial Assets			
Investments			
- Investments of Insurance Business	2.16	900.69	2,339.22
- Other Investments	2.17	13,905.64	12,382.87
Asset Held to Cover Linked Liabilities of Life Insurance Business	2.18	3,662.84	4,022.72
Trade Receivables	2.19	5,915.10	5,429.36
Cash and Cash Equivalents	2.20	2,312.56	2,240.70
Bank Balances other than Cash and Cash Equivalents	2.21	1,400.82	1,011.85
Loans	2.22	22,342.08	14,247.01
Other Financial Assets	2.23	2,348.92	2,773.76
Current Tax Assets (Net)		3.27	0.11
Other Current Assets	2.24	3,553.27	2,774.14
<b>Total - Current Assets</b>		<b>67,504.34</b>	<b>56,758.16</b>
Non-Current Assets/ Disposal Group Held for Sale	4.4	18.02	9.53
<b>TOTAL ASSETS</b>		<b>337,205.03</b>	<b>289,394.83</b>



# Consolidated Balance Sheet (Contd.)

as at 31<sup>st</sup> March 2023

₹ in crore

	Note No.	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	2.25	131.69	131.67
Other Equity	2.26	78,610.30	75,566.56
<b>Equity Attributable to Owners of the Company</b>		<b>78,741.99</b>	<b>75,698.23</b>
Non-Controlling Interest		44,170.83	40,476.48
<b>Total Equity</b>		<b>122,912.82</b>	<b>116,174.71</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Financial Liabilities			
Borrowings	2.27	66,712.46	46,545.96
Lease Liabilities	2.5	1,410.73	1,319.38
Policyholder's Liabilities	2.28	67,012.03	57,705.64
Other Financial Liabilities	2.29	398.57	428.74
Provisions	2.30	765.81	732.94
Deferred Tax Liabilities (Net)	2.13	8,443.38	8,526.67
Other Non-Current Liabilities	2.31	16.24	76.32
<b>Total - Non-Current Liabilities</b>		<b>144,759.22</b>	<b>115,335.65</b>
<b>Current Liabilities</b>			
Financial Liabilities			
Borrowings	2.32	34,635.46	26,457.29
Lease Liabilities	2.5	279.91	238.16
Supplier's Credit	2.33	-	183.40
Policyholder's Liabilities	2.34	2,077.90	3,167.74
Trade Payables	2.35		
- Total Outstanding Dues of Micro and Small Enterprises		351.52	244.28
- Total Outstanding Dues of Creditors other than Micro and Small Enterprises		13,001.75	11,149.16
Other Financial Liabilities	2.36	9,859.01	8,166.09
Other Current Liabilities	2.37	6,438.15	6,445.02
Provisions	2.38	722.47	815.74
Current Tax Liabilities (Net)		2,166.82	1,017.59
<b>Total - Current Liabilities</b>		<b>69,532.99</b>	<b>57,884.47</b>
Liabilities directly associated with Non-Current Assets Held for Sale	4.4	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>337,205.03</b>	<b>289,394.83</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 B S R & Co. LLP**

Chartered Accountants

Firm Registration No.: 101248W/W-100022

**For KKC & Associates LLP**

Chartered Accountants

Firm Registration No.: 105146W/W100621

For and on behalf of the Board of Directors of

**GRASIM INDUSTRIES LIMITED**

CIN-L17124MP1947PLC000410

**Vikas R Kasat**

Partner

Membership No.: 105317

**Gautam Shah**

Partner

Membership No.: 117348

**Harikrishna Agarwal**

Managing Director

DIN: 09288720

**N. Mohan Raj**

Independent Director

DIN: 00181969

**Dr. Santrupt Misra**

Non-Executive Director

DIN: 00013625

Mumbai

Dated: 26<sup>th</sup> May 2023

**Pavan K. Jain**

Chief Financial Officer

**Sailesh Kumar Daga**

Company Secretary

Membership No.: F 4164

Mumbai

Dated: 26<sup>th</sup> May 2023

# Consolidated Statement of Profit and Loss

for the year ended 31<sup>st</sup> March 2023

₹ in crore

	Note No.	Year Ended 31 <sup>st</sup> March 2023	Year Ended 31 <sup>st</sup> March 2022
<b>Continuing Operations</b>			
<b>INCOME</b>			
Revenue from Operations	3.1	117,627.08	95,701.13
Other Income	3.2	3,612.05	821.34
<b>Total Income (I)</b>		<b>121,239.13</b>	<b>96,522.47</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	3.3	21,622.26	16,889.60
Purchases of Stock-in-Trade	3.4	1,824.35	1,404.56
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	3.5	(834.66)	(921.74)
Employee Benefits Expense	3.6	7,193.86	6,327.71
Power and Fuel		23,168.73	15,520.70
Freight and Handling Expenses		15,024.93	12,584.10
Change in Valuation of Liability in respect of Insurance Policies		7,451.57	4,240.83
Benefits Paid – Insurance Business		5,467.75	6,702.55
Finance Cost relating to NBFC/HFC's Business	3.7	4,723.46	3,480.30
Other Finance Costs	3.8	1,320.27	1,295.70
Depreciation and Amortisation Expenses	3.9	4,551.59	4,161.07
Other Expenses	3.10	15,119.24	12,521.45
<b>Total Expenses (II)</b>		<b>106,633.35</b>	<b>84,206.83</b>
<b>Profit from Continuing Operations Before Share in Profit of (I – II)</b>		<b>14,605.78</b>	<b>12,315.64</b>
<b>Equity Accounted Investees, Exceptional Items and Tax</b>			
Share in Profit of Equity Accounted Investees	2.40	208.96	380.33
<b>Profit from Continuing Operations Before Tax and Exceptional Items</b>		<b>14,814.74</b>	<b>12,695.97</b>
Exceptional Items	3.11	(88.03)	(69.11)
<b>Profit from Continuing Operations Before Tax</b>		<b>14,726.71</b>	<b>12,626.86</b>
Tax Expense of Continuing Operations (Net)	3.12		
Current Tax		3,432.67	1,954.40
Deferred Tax		215.84	(18.09)
<b>Total Tax Expense</b>		<b>3,648.51</b>	<b>1,936.31</b>
<b>Profit for the Year from Continuing Operations (III)</b>		<b>11,078.20</b>	<b>10,690.55</b>
<b>Discontinued Operations</b>			
Profit Before Tax from Discontinued Operations	4.4	-	352.52
Exceptional Items	3.11	-	670.71
Tax Expenses of Discontinued Operations		-	(440.07)
Less: Reversal / (Provision) of Impairment of Assets Classified as Held for Sale		-	(67.42)
<b>Profit for the Year from Discontinued Operations (IV)</b>		<b>-</b>	<b>515.74</b>
<b>Profit for the Year (V = III + IV)</b>		<b>11,078.20</b>	<b>11,206.29</b>
<b>Other Comprehensive Income</b>			
A (i) Items that will not be reclassified to Profit or Loss	3.13	(3,444.28)	3,442.16
(ii) Income Tax relating to items that will not be reclassified to Profit or Loss		387.85	(221.77)
B (i) Items that will be reclassified to Profit or Loss		(182.04)	63.88
(ii) Income Tax relating to items that will be reclassified to Profit or Loss		57.69	(3.47)
<b>Other Comprehensive Income for the Year (VI)</b>		<b>(3,180.78)</b>	<b>3,280.80</b>
<b>Total Comprehensive Income for the Year (V + VI)</b>		<b>7,897.42</b>	<b>14,487.09</b>

# Consolidated Statement of Profit and Loss (Contd.)

for the year ended 31<sup>st</sup> March 2023

₹ in crore

	Note No.	Year Ended 31 <sup>st</sup> March 2023	Year Ended 31 <sup>st</sup> March 2022
<b>Profit from Continuing Operations Attributable to:</b>			
Owners of the Company		6,827.26	7,102.37
Non-Controlling Interest		4,250.94	3,588.18
		<b>11,078.20</b>	<b>10,690.55</b>
<b>Profit Attributable to:</b>			
Owners of the Company		6,827.26	7,549.78
Non-Controlling Interest		4,250.94	3,656.51
		<b>11,078.20</b>	<b>11,206.29</b>
<b>Other Comprehensive Income Attributable to:</b>			
Owners of the Company		(3,104.23)	3,281.85
Non-Controlling Interest		(76.55)	(1.05)
		<b>(3,180.78)</b>	<b>3,280.80</b>
<b>Total Comprehensive Income Attributable to:</b>			
Owners of the Company		3,723.03	10,831.63
Non-Controlling Interest		4,174.39	3,655.46
		<b>7,897.42</b>	<b>14,487.09</b>
<b>Earnings Per Equity Share (Face Value ₹ 2 each) – Continuing Operations</b>			
	3.14		
Basic (₹)		103.98	108.16
Diluted (₹)		103.88	108.00
<b>Earnings Per Equity Share (Face Value ₹ 2 each) – Discontinued Operations</b>			
	3.14		
Basic (₹)		–	6.82
Diluted (₹)		–	6.80
<b>Earnings Per Equity Share (Face Value ₹ 2 each) – Continuing and Discontinued Operations</b>			
	3.14		
Basic (₹)		103.98	114.98
Diluted (₹)		103.88	114.80

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

**For KKC & Associates LLP**

Chartered Accountants

Firm Registration No.: 105146W/W100621

For and on behalf of the Board of Directors of

**GRASIM INDUSTRIES LIMITED**

CIN-L17124MP1947PLC000410

**Vikas R Kasat**

Partner

Membership No.: 105317

**Gautam Shah**

Partner

Membership No.: 117348

**Harikrishna Agarwal**

Managing Director

DIN: 09288720

**N. Mohan Raj**

Independent Director

DIN: 00181969

**Dr. Santrupt Misra**

Non-Executive Director

DIN: 00013625

Mumbai

Dated: 26<sup>th</sup> May 2023

**Pavan K. Jain**

Chief Financial Officer

**Sailesh Kumar Daga**

Company Secretary

Membership No.: F 4164

Mumbai

Dated: 26<sup>th</sup> May 2023

# Consolidated Statement of Changes in Equity

for the year ended 31<sup>st</sup> March 2023

## A. EQUITY SHARE CAPITAL For the year ended 31<sup>st</sup> March 2023

	₹ in crore
<b>Balance as at 1<sup>st</sup> April 2022</b>	<b>131.67</b>
<b>Changes in Equity Share Capital during the year (Note 2.25.4)</b>	<b>0.02</b>
<b>Balance as at 31<sup>st</sup> March 2023</b>	<b>131.69</b>
<b>For the year ended 31<sup>st</sup> March 2022</b>	
<b>Balance as at 1<sup>st</sup> April 2021</b>	<b>131.62</b>
<b>Changes in Equity Share Capital during the year (Note 2.25.4)</b>	<b>0.05</b>
<b>Balance as at 31<sup>st</sup> March 2022</b>	<b>131.67</b>

## B. OTHER EQUITY For the year ended 31<sup>st</sup> March 2023

Particulars	Attributable to Owners of the Company											Non-Controlling Interest	Total				
	Equity Component of Other Financial Instruments	Reserves and Surplus				Other Comprehensive Income (OCI)				Total	Non-Controlling Interest						
		Capital Reserve	Legal Reserve	General Reserve	Debt Redemption Reserve	Special Reserve	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
Opening Balance as at 1 <sup>st</sup> April 2022	3.00	146.31	0.31	27,229.59	35,419.61	35.32	584.20	(239.30)	10,159.72	301.83	0.45	1,568.89	6.81	349.82	75,566.56	40,476.48	116,043.04
Profit for the Year	-	-	-	-	-	-	-	-	6,827.26	-	-	-	-	-	6,827.26	4,250.94	11,078.20
Other Comprehensive Income for the Year (Note 3.13)	-	-	-	-	-	-	-	-	49.01	-	(49.85)	(3,082.05)	(112.46)	9112	(3,104.23)	(76.55)	(3,180.78)
<b>Total Comprehensive Income for the Year</b>	-	-	-	-	-	-	-	-	<b>6,876.27</b>	-	<b>(49.85)</b>	<b>(3,082.05)</b>	<b>(112.46)</b>	<b>9112</b>	<b>3,723.03</b>	<b>4,174.39</b>	<b>7,897.42</b>
Purchase of Treasury Shares	-	-	-	-	-	-	-	(173.63)	-	-	-	-	-	-	(173.63)	(48.94)	(222.57)
Issue of Treasury Shares	-	-	-	-	-	-	-	25.61	-	(3.88)	-	-	-	-	21.73	5.11	26.84
Transfer from Retained Earnings to General Reserve	-	-	-	3,000.00	-	-	-	(3,000.00)	-	-	-	-	-	-	-	-	-
Transfer from Retained Earnings to Special Reserve Fund	-	-	-	-	-	-	387.20	-	(387.20)	-	-	-	-	-	-	-	-
Employee Stock Options Exercised	-	-	-	26.50	-	-	-	-	-	(12.63)	-	-	-	-	13.87	2.54	16.41
Employee Stock Options Granted (Net of Lapses)	-	-	-	-	-	-	-	-	-	128.65	-	-	-	-	128.65	-	128.65
Transfer to General Reserve on account of Lapse of Vested Options	-	-	-	-	1.84	-	-	-	-	(3.40)	-	-	-	-	(1.56)	1.56	-
Dividend Paid	-	-	-	-	-	-	-	-	(657.65)	-	-	-	-	-	(657.65)	-	(657.65)
Dividend Paid to Non-Controlling Interest by a Subsidiary Company	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(497.04)	(497.04)
Issue of Equity Shares to Non-Controlling Interest by a Subsidiary Company	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	294.11	294.11

# Consolidated Statement of Changes in Equity (Contd.)

for the year ended 31<sup>st</sup> March 2023

Particulars	Attributable to Owners of the Company												Non-Controlling Interest	Total		
	Equity Component of Financial Instruments						Reserves and Surplus								Total	
	Capital Reserve	Legal Reserve	General Reserve	Special Reserve	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	Total				
Stake Dilution in Subsidiary Companies	-	-	-	-	-	(10.85)	-	-	-	-	-	(10.85)	10.85	-		
Realised Gain/(Loss) on Sale of Equity Instrument at FVTOCI Transferred to Retained Earnings	-	-	-	-	-	1.37	-	-	-	(1.37)	-	-	-	-		
De-recognition of Non-controlling interest on conversion of Aditya Birla Health Insurance Co. Limited from Subsidiary to Joint Venture (note 4.12.5)	-	-	-	-	-	-	-	-	-	-	-	-	(283.75)	(283.75)		
On Acquisition (note 4.3 A)	-	-	-	-	-	-	-	-	-	-	-	-	47.86	47.86		
On account of Liquidation of Subsidiary	-	-	-	-	-	-	-	-	-	-	-	0.13	0.22	0.35		
Other Including subvention money	-	(0.02)	-	-	-	(1.62)	-	-	-	-	1.66	-	(12.56)	(12.54)		
<b>Closing Balance as at 31<sup>st</sup> March 2023</b>	<b>3.00</b>	<b>146.31</b>	<b>0.29</b>	<b>27,256.09</b>	<b>38,421.45</b>	<b>35.32</b>	<b>971.40</b>	<b>(387.32)</b>	<b>12,980.04</b>	<b>410.57</b>	<b>(477.4)</b>	<b>(1,514.53)</b>	<b>(105.65)</b>	<b>441,077.81</b>	<b>44,170.83</b>	<b>122,781.13</b>

Particulars	Attributable to Owners of the Company												Non-Controlling Interest	Total			
	Equity Component of Financial Instruments						Reserves and Surplus								Total		
	Capital Reserve	Legal Reserve	General Reserve	Special Reserve	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	Total					
Opening Balance as at 1 <sup>st</sup> April 2021	3.00	146.31	0.54	27,201.51	32,663.01	145.92	393.45	(152.93)	6,021.21	274.49	15.84	(1,628.09)	(16.84)	295.02	65,362.44	37,067.54	102,429.98
Profit for the Year	-	-	-	-	-	-	-	-	7,549.78	-	-	-	-	-	7,549.78	3,656.51	11,206.29
Other Comprehensive Income for the Year (Note 3.13)	-	-	-	-	-	-	-	-	23.18	-	(15.39)	3,195.61	23.65	54.80	3,281.85	(105)	3,280.80
<b>Total Comprehensive Income for the Year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,572.96</b>	<b>-</b>	<b>(15.39)</b>	<b>3,195.61</b>	<b>23.65</b>	<b>54.80</b>	<b>10,831.63</b>	<b>3,655.46</b>	<b>14,487.09</b>
Purchase of Treasury Shares	-	-	-	-	-	-	-	(14.17)	-	-	-	-	-	-	(14.17)	(38.97)	(153.14)
Issue of Treasury Shares	-	-	-	-	-	-	-	27.80	-	-	-	-	-	-	27.80	6.15	33.95
Transfer from Retained Earnings to General Reserve	-	-	-	-	-	-	-	-	(2,752.48)	-	-	-	-	-	-	-	-
Transfer from Retained Earnings to Special Reserve Fund	-	-	-	-	-	-	-	-	190.75	-	-	-	-	-	-	-	-

@ Represents remeasurement of Defined Benefits Plan.

**For the year ended 31<sup>st</sup> March 2022**

# Consolidated Statement of Changes in Equity (Contd.)

for the year ended 31<sup>st</sup> March 2023

Particulars	Attributable to Owners of the Company													Non-Controlling Interest	Total		
	Equity Component of Other Financial Instruments	Reserves and Surplus				Other Comprehensive Income (OCI)				Total	Non-Controlling Interest	Total					
		Capital Reserve	Legal Reserve	General Reserve	Debt Redemption Reserve	Special Reserve	Treasury Shares Held by ESOP Trust	Retained Earnings	Employee Share Options Outstanding				Debt Instruments through OCI			Equity Instruments through OCI	Hedging Reserve
Transfer from Debenture Redemption Reserve to Retained Earnings	-	-	-	(110.60)	-	-	110.60	-	-	-	-	-	-	-	-	-	-
Employee Stock Options Exercised	-	28.08	-	-	-	-	-	(35.97)	-	-	-	-	-	(7.89)	8.02	0.13	-
Employee Stock Options Granted (Net of Lapses)	-	-	-	-	-	-	-	70.91	-	-	-	-	-	70.91	11.07	81.98	-
Transfer to General Reserve on account of Lapse of Vested Options	-	-	4.12	-	-	-	-	(7.60)	-	-	-	-	-	(3.48)	3.48	-	-
Dividend Paid	-	-	-	-	-	-	(592.26)	-	-	-	-	-	-	(592.26)	-	(592.26)	-
Dividend Paid to Non-Controlling Interest by a Subsidiary Company	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(473.29)	(473.29)	-
Issue of Equity Shares to Non-Controlling Interest by a Subsidiary Company	-	-	-	-	-	-	-	-	-	-	-	-	-	-	222.61	222.61	-
Stake Dilution in Subsidiary Companies	-	-	-	-	-	-	(14.82)	-	-	-	-	-	-	(14.82)	14.82	-	-
Realised Gain/(Loss) on Sale of Equity Instrument at FVTOCI Transferred to Retained Earnings	-	-	-	-	-	-	(1.37)	-	-	-	1.37	-	-	-	-	-	-
Other movements during the Year	-	(0.23)	-	-	-	-	6.63	-	-	-	-	-	-	6.40	(0.41)	5.99	-
<b>Closing Balance as at 31<sup>st</sup> March 2022</b>	<b>3.00</b>	<b>146.31</b>	<b>0.31</b>	<b>27,229.59</b>	<b>35,419.61</b>	<b>35.32</b>	<b>584.20</b>	<b>(239.30)</b>	<b>10,159.72</b>	<b>301.83</b>	<b>0.45</b>	<b>1,568.89</b>	<b>6.81</b>	<b>349.82</b>	<b>75,566.56</b>	<b>40,476.48</b>	<b>116,043.04</b>

@ 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: 26<sup>th</sup> May 2023

**For KKC & Associates LLP**  
Chartered Accountants  
Firm Registration No.: 105146W/W100621

**Gautam Shah**  
Partner  
Membership No.: 117348

For and on behalf of the Board of Directors of  
**GRASIM INDUSTRIES LIMITED**  
CIN-L17124MP1947PLC000410

**Harikrishna Agarwal**  
Managing Director  
DIN: 09288720

**Pavan K. Jain**  
Chief Financial Officer  
Mumbai  
Dated: 26<sup>th</sup> May 2023

**Dr. Sanjiv Misra**  
Non-Executive Director  
DIN: 00013625

**N. Mohan Raj**  
Independent Director  
DIN: 00181969

**Sailesh Kumar Dega**  
Company Secretary  
Membership No.: F 4164

# Consolidated Statement of Cash Flows

for the year ended 31<sup>st</sup> March 2023

₹ in crore

Particulars	Year Ended 31 <sup>st</sup> March 2023	Year Ended 31 <sup>st</sup> March 2022
<b>A. Cash Flow from Operating Activities</b>		
Profit Before Tax after Exceptional Items and before Share in Profit/(Loss) of Equity Accounted Investees	14,517.75	12,246.53
<b>Adjustments for Continuing Operations:</b>		
Exceptional Items	88.03	69.11
Depreciation and Amortisation Expenses	4,551.59	4,161.07
Finance Costs	1,320.27	1,295.70
Interest Income	(380.58)	(219.62)
Dividend Income	(40.40)	(31.28)
Employee Stock Options and Stock Appreciation Rights Expenses	118.34	66.65
Allowance for Credit Losses on Advances/Debts (Net)	9.78	(15.97)
Changes in Valuation of Liabilities in respect of Insurance Policies in force	7,451.57	4,240.83
Impairment on Financial Instruments	983.46	731.33
Excess Provision Written Back (Net)	(143.82)	(145.51)
Loss on Sale/Discard of Property, Plant and Equipment (Net)	10.64	7.71
Profit on Sale of Investments (Net)	(78.57)	(220.44)
Unrealised Gain and Fair Value Adjustments on Investments measured at Fair Value through Profit and Loss (Net)	(339.86)	(640.06)
Unrealised Exchange (Gain)/Loss (Net)	(102.43)	(55.77)
Gain on control establishment on Associate	-	(7.88)
Fair Value Adjustments to Borrowings	(50.26)	(74.44)
Other Non-Cash Items	3.77	-
Gain on account of Fair Value of Investment in Aditya Birla Health Insurance Co. Limited on conversion from Subsidiary to Joint Venture (note 4.12.5)	(2,754.27)	-
Operating Profit Before Working Capital Changes	<b>25,165.01</b>	<b>21,407.96</b>
<b>Adjustment for:</b>		
Trade Receivables	(455.24)	(1,074.49)
Loans of Financing Business	(27,972.19)	(7,100.48)
Financial and Other Assets	(1,251.53)	(1,322.62)
Inventories	(1,598.39)	(3,340.81)
Trade Payables, Other Liabilities and Provision	3,008.57	4,830.48
Investments of Life Insurance Policyholders	(7,486.55)	(3,396.75)
<b>Cash Generated from Operations</b>	<b>(10,590.32)</b>	<b>10,003.29</b>
Income Taxes Paid (Net of Refund)	(2,094.82)	(2,965.64)
<b>Net Cash generated from Operating Activities (A)</b>	<b>(12,685.14)</b>	<b>7,037.65</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Property, Plant and Equipment and other Intangible Assets	(12,036.16)	(8,587.68)
Proceeds from Disposal of Property, Plant and Equipment	111.49	82.56
Acquisition of Equity Shares in Subsidiaries	(19.34)	(41.60)
Investments in Joint Ventures and Associates	(858.73)	(35.16)
Sale of Mutual Fund Units, Shares and Bonds (Non-Current)	6,858.23	14,386.13
Purchase of Mutual Fund Units, Shares and Bonds (Non-Current)	(7,605.95)	(6,613.64)
Proceeds from (Purchase)/Sale of Investments and Shareholders' Investment of Life Insurance Business (Current) {Net}	104.76	(4,176.52)
Proceeds on disposal of subsidiaries	3.49	-
Purchase of Other Non-Current Investments	(70.19)	(64.77)
Proceeds from Sale of Other Non-Current Investment	0.10	-

# Consolidated Statement of Cash Flows (Contd.)

for the year ended 31<sup>st</sup> March 2023

₹ in crore

Particulars	Year Ended 31 <sup>st</sup> March 2023	Year Ended 31 <sup>st</sup> March 2022
Redemption/(Investment) in Other Bank Deposits	(689.17)	1,264.97
Expenditure for Cost of Assets Transferred	-	(94.57)
Loans and Advances given to other Companies	(106.61)	(16.75)
Receipt against Loans and Advances given to Other Companies	-	12.55
Loans and Advances Given to Joint Ventures and Associates	-	(5.00)
Receipt Against Loans and Advances Given to Associates	112.69	7.20
Interest Received	312.01	191.18
Dividend Received	196.67	147.92
<b>Net Cash Used in Investing Activities (B)</b>	<b>(13,686.71)</b>	<b>(3,543.18)</b>
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from Issue of Share Capital under ESOP Scheme	16.62	8.95
Treasury Shares Acquired by ESOP Trust	(222.57)	(153.14)
Proceeds from Issue of Treasury Shares	18.23	19.15
Equity Infusion by Minority Shareholders in Subsidiary Companies	327.96	229.78
Transaction cost on equity shares of a Subsidiary Company and share Issue Expenses	(3.95)	-
Proceeds from Non-Current Borrowings	39,810.27	15,178.98
Repayment of Non-Current Borrowings	(16,403.82)	(21,014.15)
Proceeds/(Repayments) of Current Borrowings (Net)	5,748.28	1,544.38
Proceeds of Supplier's Credit	(183.40)	183.40
Proceeds from Inter-Corporate Loans	28.60	60.93
Repayment of Inter-Corporate Loans	(3.00)	(50.43)
Repayment of Lease Liabilities (including Interest)	(319.73)	(352.93)
Interest and Finance Charges Paid	(1,193.80)	(1,322.55)
Dividend Paid	(1,150.56)	(1,065.50)
<b>Net Cash Used in Financing Activities</b>	<b>26,469.13</b>	<b>(6,733.13)</b>
<b>D. Net Increase/(Decrease) in Cash and Cash Equivalents from Continuing Operations</b>	<b>97.28</b>	<b>(3,238.67)</b>
<b>E. Net Cash Flow Transferred from Discontinued Operations to Continuing Operations</b>	<b>-</b>	<b>2,491.02</b>
<b>F. Cash and Cash Equivalents as at the beginning of the Year from Continuing Operations</b>	<b>2,240.70</b>	<b>2,988.74</b>
<b>G. Add: Cash and Cash Equivalents Received on acquisition of controlling Stake in Waacox</b>	<b>-</b>	<b>0.08</b>
<b>H. Adjustment on account of conversion of Aditya Birla Health Insurance Co. Limited from Subsidiary to Joint Venture</b>	<b>(24.81)</b>	<b>-</b>
<b>I. Add: Effect of Exchange Rate on Consolidation of Foreign Subsidiaries</b>	<b>(0.61)</b>	<b>(0.47)</b>
<b>Cash and Cash Equivalents at the end of the Year from Continuing Operations</b>	<b>2,312.56</b>	<b>2,240.70</b>
<b>J. Cash Flow from Discontinued Operations</b>		
Opening Cash and Cash Equivalents	-	-
Cash Flows generated from/(Used in) Operating Activities	-	(217.33)
Cash Flows generated from/(Used in) Investing Activities	-	(48.93)
Cash Flows generated from/(Used in) Financing Activities	-	901.48
Proceeds from Divestment of Fertiliser Business	-	1,855.80
<b>Net Increase in Cash and Cash Equivalents from Discontinuing Operations</b>	<b>-</b>	<b>2,491.02</b>
Net Cash Flow Transferred from Discontinued Operations to Continuing Operations	-	(2,491.02)
<b>Cash and Cash Equivalents from Discontinued Operations</b>	<b>-</b>	<b>-</b>
<b>Less: Reclassified to Assets Held for Sale</b>	<b>-</b>	<b>-</b>
<b>Cash and Cash Equivalents at the end of the Year from Discontinued Operations</b>	<b>-</b>	<b>-</b>
<b>K. Cash and Cash Equivalents at the end of the Year</b>	<b>2,312.56</b>	<b>2,240.70</b>



# Consolidated Statement of Cash Flows (Contd.)

for the year ended 31<sup>st</sup> March 2023

## Notes :

- (i) Statement of Cash Flows has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS) -7 "Statement of Cash Flows" prescribed under the Companies Act (Indian Accounting Standards) Rules, 2015 of the Companies Act, 2013.
- (ii) Purchase of Property, Plant and Equipment includes cash flows of Capital Work-in-Progress (including Capital Advances) and movement in Creditors for Capital Expenditure.
- (iii) Changes in Liabilities arising from Financing Activities :

₹ in crore

Particulars	As at 1 <sup>st</sup> April 2022	Cash Flows	Debt Issuance Cost	Non-Cash Changes	
				Fair Value Adjustments (including Foreign Exchange Rate Movements)	As at 31 <sup>st</sup> March 2023
Non-Current Borrowings *	60,047.41	23,406.45	(3.46)	20.77	83,471.17
Current Borrowings	12,955.84	5,773.88	-	(852.97)	17,876.75
Supplier's Credit	183.40	(183.40)		-	-

\* Including current maturities of Non-Current Borrowings

₹ in crore

Particulars	As at 1 <sup>st</sup> April 2021	Cash Flows	Debt Issuance Cost	Non-Cash Changes	
				Fair Value Adjustments (including Foreign Exchange Rate Movements)	As at 31 <sup>st</sup> March 2022
Non-Current Borrowings *	66,008.25	(5,835.17)	(8.13)	(117.54)	60,047.41
Current Borrowings	11,400.96	1,554.88	-	-	12,955.84
Supplier's Credit	-	183.40		-	183.40

\* Including current maturities of Non-Current Borrowings

- (iv) Refer Note 2.5.B for cash outflows for Lease Liabilities.

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

### For KKC & Associates LLP

Chartered Accountants

Firm Registration No.: 105146W/W100621

For and on behalf of the Board of Directors of

**GRASIM INDUSTRIES LIMITED**

CIN-L17124MP1947PLC000410

### Vikas R Kasat

Partner

Membership No.: 105317

### Gautam Shah

Partner

Membership No.: 117348

### Harikrishna Agarwal

Managing Director

DIN: 09288720

### N. Mohan Raj

Independent Director

DIN: 00181969

### Dr. Santrupt Misra

Non-Executive Director

DIN: 00013625

Mumbai

Dated: 26<sup>th</sup> May 2023

### Pavan K. Jain

Chief Financial Officer

Mumbai

Dated: 26<sup>th</sup> May 2023

### Sailesh Kumar Daga

Company Secretary

Membership No.: F 4164

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2023

## 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 BSE Limited, India, and the National Stock Exchange of India Limited, 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, Speciality and allied Chemicals), Cement, Financial Services and Others (Insulators, Textiles, Paints, B2B e-commerce 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. The accounting policies have been applied consistently to all periods presented in the financial statements.

#### 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; and
- 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 Principles of Consolidation:

The Consolidated Financial Statements (CFS) comprises 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.

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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.

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, form part of 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 2023.

The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together 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.

## 1.4 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, upto 2 decimal places except otherwise indicated.

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## 1.5 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 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

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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.

## **1.6 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 as per Ind AS 1 and other criteria set out in Division II of 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.

## **1.7 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.

## **1.8 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".

## **1.9 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.

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## A. Major assets class where useful life considered as provided in Schedule II:

Sr. No.	Nature of the Assets	Estimated Useful Life of the Assets
1.	Plant and Machinery - Continuous Process Plant	25 years
2.	Reactors	3 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 and Tube Wells	5 years

In 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.

## B. Assets where useful life differs from Schedule II:

Sr. No.	Nature of the Assets	Useful Life as Prescribed by Schedule II of 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)	7.5 - 15 years

Sr. No.	Nature of the Assets	Useful Life as Prescribed by Schedule II of Companies Act, 2013	Estimated Useful Life of the Assets
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 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.

## 1.10 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

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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 derecognised.

## Intangible Assets and their Useful Lives are as under:

Sr. 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)

Sr. No.	Nature of the Assets	Estimated Useful Life of the Assets
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)	5 - 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
17.	Surface rights	Over period of respective mining agreement

## 1.11 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:

- The technical feasibility of completing the asset so that it can be made available for use or sell.
- The Group has intention to complete the asset and use or sell it.
- In case of intention to sale, the Group has the ability to sell the asset.
- The future economic benefits are probable.
- 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.

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## 1.12 Discontinued Operations and Non-Current Assets (or Disposal Groups) Classified as Held for Sale:

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.

Non-current assets and disposal groups are classified as held for sale if their carrying amount is intended to be recovered principally through a sale (rather than through continuing use) when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset (or disposal group) and the sale is highly probable and is expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

## 1.13 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. 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.

## 1.14 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



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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.

## 1.15 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.

## 1.16 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.

## 1.17 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.

## 1.18 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 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 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

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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 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.

## 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 Consolidated Statement of Profit and Loss.

## 1.19 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.

## 1.20 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

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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 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.

## 1.21 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 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.

## 1.22 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 Statement of Profit and Loss.

## 1.23 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 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

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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 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.

## 1.24 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.

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.

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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.

## 1.25 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. However, trade receivables that do not contain a significant financing component are measured at transaction price (net of variable consideration). Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

#### 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 instrument 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.

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## Debt Instrument 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 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 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 receivable;
- 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.

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

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- 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 unlikelihood 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 Statement of Profit and Loss. A favourable change for such assets creates an impairment gain.

## 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



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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.

## 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



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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 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 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.

## 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;

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- 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 and 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 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 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.

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

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have expired. The difference between the carrying amount of the financial liability de-recognised and the consideration paid and payable is recognised in 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.

## 1.26 Revenue Recognition:

### (a) Revenue from Contracts with Customers

- Revenue is recognized when Company satisfies a performance obligation on the basis of approved contracts regarding the transfer of goods or services to a customer. This is achieved when control of the product has been transferred to customer.

- The Company considers the terms of the contract in determining the transaction price. The transaction price is based upon the amount the Company expects to be entitled to in exchange for transferring of promised goods and services to the customer after deducting incentive programs, including but not limited to discounts, volume rebates etc. Transaction price excludes taxes and duties collected on behalf of the government.
- 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 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) 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 Service 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 in 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

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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 when such policies are reinstated. In case of linked business, top – up premium paid by policyholders are considered as single premium and are unitised 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**

Reinsurance 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 good or service 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.

## **1.27 Leases:**

The Group assesses whether a contract contains a lease, at the inception of the 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

- the contract involves the use of identified asset;
- the Company has substantially all of the economic benefits from the use of the asset through the period of lease and;
- the Company has the right to direct the use of the asset.

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## As a lessee

The Group 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.

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.

## Covid-19 related Rent Concessions

The amendments provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under Ind AS 116 if the change were not a lease modification. The amendments are applicable for annual reporting periods beginning on or after the 1<sup>st</sup> April 2020.

## Short-term leases and leases of low-value assets

The Group 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.

## Leasehold Assets Depreciation

Leasehold Land and Buildings      Over the period of Lease

## 1.28 Contract Liability

Contract liability is recognised when a payment for customer is already received before a related performance obligation is satisfied. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is received.

As these are contracts that the Company expects, and has the ability, to fulfil through delivery of a non-financial item, these are presented as advance from customers and are recognised as revenue as and when control of respective commodities is transferred or service is provided to the customers under the agreements.

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## 1.29 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.

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 Management prudence considering the facts and evidences available, in respect of such claims.

### Reinsurance Claims:

Reinsurance claims are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

## 1.30 Acquisition Costs:

Acquisition costs are costs that vary with and are primarily related to acquisition of insurance contracts. Acquisition costs mainly consists 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. Claw-back of the first year commission paid, if any, in future is accounted in the year in which it is recovered.

## 1.31 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.

## 1.32 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.

## 1.33 Re-insurance Assets:

Reinsurance Asset, being net contractual rights receivable under re-insurance contract, has been recognised on the basis of Actuarial valuation.

## 1.34 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 costs are recognized in the Statement of Profit and Loss in the period in which they are incurred.

## 1.35 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



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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.

## 1.36 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. Interest expenses are included in finance cost and Interest income, if any, related to income tax is included in other income.

Current income tax, relating to items recognised outside of 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.

### 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

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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.

## 1.37 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.

## 1.38 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.

## 1.39 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



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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 assets to which they relate. The unwinding of the discount is shown as a finance cost in the Statement of Profit and Loss.

## 1.40 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 has 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.

## 1.41 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.

## 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.

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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 Composites 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, the Group needs to jointly decide with other shareholders of the respective entity on certain relevant activities. 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.
2. The Company holds more than half of the equity shareholding in the Aditya Birla Power Composites Limited. However, as per the shareholders' agreement, the Company needs to jointly decide with other shareholders of the respective entity on certain relevant activities. Hence, these entities have been consolidated as per equity method of accounting:
  - a) Aditya Birla Power Composites 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.

## (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. Estimation of uncertainties relating to global health pandemic from COVID-19:**

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, intangibles, investments and other assets. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Company has used internal and external sources

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of information. The Company has reviewed the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

## ii. 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.

## iii. Useful Lives of Property, Plant and Equipment & 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.

## iv. 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.

## v. 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.

## vi. 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.

## vii. Recognition and Measurement of Provisions and Contingencies:

Key assumptions about the likelihood and magnitude of an outflow of resources.

## viii. 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,

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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.

## **ix. 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 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.

## **x. Disposal Groups:**

The Company has used comparable market multiple approach to assess the fair value of the disposal group of assets / liability.

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.

## **xi. 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.

## **xii. 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.

## **xiii. 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.

#### **xiv. 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.

#### **xv. Business Combination:**

For the purpose of accounting of business combination, 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.

##### **(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

# Notes

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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 Recent accounting pronouncements:

Ministry of Corporate Affairs (“MCA”) notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to

time. On 31<sup>st</sup> March 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

Ind AS 1 – Presentation of Financial Statements – This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements.

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors – This amendment has introduced a definition of ‘accounting estimates’ and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.

Ind AS 12 – Income Taxes – The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences.

Impact of the above amendments is being evaluated in the Consolidated Financial Statements.

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## 2.1 PROPERTY, PLANT AND EQUIPMENT (PPE) Year ended 31<sup>st</sup> March 2023

Particulars	Gross Block				Accumulated Depreciation				Net Block				
	As at 1 <sup>st</sup> April 2022	Additions	Derecognition on conversion from Subsidiary to Joint Venture Refer Note. 4.12.5	Translation Difference Add/(Less)	Deductions/ Adjustments	As at 31 <sup>st</sup> March 2023	As at 1 <sup>st</sup> April 2022	For the Year	Translation Difference Add/(Less)	Deductions/ Adjustments	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022	
<b>TANGIBLE ASSETS*</b>													
Freehold Land	8,073.32	305.48	-	0.40	(20.49)	8,358.71	-	-	-	-	-	8,358.71	
Leasehold Land	1,178.64	31.73	-	-	(60.30)	1,150.07	238.68	54.89	-	(3.05)	290.52	859.55	
Leasehold Improvements	43.64	33.27	(17.87)	-	(11.77)	47.27	15.82	13.38	(8.63)	(11.40)	9.17	38.10	
Buildings	8,436.20	706.92	-	19.27	(6.26)	9,156.13	1,793.95	334.46	-	4.74	2,131.52	7,024.61	
Plant and Equipment													
- Own	55,841.04	7,900.19	(25.54)	139.80	(185.46)	63,670.03	14,713.68	2,960.69	(17.85)	45.67	17,601.54	46,068.49	
- Given on Lease	199.05	-	-	-	-	199.05	81.17	4.61	-	-	85.78	113.27	
Furniture and Fixtures	230.47	44.83	(2.96)	0.97	(16.94)	256.37	155.54	27.60	(1.99)	0.76	168.64	87.73	
Vehicles	346.83	127.48	(4.71)	0.39	(49.90)	420.09	184.03	5.78	(1.45)	0.19	205.39	214.70	
Office Equipment	651.03	146.05	(6.90)	0.10	(32.57)	757.71	351.31	98.41	(5.19)	0.12	413.14	344.57	
Salt Pans, Reservoir and Condensers	7.41	-	-	-	-	7.41	7.04	-	-	-	7.04	0.37	
Railway Sidings	1,010.81	22.73	-	0.01	(0.68)	1,032.87	328.65	61.25	-	(0.46)	389.44	643.43	
<b>Total Tangible Assets</b>	<b>76,018.44</b>	<b>9,318.68</b>	<b>(57.98)</b>	<b>160.94</b>	<b>(384.37)</b>	<b>85,055.71</b>	<b>17,869.87</b>	<b>3,612.47</b>	<b>(35.11)</b>	<b>51.48</b>	<b>(196.53)</b>	<b>21,302.18</b>	<b>63,753.53</b>
Capital Work-in-Progress (including Pre-Operative Expenses)												7,730.18	
<b>Total PPE</b>												<b>71,483.71</b>	
<b>Year ended 31<sup>st</sup> March 2022</b>													
Particulars	Gross Block				Accumulated Depreciation				Net Block				
	As at 1 <sup>st</sup> April 2021	Additions \$	Classified as Discontinued Operation (Note 4.4)	Translation Difference Add/(Less)	Deductions/ Adjustments/ Disposal	As at 31 <sup>st</sup> March 2022	As at 1 <sup>st</sup> April 2021	For the Year	Translation Difference Add/(Less)	Deductions/ Adjustments/ Disposal	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021	
<b>TANGIBLE ASSETS*</b>													
Freehold Land	7,421.34	660.82	-	0.17	(9.01)	8,073.32	-	-	-	-	-	8,073.32	
Leasehold Land	1,126.65	53.64	-	0.01	(1.66)	1,178.64	179.58	59.42	-	(0.32)	238.68	939.96	
Leasehold Improvements	35.09	18.87	-	-	(10.32)	43.64	18.76	6.99	-	(9.93)	15.82	27.81	
Buildings	7,528.48	918.40	(3.02)	6.48	(20.18)	8,436.20	1,476.07	325.05	(0.36)	0.54	1,793.95	6,642.25	
Plant and Equipment													
- Own	50,227.82	5,701.82	(0.31)	43.97	(132.88)	55,841.04	12,118.93	2,668.14	(0.11)	6.09	(79.59)	14,713.68	
- Given on Lease	174.64	24.41	-	-	-	199.05	70.26	10.91	-	-	81.17	117.88	
Furniture and Fixtures	213.23	30.65	-	0.33	(13.74)	230.47	140.57	26.92	-	0.21	155.54	74.93	
Vehicles	304.26	93.46	-	0.03	(50.92)	346.83	172.87	47.63	-	0.05	(36.52)	184.03	
Office Equipment	490.25	183.51	(0.04)	(0.33)	(22.44)	651.03	287.55	84.06	(0.03)	(0.32)	351.31	299.72	
Salt Pans, Reservoir and Condensers	7.41	-	-	-	-	7.41	7.04	-	-	-	7.04	0.37	
Railway Sidings	979.30	34.86	-	(0.01)	(3.34)	1,010.81	269.51	59.74	-	(0.60)	328.65	682.16	
<b>Total Tangible Assets</b>	<b>68,508.47</b>	<b>7,720.44</b>	<b>(3.37)</b>	<b>50.65</b>	<b>(264.49)</b>	<b>76,018.44</b>	<b>14,741.14</b>	<b>3,288.86</b>	<b>(0.50)</b>	<b>6.57</b>	<b>(167.20)</b>	<b>17,869.87</b>	<b>58,148.57</b>
Capital Work-in-Progress (including Pre-Operative Expenses)												6,572.18	
<b>Total PPE</b>												<b>64,720.75</b>	

\* Net Block of Tangible Assets amounting to ₹ 8,320.37 crore (Previous Year ₹ 7,605.69 crore) is pledged as security against the secured borrowings. (Note 2.27)

@ Gross Block of Tangible Assets includes Land which the Group is in the process of getting registered in its name, which is currently under dispute, but the Management expects a favourable outcome in this matter.

\$ Additions for the year ended 31<sup>st</sup> March 2022 includes addition on account of business combination. (Refer note 4.3 B)



# Notes

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## Notes:

₹ in crore

	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
2.1.1 The title of immovable assets are in the process of being transferred in the name of the Company / subsidiaries (Gross Block):	2,726.70	3,025.56
2.1.2 Property, Plant and Equipment includes assets not owned by the Group (Gross Block)	480.92	528.28
2.1.3 Property, Plant and Equipment includes assets held on Co-ownership with other Companies (the Group's share)		
Buildings	72.76	72.76
Plant and Equipment	0.40	0.40
Furniture and Fixtures	5.19	2.17
Vehicles	0.07	0.07
Office Equipment	8.26	2.21
	<b>86.68</b>	<b>77.61</b>
2.1.4 Buildings include (Gross Block):		
Cost of Debentures and Shares in a Company entitling the right of exclusive occupancy and use of certain premises	48.33	48.33
2.1.5 Pre-Operative Expenses Pending Allocation included in Capital Work-in-Progress:		
<b>Expenditure incurred during the Year:</b>		
Raw Materials Consumed	17.21	21.08
Salaries, Wages and Bonus	131.81	127.48
Contribution to Provident and Other Funds	1.62	2.48
Contribution to Gratuity Fund	0.20	0.41
Expenses on Employee Stock Options Scheme	0.19	0.33
Rent and Hire Charges	0.04	1.39
Power and Fuel	51.44	7.23
Insurance	3.34	2.39
Depreciation on PPE	10.11	8.19
Depreciation on RoU	1.19	3.79
Borrowing Costs	51.77	158.24
Consumption of Stores, Spare Parts and Components, Packing Materials, etc.	0.01	1.60
Repairs and Maintenance	0.23	6.01
Other Expenses	151.29	113.13
	<b>420.45</b>	<b>453.75</b>
Add: Pre-Operative Expenditure incurred up to Previous Year	449.51	432.81
Less: Stock of Trial Run Production	0.13	-
Less: Trial-Run Production Transferred to Inventory	25.69	2.18
Less: Sale of Trial Run Production	14.94	24.99
Less: Capitalised/Charged during the Year	452.89	409.88
<b>Total Pre-Operative Expenses Pending Allocation</b>	<b>376.31</b>	<b>449.51</b>



# Notes

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## 2.1.6 Capital-Work-in Progress (CWIP)

### CWIP aging schedule:

As at 31<sup>st</sup> March 2023

₹ in crore

CWIP	Amount in CWIP for a period of				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Projects in Progress	6,050.47	1,351.45	130.15	145.44	7,677.51
Projects Temporarily Suspended	-	-	-	52.67	52.67
<b>Total</b>	<b>6,050.47</b>	<b>1,351.45</b>	<b>130.15</b>	<b>198.11</b>	<b>7,730.18</b>

As at 31<sup>st</sup> March 2022

₹ in crore

CWIP	Amount in CWIP for a period of				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Projects in Progress	5,507.14	505.31	322.92	184.14	6,519.51
Projects Temporarily Suspended	-	-	-	52.67	52.67
<b>Total</b>	<b>5,507.14</b>	<b>505.31</b>	<b>322.92</b>	<b>236.81</b>	<b>6,572.18</b>

Year ended 31<sup>st</sup> March 2023

₹ in crore

	Gross Block		Accumulated Depreciation				Net Block	
	As at 1 <sup>st</sup> April 2022	Deductions	As at 31 <sup>st</sup> March 2023	As at 1 <sup>st</sup> April 2022	For the Year	Deductions	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2023
Building	16.87	-	16.87	2.06	0.44	-	2.50	14.37

## 2.2 INVESTMENT PROPERTY

Year ended 31<sup>st</sup> March 2022

₹ in crore

	Gross Block		Accumulated Depreciation				Net Block	
	As at 1 <sup>st</sup> April 2021	Deductions	As at 31 <sup>st</sup> March 2022	As at 1 <sup>st</sup> April 2021	For the Year	Deductions	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2022
Building	16.87	-	16.87	1.63	0.43	-	2.06	14.81

### Information regarding Income & Expenditure of Investment property

₹ in crore

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Rental Income Derived from Investment Property	0.50	0.50
Direct Operating Expenses (including Repairs and Maintenance) associated with Rental Income	(0.06)	(0.06)
Profit Arising from Investment Property before Depreciation and Indirect Expenses	<b>0.44</b>	<b>0.44</b>
Depreciation for the Year	(0.44)	(0.43)
Profit/(Loss) arising from Investment Property before Indirect Expenses	-	<b>0.01</b>

The Group has carried out the valuation through the Independent Valuer to assess fair value of its Investment Property. As per report provided by Independent Valuer, the fair value is ₹ 18.07 crore as on 31<sup>st</sup> March 2023 (Previous Year ₹ 19.02 crore).

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 in observable data. Accordingly, fair value estimates for Investment Property is classified as Level 3.

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The Group has no restrictions on the realisability of its Investment Property and has no contractual obligations to purchase, construct or develop Investment Property.

## 2.3 GOODWILL

Particulars	₹ in crore	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Balance at the beginning of the Year</b>	<b>20,058.50</b>	<b>20,013.86</b>
Goodwill arising on account of Business Combination (Note 4.3)	0.01	14.28
Effects of Foreign Currency Exchange Differences	79.04	30.36
<b>Balance at the end of the Year</b>	<b>20,137.55</b>	<b>20,058.50</b>

### 2.3.1 Impairment Testing of Goodwill

Goodwill acquired in business combinations has been allocated to the following Segments/Cash Generating Units (CGUs):

Segment	₹ in crore	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Cement	8,238.54	8,159.49
Financial Services	11,871.63	11,871.63
Others (Textile, Solar Power and other Subsidiaries)	27.38	27.38
	<b>20,137.55</b>	<b>20,058.50</b>

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 uses cash flow projections based on financial budgets approved by the Management covering three to five years period depending upon segments/CGUs' financial budgeting process. Cash flow beyond these financial budget periods 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 and Others (Textile, Investment and Solar Power Subsidiaries)

The goodwill allocated to Cement Segment and others segments 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.

#### B. Financial Services

The key assumption used in the estimation of the recoverable amount of various CGUs is 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.

# Notes

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Financial Services Business	Key Assumptions	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Aditya Birla Money Limited (ABML), Aditya Birla Insurance Brokers Limited (ABIB) (i)	Discount Rate	14.75%	12.25% - 13.5%
	Terminal Growth Rate	5%	5%
Aditya Birla Housing Finance Limited (ABHFL) and Aditya Birla Finance Limited (ABFL) (ii)	Market Price to Adjusted Book Value	1.3 - 2.9 times (Based on average of comparable companies multiple)	1.4 - 1.7 times (Based on average of comparable companies multiple)
Aditya Birla Sun Life Insurance Limited (ABSLI)# (iii)	Market Capitalisation (-) Embedded Value /VNB	10.9 times (Based on average of comparable companies multiple)	3.2 times (Based on average of comparable companies multiple)

# March 2022 has been computed based on Market Capitalisation / Embedded Value, however VNB (value of its new business) margin essentially determines the profitability of new insurance contracts hence for March 2023 VNB has been added in computation of multiple.

- (i) For ABML 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). For current year ABIB's recoverable amount has been determined based on consideration value of stake sale announced on 27<sup>th</sup> March 2023.

As a result of impairment test for the year ended 31<sup>st</sup> March 2023, no goodwill impairment was identified as the recoverable amount of the CGUs to which goodwill was allocated was higher than their carrying amount (Previous Year ₹ Nil).

- (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 higher than the respective carrying amount.

As a result of impairment test for the year ended 31<sup>st</sup> March 2023, no goodwill impairment was identified as the fair value of the CGUs to whom goodwill was allocated exceeded their respective carrying amount. (Previous Year ₹ Nil).

- (iii) 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.

As a result of impairment test for the year ended 31<sup>st</sup> March 2023, 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.

# Notes

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## 2.4 OTHER INTANGIBLE ASSETS Year ended 31<sup>st</sup> March 2023

Particulars	Gross Block					Accumulated Amortisation					Net Block		
	As at 1 <sup>st</sup> April 2022	As at 1 <sup>st</sup> April 2022	On Acquisition – Refer Note 4.3 Add/(Less) (A)	Translation Difference Add/(Less)	Derecognition on conversion from Subsidiary to Joint Venture Refer Note. 4.12.5	Deductions/ Adjustments	As at 31 <sup>st</sup> March 2023	For the Year	Translation Difference Add/(Less)	Derecognition on conversion from Subsidiary to Joint Venture Refer Note. 4.12.5	Deductions/ Adjustments	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2023
<b>INTANGIBLE ASSETS (other than internally generated)</b>													
Computer Software	758.55	156.85	-	-	(185.59)	(8.16)	721.65	457.20	138.10	-	(80.56)	507.21	214.44
Value of License/Right to use Infrastructure	97.02	-	-	-	-	-	97.02	43.42	8.41	-	-	51.83	45.19
Power Purchase Agreements	43.89	-	-	-	-	-	43.89	6.58	1.76	-	-	8.34	35.55
Power Line Rights	59.35	-	-	5.00	-	-	64.35	26.60	2.46	2.28	-	31.34	33.01
Rights to Manage and Operate Manufacturing Facilities	666.50	-	-	-	-	-	666.50	184.52	44.49	-	-	229.01	437.49
Group Management Rights	197.70	-	-	-	-	-	197.70	-	-	-	-	-	197.70
Customer Relationship	369.90	-	-	-	-	-	369.90	77.01	16.84	-	-	93.85	276.05
Distribution Network	1,533.03	-	-	-	-	-	1,533.03	613.19	133.68	-	-	746.87	786.16
Value in Force	1,649.00	-	-	-	-	-	1,649.00	522.18	109.93	-	-	632.11	1,016.89
Order Back Log	16.70	-	-	-	-	-	16.70	16.70	-	-	-	16.70	-
Technical Know-how	27.24	-	-	-	-	-	27.24	9.82	2.42	-	-	12.24	15.00
Trade Mark and Brands	223.17	-	-	-	-	-	223.17	188.90	7.82	-	-	196.72	26.45
Mining Rights	266.37	13.80	-	-	-	-	280.17	911.2	18.91	-	-	110.03	170.14
Non-Compete fees	2150	-	-	-	-	-	2150	2150	-	-	-	2150	-
Mining Reserve	5,486.86	-	148.16	-	-	-	5,635.02	458.82	127.21	-	-	586.03	5,048.99
Jetty Rights	246.80	53.43	-	-	-	(24.66)	275.57	50.60	16.27	-	(0.75)	66.12	209.45
Surface Rights	-	84.52	-	-	-	-	84.52	-	5.14	-	-	5.14	79.38
<b>Total Intangible Assets</b>	<b>11,663.58</b>	<b>308.60</b>	<b>148.16</b>	<b>5.00</b>	<b>(185.59)</b>	<b>(32.82)</b>	<b>11,906.93</b>	<b>2,768.17</b>	<b>633.44</b>	<b>2.28</b>	<b>(80.56)</b>	<b>3,315.04</b>	<b>8,591.89</b>
Intangible Assets Under Development												47.50	
<b>Total Intangible Assets</b>												<b>8,639.39</b>	

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2023

## Year ended 31<sup>st</sup> March 2022

Particulars	Gross Block			Accumulated Amortisation			Net Block					
	As at 1 <sup>st</sup> April 2021	Additions	Translation Difference Add/(Less)	Deductions/ Adjustments /Held for Disposal	As at 31 <sup>st</sup> March 2022	As at 1 <sup>st</sup> April 2021	For the Year	Translation Difference Add/(Less)	Deductions/ Adjustments /Held for 31 <sup>st</sup> March 2022 Disposal	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2022	
<b>INTANGIBLE ASSETS (other than internally generated)</b>												
Computer Software	610.88	152.59	-	(4.92)	758.55	331.30	130.12	-	(4.22)	457.20	301.35	
Value of License/Right to use Infrastructure	62.99	34.03	-	-	97.02	37.51	5.91	-	-	43.42	53.60	
Power Purchase Agreements	42.10	1.79	-	-	43.89	4.85	1.73	-	-	6.58	37.31	
Power Line Rights	57.27	-	2.08	-	59.35	22.00	3.73	0.87	-	26.60	32.75	
Rights to Manage and Operate Manufacturing Facilities	666.50	-	-	-	666.50	140.06	44.46	-	-	184.52	481.98	
Group Management Rights	19770	-	-	-	19770	-	-	-	-	-	19770	
Customer Relationship	369.90	-	-	-	369.90	60.17	16.84	-	-	77.01	292.89	
Distribution Network	1,533.03	-	-	-	1,533.03	479.49	133.70	-	-	613.19	919.84	
Value in Force	1,649.00	-	-	-	1,649.00	412.24	109.94	-	-	522.18	1,126.82	
Order Back Log	16.70	-	-	-	16.70	16.70	-	-	-	16.70	-	
Technical Know-how	27.24	-	-	-	27.24	7.27	2.55	-	-	9.82	17.42	
Trade Mark and Brands	223.14	0.03	-	-	223.17	181.02	7.88	-	-	188.90	34.27	
Mining Rights	233.69	32.68	-	-	266.37	60.60	30.52	-	-	91.12	175.25	
Non-Compete fees	21.50	-	-	-	21.50	21.50	-	-	-	21.50	-	
Mining Reserves	5,486.86	-	-	-	5,486.86	352.98	105.84	-	-	458.82	5,028.04	
Jetty Rights	224.42	22.38	-	-	246.80	40.75	9.85	-	-	50.60	196.20	
<b>Total Intangible Assets</b>	<b>11,422.92</b>	<b>243.50</b>	<b>2.08</b>	<b>(4.92)</b>	<b>11,663.58</b>	<b>2,168.44</b>	<b>603.07</b>	<b>0.87</b>	<b>(4.22)</b>	<b>2,768.17</b>	<b>8,895.41</b>	
Intangible Assets Under Development												
<b>Total Intangible Assets</b>											<b>42.94</b>	<b>8,938.35</b>

## 2.4.1 Based on written down value, the balance amortisation period of Material Intangible Assets:

Intangible Assets	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Distribution Network	0.25 - 19.25 Years	1.25 - 20.25 Years
Mining Reserve	Over the period of the respective mining agreement	Over the period of the respective mining agreement
Value in Force	9.25 Years	10.25 Years

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2023

## 2.4.2 Intangible Assets Under Development Intangible Assets Under Development Ageing Schedule: As at 31<sup>st</sup> March 2023

Intangible Assets Under Development	Amount in Intangible Assets Under Development for a period of			Total
	Less than 1 Year	1-2 Years	2-3 Years More than 3 Years	
Projects in Progress	42.92	4.49	0.09	47.50
Projects Temporarily Suspended	-	-	-	-
<b>Total</b>	<b>42.92</b>	<b>4.49</b>	<b>0.09</b>	<b>47.50</b>

### As at 31<sup>st</sup> March 2022

Intangible Assets Under Development	Amount in Intangible Assets Under Development for a period of			Total
	Less than 1 Year	1-2 Years	2-3 Years More than 3 Years	
Projects in Progress	34.15	8.61	0.18	42.94
Projects Temporarily Suspended	-	-	-	-
<b>Total</b>	<b>34.15</b>	<b>8.61</b>	<b>0.18</b>	<b>42.94</b>

## 2.5 LEASES

### A. Right of Use Assets Year ended 31<sup>st</sup> March 2023

Particulars	Gross Block		Accumulated Depreciation		Net Block
	Derecognition on conversion from Subsidiary to Joint Venture Refer Note. 4.12.5	As at 1 <sup>st</sup> April 2022	Derecognition on conversion from Subsidiary to Joint Venture Refer Note. 4.12.5	For the Year	
Land #	826.40	509.31	5.95	48.08	1,196.08
Buildings #	820.31	257.57	-	130.72	535.50
Plant and Machinery	211.76	34.47	13.99	37.31	133.82
Software Platform	-	10.81	-	1.99	8.82
Ships	718.53	72.03	2.66	75.86	524.81
<b>Total</b>	<b>2,577.00</b>	<b>884.19</b>	<b>22.60</b>	<b>293.96</b>	<b>2,399.03</b>
Less: Depreciation Transferred to CWIP				(1.19)	
<b>Net Depreciation Charged to the Statement of Profit and Loss</b>				<b>292.77</b>	

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2023

## Year ended 31<sup>st</sup> March 2022

Particulars	Gross Block				Accumulated Depreciation				Net Block As at 31 <sup>st</sup> March 2022			
	As at 1 <sup>st</sup> April 2021	Transfer from Discontinued Operations	Additions	Other Adjustments	Deductions	As at 31 <sup>st</sup> March 2022	Transfer from Discontinued Operations	For the Year Adjustments		Other Deductions		
Land #	741.73	47.34	36.91	1.88	(1.46)	826.40	65.54	27.40	0.26	(0.79)	95.89	730.51
Buildings #	716.90	-	199.81	-	(96.40)	820.31	247.95	121.60	-	(37.93)	331.62	488.69
Plant and Machinery	208.03	-	30.07	5.88	(32.22)	211.76	66.17	20.52	4.16	(12.21)	78.64	133.12
Ships	830.11	-	0.71	(27.04)	(85.25)	718.53	145.22	74.23	(15.59)	(11.84)	192.02	526.51
<b>Total</b>	<b>2,496.77</b>	<b>47.34</b>	<b>267.50</b>	<b>(19.28)</b>	<b>(215.33)</b>	<b>2,577.00</b>	<b>524.88</b>	<b>243.75</b>	<b>(11.17)</b>	<b>(62.77)</b>	<b>698.17</b>	<b>1,878.83</b>
Less: Depreciation Transferred to CWIP (3.79)												
<b>Net Depreciation Charged to the Statement of Profit and Loss 239.96</b>												

# Includes gross block of Leasehold Land of ₹ 142.57 crore (Previous Year ₹ 142.57 crore) & Leasehold Building of ₹ 16.80 crore (Previous Year ₹ 16.80 crore) having co-ownership with other companies.

## (B) Analysis of Lease Liabilities

(B1) The following is the movement in lease liabilities during the year ended 31<sup>st</sup> March:

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Opening Lease Liabilities	1,557.54	1,668.61
Finance Cost Accrued during the Year (including revaluation of Lease Liabilities)	153.66	144.12
Additions during the Year (Net)	329.74	97.74
Less : Adjustment of ABHI's lease on account of conversion from Subsidiary to Joint Venture	(30.57)	-
Payment of Lease Liabilities (Including Interest)	(319.73)	(352.93)
<b>Closing Lease Liabilities</b>	<b>1,690.64</b>	<b>1,557.54</b>

## (B2) Maturity Analysis of Lease Liabilities

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Maturity Analysis – Contractual Undiscounted Cash Flows</b>		
Less than one year	337.22	293.07
One to five years	1,052.37	997.68
More than five years	915.31	932.53
<b>Total Undiscounted Lease Liabilities</b>	<b>2,304.90</b>	<b>2,223.28</b>
<b>Lease Liabilities included in the Statement of Financial Position</b>		
Current	1,690.64	1,557.54
Non-Current	279.91	238.16
	1,410.73	1,319.38

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2023

## (B3) Amount recognised in the Statement of Profit and Loss, not included in the Measurement of Lease Liabilities:

Particulars	₹ in crore	
	Year ended 31 <sup>st</sup> March 2023	Year ended 31 <sup>st</sup> March 2022
Variable Lease Payments not included in the Measurement of Lease liabilities	98.67	73.59
Expenses relating to Short-Term Leases	219.86	157.58
Expenses relating to Leases of Low-Value Assets, excluding Short-Term Leases of Low Value Assets	41.73	43.37
(Gains) or Losses arising from Modification of Lease Agreements and Others	18.79	2.19

(C) Income from sub-leasing of Right-to-Use Assets is ₹ 13.65 crore (Previous Year ₹ 5.46 crore).

(D) The total cash outflow for leases for the year is ₹ 319.73 crore (Previous Year ₹ 352.93 crore).

(E) 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.

## 2.6 NON-CURRENT ASSETS – INVESTMENT IN EQUITY ACCOUNTED INVESTEEES

### Investments in Equity Accounted Investees

Particulars	₹ in crore	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Joint Ventures (Note 4.14 and Note 2.40 (B))</b>		
Share in Net Assets	4,040.67	978.00
Goodwill	5.15	5.15
Equity Investments in Joint Ventures – At Cost	<b>4,045.82</b>	<b>983.15</b>
Impairment in Value of Investments	(1.65)	(1.65)
Share in Profit/Reserves of Joint Ventures (Post Acquisition)	339.15	428.67
	<b>4,383.32</b>	<b>1,410.17</b>
<b>Associates (Note 4.14)</b>		
Share in Net Assets	3,672.85	2,814.49
Goodwill	1,891.74	1,891.74
Equity Investments in Associates – At Cost	<b>5,564.59</b>	<b>4,706.23</b>
Impairment in Value of Investments	(0.22)	(0.22)
Share in Profit/Reserves of Joint Ventures (Post Acquisition)	1,069.15	933.99
	<b>6,633.52</b>	<b>5,640.00</b>
	<b>11,016.84</b>	<b>7,050.17</b>

2.6.1 The investments in the Company's Joint Ventures, namely AV Group NB Inc., AV Terrace 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 the respective companies is 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 2023

## 2.7 INVESTMENTS OF INSURANCE BUSINESS – NON-CURRENT

₹ in crore

Particulars		As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Investments in Equity Instruments</b>			
Carried at FVTPL #		2,624.66	1,739.89
Carried at FVTPL		202.78	196.99
Carried at FVTOCI #		75.31	91.99
Carried at FVTOCI		0.85	0.83
		2,903.60	<b>2,029.70</b>
<b>Investments in Government or Trust Securities</b>			
Carried at Amortised Cost #		17,855.29	12,357.47
Carried at FVTOCI #		5,738.00	5,469.53
		23,593.29	<b>17,827.00</b>
<b>Investments in Debentures</b>			
Carried at Amortised Cost #		6,918.45	5,853.74
Carried at FVTOCI #		6,055.48	5,216.34
Carried at FVTPL #		52.61	25.86
		13,026.54	<b>11,095.94</b>
		<b>39,523.43</b>	<b>30,952.64</b>
# Quoted Investments			
2.7.1 Aggregate Book Value of :			
Quoted Investments		39,319.80	30,754.82
Unquoted Investments		203.63	197.82
		<b>39,523.43</b>	<b>30,952.64</b>
Aggregate Market Value of Quoted Investments		39,263.24	31,004.04

## 2.8 OTHER INVESTMENTS – NON-CURRENT

(Fully Paid-up)

₹ in crore

	Face Value	Units	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<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	156.28	155.48
P.T. Indo Bharat Rayon Co. Limited, Indonesia	USD 100	5,000	676.46	644.78
Vodafone Idea Limited #	₹ 10	3,317,566,167	1,924.19	3,201.45
Hindalco Industries Limited #	₹ 1	88,048,812	3,569.06	5,014.38
Indophil Textile Mills Inc., Philippines	Peso 10	422,496	2.40	2.73
Birla International Limited – British Virgin Islands	USD 100	2,500	5.46	5.18
Aditya Birla Fashion and Retail Limited #	₹ 10	97,671,271	2,093.59	2,950.65
Birla Management Centre Services Private Limited	₹ 10	9,000	13.90	10.58
Bhadreshwar Vidyut Private Limited			-	0.10
			8,441.34	<b>11,985.33</b>

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2023

₹ in crore

	Face Value	Units	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Carried at FVTPL {Note 4.9 (A)}</b>				
MOIL Limited#	₹ 10	24,490	0.35	0.45
Amplus Sunshine Private Limited	₹ 10	3,867,848	4.80	4.80
Amplus Coastal Power Private Limited	₹ 10	1,712,279	1.76	1.76
Amplus Dakshin Private Limited (Previous Year 11,690,777 Shares)	₹ 10	12,185,777	12.19	11.69
Lalganj Power Private Limited (Previous Year 13,032,882 Shares)	₹ 10	14,832,882	19.61	17.20
Raj Mahal Coal Mining Limited	₹ 10	1,000,000	1.00	1.00
Green Infra Wind Power Generation Limited	₹ 10	192,000	0.19	0.19
NU Power Wind Farm Limited (Equity shares of ₹ 10 each aggregating to CY: ₹1000 (LY: ₹ 20,000))	₹ 10	100	-	-
Watsun Infrabuild Private Limited	₹ 10	642,600	0.64	0.64
VSN Onsite Private Limited	₹ 10	7,852,649	10.15	10.15
Solbridge Energy Private Limited	₹ 10	1,738,490	2.21	2.21
Sunroot Energy Private Limited (Previous Year 510,000 Shares)	₹ 10	8,606,393	8.61	0.51
VSV Offsite Private Limited	₹ 10	388,890	0.53	0.53
Amplus Alpha Solar Private Limited (Previous Year 2,598,864 Shares)	₹ 10	2,973,864	2.97	2.60
Clean Max Theia Private Limited	₹ 10	22,891,488	41.20	-
Ostro Alpha Wind Private Limited	₹ 10	6,966,635	8.36	-
Renew Surya Spark Private Limited	₹ 10	7,160,946	7.16	-
			121.73	53.73
<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	36.45	34.28
1% Redeemable Preference Shares of Aditya Group AB, Sweden, of aggregate value of USD 8 million	WPV	160,000	49.11	49.88
<b>Others</b>				
7% Non-Cumulative Non-Convertible Redeemable Preference Shares of Aditya Birla Health Services Limited	₹ 100	5,600,000	57.91	57.80
8% Redeemable and Cumulative Preference Shares of Aditya Birla Fashion and Retail Limited	₹ 10	500,000	1.02	0.98
8.10% Preference Share of Kotak Mahindra Bank	₹ 5	70,000,000	35.00	35.00
			179.49	177.94
<b>Investments in Debentures or Bonds and Other Investments {Note 4.9 (A)} #</b>				
<b>Carried at FVTPL</b>				
Tax-Free Bonds			162.07	282.75
Taxable Corporate Bonds			280.89	290.83
			442.96	573.58

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2023

₹ in crore

	Face Value	Units	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Investments in Bonds/Debentures</b>				
Carried at Amortised Cost #	₹ 257	1,000,000	106.97	55.34
Carried at Amortised Cost	₹ 75	10,000,000	29.23	80.31
			<b>136.20</b>	<b>135.65</b>
<b>Other Investments</b>				
<b>Carried at Amortised Cost</b>				
Investments in Security Receipts			13.18	13.18
<b>Carried at FVTPL</b>				
Investments in Security Receipts			124.93	178.78
Investments in Alternate Funds			9.98	81.89
Investments in Limited Liability Partnership			26.60	26.60
			<b>161.51</b>	<b>287.27</b>
<b>Carried at FVTPL</b>				
Investments in Mutual Funds {Note 4.9 (A)}			6.49	667.67
			<b>9,502.90</b>	<b>13,881.17</b>

WPV - Without Par Value

# Quoted Investments

## 2.8.1 Aggregate Book Value of :

₹ in crore

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Quoted Investments	8,293.40	11,951.33
Unquoted Investments	1,209.50	1,929.84
	<b>9,502.90</b>	<b>13,881.17</b>
Aggregate Market Value of Quoted Investments	8,293.40	11,951.33

## 2.8.2 Category wise Other Non-Current Investments:

₹ in crore

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Quoted</b>		
Financial Investments Measured at FVTOCI		
Equity Shares	7,743.12	11,321.96
<b>Sub-Total (a)</b>	<b>7,743.12</b>	<b>11,321.96</b>
Financial Investments Measured at FVTPL		
Debentures or Bonds	442.96	573.58
Equity Shares	0.35	0.45
<b>Sub-Total (b)</b>	<b>443.31</b>	<b>574.03</b>
Financial Investments Measured at Amortised Cost		
Debentures or Bonds	106.97	55.34
<b>Sub-Total (c)</b>	<b>106.97</b>	<b>55.34</b>
<b>Total (d) [a + b + c]</b>	<b>8,293.40</b>	<b>11,951.33</b>

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2023

₹ in crore

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Unquoted</b>		
Financial Investments Measured at FVTOCI		
Equity Shares	698.22	663.37
<b>Sub-Total (e)</b>	<b>698.22</b>	<b>663.37</b>
Financial Investments Measured at FVTPL		
Equity Shares	121.38	53.28
Mutual Funds	6.49	667.67
Preference Shares	179.49	177.94
Private Equity Investment Funds	161.51	287.27
<b>Sub-Total (f)</b>	<b>468.87</b>	<b>1,186.16</b>
Financial Investments Measured at Amortised Cost		
Private Equity Investment Funds	13.18	-
Government or Trust Securities	29.23	80.31
<b>Sub-Total (g)</b>	<b>42.41</b>	<b>80.31</b>
<b>Total (h) [e + f + g]</b>	<b>1,209.50</b>	<b>1,929.84</b>
<b>Total (d + h)</b>	<b>9,502.90</b>	<b>13,881.17</b>

## 2.9 ASSETS HELD TO COVER LINKED LIABILITIES OF LIFE INSURANCE BUSINESS – NON-CURRENT

₹ in crore

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Carried at Fair Value through Profit or Loss</b>		
<b>Quoted Investments</b>		
Mutual Funds	337.82	583.30
Equity Instruments	13,795.91	13,028.13
Government or Trust Securities	6,311.66	5,926.28
Debentures	6,372.52	6,574.62
<b>Unquoted Investments</b>		
Other Non-Current Investments	25.04	25.00
	<b>26,842.95</b>	<b>26,137.33</b>
<b>2.9.1</b> Aggregate Book Value of Quoted Investments	26,817.91	26,112.33
<b>2.9.2</b> Aggregate Market Value of Quoted Investments	26,817.91	26,112.33
<b>2.9.3</b> Aggregate Value of Unquoted Investments	25.04	25.00

## 2.10 TRADE RECEIVABLES – NON-CURRENT

₹ in crore

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Considered Good *	6.82	-
	<b>6.82</b>	<b>-</b>

\* Trade Receivables ageing schedule - All amount are Not Due

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2023

## 2.11 LOANS –NON–CURRENT

(Unsecured, Considered Good, Carried at Amortised Cost, unless otherwise stated)

₹ in crore

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Secured, Considered Good	54,836.40	43,671.62
Unsecured, Considered Good	14,384.69	6,981.74
Secured, receivables which have significant increase in credit risk	2,353.72	1,956.03
Unsecured, receivables which have significant increase in credit risk	599.30	258.29
Less: Expected Credit Loss Allowance	(1,729.07)	(1,223.85)
Loans to Related Parties (Note 4.7.2)	12.83	-
Loans against Insurance Policies	396.47	291.55
Loans to Employees	16.78	18.74
	<b>70,871.12</b>	<b>51,954.12</b>

## 2.12 OTHER FINANCIAL ASSETS –NON–CURRENT

(Unsecured, Considered Good, Carried at Amortised Cost, unless otherwise stated)

₹ in crore

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Security Deposits	530.88	447.46
Less: Provision on Deposits	(0.44)	(0.44)
Deposits to Related Party (Note 4.7.2)	70.78	35.93
Derivative Assets – Carried at Fair Value	446.97	371.33
Government Grant Receivables	527.83	578.05
Less: Provision towards Government Incentive	(6.70)	(3.76)
Fixed Deposits with Banks with maturity more than 12 months *	481.39	90.47
Receivables towards Divested Business \$	44.24	46.26
Less: Provision towards Divested Businesses	(9.11)	(11.14)
Reinsurance Assets	921.90	892.05
Advances to Body Corporates	740.53	-
Other Receivables	11.43	11.79
	<b>3,759.70</b>	<b>2,458.00</b>

\* Includes:

Lodged as security with Government Departments	0.67	2.17
Lien Marked in favour of Insurance Regulatory Development Authority of India (IRDA) and Banks	10.05	1.31

\$ The Company has to receive from purchaser ₹ 35.13 crore (Previous Year ₹ 35.12 crore) towards Tax Refund.

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2023

## 2.13 (A) DEFERRED TAX ASSETS (NET)

₹ in crore

Current Year	As at 1 <sup>st</sup> April 2022	Recognised in		As at 31 <sup>st</sup> March 2023
		Profit or Loss	OCI	
<b>Deferred Tax Assets:</b>				
Provision allowed under Tax on Payment Basis	29.67	(18.20)	(2.76)	8.71
Unabsorbed Losses	142.22	69.26	(1.65)	209.83
Unrealised Profits arising on Intragroup Stock Transfers	15.09	(17.34)	-	(2.25)
Expected Credit Loss Allowance	283.80	169.96	-	453.76
Others	30.90	2.09	(1.61)	31.38
	<b>501.68</b>	<b>205.77</b>	<b>(6.02)</b>	<b>701.43</b>
<b>Deferred Tax Liabilities:</b>				
Impact of difference between Tax Depreciation and Depreciation/ Amortisation charged for financial reporting	244.98	64.50	-	309.48
Others (Fair Value of Borrowings and Contingent Liabilities)	10.66	(1.84)	0.87	9.69
	<b>255.64</b>	<b>62.66</b>	<b>0.87</b>	<b>319.17</b>
<b>Deferred Tax Assets (Net)</b>	<b>246.04</b>	<b>143.11</b>	<b>(6.89)</b>	<b>382.26</b>

₹ in crore

Previous Year	As at 1 <sup>st</sup> April 2021	Recognised in		As at 31 <sup>st</sup> March 2022
		Profit or Loss	OCI	
<b>Deferred Tax Assets:</b>				
Provision allowed under Tax on Payment Basis	40.35	(2.62)	(8.06)	29.67
Unabsorbed Losses	97.57	44.65	-	142.22
Unrealised Profits arising on Intragroup Stock Transfers	9.00	6.09	-	15.09
Expected Credit Loss Allowance	260.62	23.18	-	283.80
Others	32.34	(0.87)	(0.57)	30.90
	<b>439.88</b>	<b>70.43</b>	<b>(8.63)</b>	<b>501.68</b>
<b>Deferred Tax Liabilities:</b>				
Impact of difference between Tax Depreciation and Depreciation/ Amortisation charged for financial reporting	215.67	29.31	-	244.98
Others (Fair Value of Borrowings and Contingent Liabilities)	18.77	(8.61)	0.50	10.66
	<b>234.44</b>	<b>20.70</b>	<b>0.50</b>	<b>255.64</b>
<b>Deferred Tax Assets (Net)</b>	<b>205.44</b>	<b>49.73</b>	<b>(9.13)</b>	<b>246.04</b>

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2023

## 2.13 (B) DEFERRED TAX LIABILITIES (NET)

₹ in crore

Current Year	As at 1 <sup>st</sup> April 2022	Recognised in		As at 31 <sup>st</sup> March 2023
		Profit or Loss	OCI	
<b>Deferred Tax Liabilities:</b>				
Accumulated Depreciation and Amortisation	8,055.86	374.90	-	8,430.76
Fair Valuation of Investments	490.29	(35.84)	(394.37)	60.08
Fair Valuation of Land, Inventories and Investments Acquired on Merger	435.19	(20.89)	(11.63)	402.67
Others (including Ind AS 116 transition impact)	356.55	22.27	0.72	379.54
	<b>9,337.90</b>	<b>340.44</b>	<b>(405.28)</b>	<b>9,273.05</b>
<b>Deferred Tax Assets:</b>				
Accrued Expenses Allowable on Payment Basis	11.66	2.08	(0.06)	13.68
Expenses Allowable in Instalments in Income Tax	6.84	(3.28)	-	3.56
Provisions Allowed Under Tax on Payment Basis	361.44	(31.81)	0.01	329.64
Unabsorbed Depreciation	177.48	15.33	-	192.81
Income Tax Interest Offered for Tax, to be claimed in future	29.31	(8.20)	-	21.11
MAT Credit Entitlement	0.07	(0.01)	-	0.06
Others (including Ind AS 116 transition impact)	224.43	7.38	37.01	268.82
	<b>811.23</b>	<b>(18.51)</b>	<b>36.96</b>	<b>829.67</b>
<b>Deferred Tax Liabilities (Net)</b>	<b>8,526.67</b>	<b>358.95</b>	<b>(442.24)</b>	<b>8,443.38</b>

₹ in crore

Previous Year	As at 1 <sup>st</sup> April 2021	Recognised in		As at 31 <sup>st</sup> March 2022
		Profit or Loss	OCI	
<b>Deferred Tax Liabilities:</b>				
Accumulated Depreciation and Amortisation	8,145.30	(89.44)	-	8,055.86
Fair Valuation of Investments	310.80	(37.50)	216.99	490.29
Fair Valuation of Land, Inventories and Investments Acquired on Merger	473.62	(43.49)	5.06	435.19
Others (including Ind AS 116 transition impact)	324.82	30.21	1.53	356.55
	<b>9,254.54</b>	<b>(140.22)</b>	<b>223.58</b>	<b>9,337.90</b>
<b>Deferred Tax Assets:</b>				
Accrued Expenses Allowable on Payment Basis	9.39	2.24	0.03	11.66
Expenses Allowable in Instalments in Income Tax	24.12	(17.28)	-	6.84
Provisions Allowed Under Tax on Payment Basis	337.48	23.96	-	361.44
Unabsorbed Depreciation	158.95	18.53	-	177.48
Income Tax Interest Offered for Tax, to be claimed in future	29.31	-	-	29.31
MAT Credit Entitlement	35.31	(35.24)	-	0.07
Others (including Ind AS 116 transition impact)	203.33	21.94	(0.84)	224.43
	<b>797.89</b>	<b>14.15</b>	<b>(0.81)</b>	<b>811.23</b>
<b>Deferred Tax Liabilities (Net)</b>	<b>8,456.65</b>	<b>(154.37)</b>	<b>224.39</b>	<b>8,526.67</b>

\*includes reversal of Deferred Tax on account of discontinued operations of ₹ 186 crore.

In respect of Deferred Taxes, all items are attributable to origination and reversal of temporary differences.

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2023

- 2.13.1** Considering significant capitalisation of assets in the previous year, the Group has created deferred tax liability at the applicable concessional tax rate on temporary tax differences of depreciation expected to be reversed in the period after the Company is likely to opt for new tax regime under Section 115BAA of Income–Tax Act, 1961. This has resulted in Deferred Tax Credit of ₹ 197.18 crore in the previous year in the Statement of Profit and Loss.
- 2.13.2** During current year, the Company has decided to opt for lower tax regime from the financial year 2022–23 in terms of provision of Section 115BAA of Income tax Act, 1961. Provision for current and deferred tax expenses has been recognized accordingly.
- 2.13.3** During the previous year ended 31<sup>st</sup> March 2022, pursuant to completion of prior income tax assessments, the Subsidiary has accrued Minimum Alternate Tax Credit Entitlement of ₹ 1,213.94 crore which has been utilised against the previous year tax expense.
- 2.13.4** The Group has not recognized Deferred Tax Assets on the unabsorbed depreciation, business losses, long-term capital loss and other temporary differences amounting to ₹ 1101.55 crore (Previous Year ₹ 1,055.73 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.

## 2.14 OTHER NON-CURRENT ASSETS

Particulars	₹ in crore	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Capital Advances		
Unsecured, Considered Good	3,442.32	2,585.78
Unsecured, Considered Doubtful	12.36	12.36
Less: Allowance for Doubtful	(12.36)	(12.36)
Balances with Government Authorities		
Unsecured, Considered Good	742.40	650.40
Prepaid Expenses	8.80	20.06
Deferred Acquisition Costs	1.54	1.64
Other Advances	81.16	89.39
	<b>4,276.22</b>	<b>3,347.27</b>

## 2.15 INVENTORIES

(Valued at lower of cost and net realisable value, unless otherwise stated)

	As at 31 <sup>st</sup> March 2023			As at 31 <sup>st</sup> March 2022		
	In Hand	In Transit	Total	In Hand	In Transit	Total
	₹ in crore					
Raw Materials	1,943.46	1,230.15	3,173.61	1,862.58	1,096.59	2,959.17
Work-in-Progress	1,592.29	-	1,592.29	1,177.01	-	1,177.01
Finished Goods	1,526.51	294.73	1,821.24	1,204.28	257.78	1,462.06
Stock-in-Trade	121.76	2.52	124.28	39.77	2.85	42.62
Stores and Spare Parts	3,764.87	665.00	4,429.87	3,232.23	644.33	3,876.56
Waste/Scrap (valued at Net Realisable Value)	17.86	-	17.86	19.00	-	19.00
	<b>8,966.75</b>	<b>2,192.40</b>	<b>11,159.15</b>	<b>7,534.87</b>	<b>2,001.55</b>	<b>9,536.42</b>

The Company follows the policy for writing down the Value of Inventories towards slow moving, non-moving and surplus inventories. Write down of inventories (net of reversals) for the year is ₹ 68.19 crore (Previous Year ₹ 68.85 crore). Inventory values shown above are net of write down.

### 2.15.1 Working Capital Borrowings are secured by hypothecation of inventories of the respective companies.



# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2023

## 2.16 INVESTMENTS OF INSURANCE BUSINESS – CURRENT

₹ in crore

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Investments in Mutual Funds</b>		
Carried at Fair Value through Profit or Loss (FVTPL) #	-	126.82
Carried at Fair Value through Profit or Loss (FVTPL)	1.27	-
<b>Investments in Government or Trust Securities</b>		
Carried at Amortised Cost #	14.35	7.60
Carried at FVTOCI #	99.29	168.00
<b>Investments in Debentures/Bonds</b>		
Carried at Amortised Cost #	127.81	112.37
Carried at FVTOCI #	132.68	450.55
Less: impairment	-	(1.66)
<b>Other Current Investments</b>		
Carried at Amortised Cost #	417.04	979.81
Carried at Amortised Cost	10.28	-
Carried at FVTOCI #	97.97	490.42
Carried at FVTOCI	-	5.31
	<b>900.69</b>	<b>2,339.22</b>

# Quoted Investments

### 2.16.1 Aggregate Book Value of:

₹ in crore

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Quoted Investments	889.14	2,333.91
Unquoted Investments	11.55	5.31
	<b>900.69</b>	<b>2,339.22</b>
Aggregate Market Value of Quoted Investments	889.89	2,280.18
Aggregate Impairment in Value of Investments	-	1.66

## 2.17 OTHER INVESTMENTS – CURRENT

₹ in crore

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Investments in Equity Shares: Carried at FVTOCI</b>		
Larsen & Toubro Limited# (1,495,993 Shares of Face Value ₹ 2 each fully paid-up) (Previous Year 1,495,993 Shares)	323.76	264.44
<b>Investments in Mutual Funds:</b>		
Carried at FVTPL	8,315.44	9,283.16
<b>Investments in Government Securities</b>		
Carried at FVTPL #	33.14	119.80
<b>Investments in Bonds</b>		
Carried at FVTPL #	534.69	90.97
Carried at FVTPL	414.11	436.02
Carried at FVTOCI #	65.33	87.50

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2023

₹ in crore

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Investments in Debentures</b>		
Carried at FVTPL	3,835.25	1,573.94
Carried at FVTPL #	74.83	-
<b>Other Investments</b>		
Carried at FVTPL (Certificate of Deposits)	190.00	190.00
Carried at Amortised Cost (Fixed Deposit with Financial Institutions with maturity less than twelve months)	119.09	337.04
	<b>13,905.64</b>	<b>12,382.87</b>

# Quoted Investments

₹ in crore

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>2.17.1 Aggregate Book Value of:</b>		
Quoted Investments	1,031.75	562.71
Unquoted Investments	12,873.89	11,820.16
	<b>13,905.64</b>	<b>12,382.87</b>
<b>2.17.2 Aggregate Market Value of Quoted Investments</b>	1,031.75	562.71

## 2.18 ASSETS HELD TO COVER LINKED LIABILITIES OF LIFE INSURANCE BUSINESS – CURRENT

₹ in crore

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Carried at Fair Value through Profit or Loss</b>		
<b>Quoted Investments</b>		
Mutual Funds	-	15.10
Government or Trust Securities	1,675.63	1,085.84
Debentures	567.08	1,215.29
Other Current Investments	1,314.20	1,855.99
Other Current Assets	(39.81)	(165.49)
<b>Unquoted Investments</b>		
Other Current Investments	145.74	15.99
	<b>3,662.84</b>	<b>4,022.72</b>
<b>2.18.1</b> Aggregate Book Value of Quoted Investments	3,517.10	4,006.73
<b>2.18.2</b> Aggregate Market Value of Quoted Investments	3,517.10	4,006.73
<b>2.18.3</b> Aggregate Value of Unquoted Investments	145.74	15.99

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2023

## 2.19 TRADE RECEIVABLES

₹ in crore

Particulars	As at	
	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
Secured, Considered Good* <sup>@</sup>	935.51	758.35
<b>Unsecured*<sup>@</sup></b>		
Considered Good	4,979.59	4,671.39
Trade Receivables which have significant increase in Credit Risk	124.14	19.00
Credit Impaired	33.18	182.43
	6,072.42	<b>5,631.17</b>
Less: Loss Allowance	157.32	201.81
	<b>5,915.10</b>	<b>5,429.36</b>

Trade receivables are interest and non-interest bearing, and are generally up to 180 days terms.

\* Includes amount in respect of which the Company holds Letters of Credit/Guarantees from Banks.

129.05 260.51

<sup>@</sup> Includes amount due from Related Parties (Note 4.7.2)

17.17 10.15

**2.19.1** Working Capital Borrowings are secured by hypothecation of book debts of the Company.

**2.19.2** Trade Receivables include 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.

**2.19.3** Trade Receivable includes amount receivable from customers pertaining to amount funded to them for settlement of trade as part of normal business activity.

**2.19.4** No trade or other receivables are due from Directors or other Officers of the Company, either severally or jointly with any other person. Nor any trade or other receivables are due from firms or private companies, respectively in which any Director is a partner, a Director or a Member.

### 2.19.5 Trade Receivables ageing schedule

As at 31<sup>st</sup> March 2023

₹ in crore

Particulars	Outstanding for the following periods from the due date of payment					Total
	Less than 6 Months	6 months - 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Undisputed Trade Receivables - Considered Good	1,545.01	30.37	21.84	0.19	3.15	1,600.56
Undisputed Trade Receivables - which have significant increase in Credit Risk	1.32	11.54	13.21	0.13	0.68	26.88
Undisputed Trade Receivables - Credit Impaired	2.30	1.41	18.79	5.20	35.90	63.60
Disputed Trade Receivables - Considered Good	0.16	0.40	0.74	-	5.54	6.84
Disputed Trade Receivables - which have significant increase in Credit Risk	-	0.15	3.34	1.38	2.49	7.36
Disputed Trade Receivables - Credit Impaired	0.08	4.39	3.58	3.13	48.30	59.48
<b>Total (A)</b>						<b>1,764.72</b>
<b>Not Due (B)</b>						<b>4,284.62</b>
<b>Less: Loss Allowance (C)</b>						<b>157.32</b>
<b>Net Total (A+B-C)</b>						<b>5,892.02</b>
<b>Add: Unbilled Revenue</b>						<b>23.08</b>
<b>Grand Total</b>						<b>5,915.10</b>

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2023

As at 31<sup>st</sup> March 2022

₹ in crore

Particulars	Outstanding for the following periods from the due date of payment					Total
	Less than 6 Months	6 months – 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Undisputed Trade Receivables – Considered Good	1,653.18	35.45	7.30	3.55	2.97	1,702.45
Undisputed Trade Receivables – which have significant increase in Credit Risk	1.12	10.67	8.52	0.22	0.19	20.72
Undisputed Trade Receivables – Credit Impaired	0.39	2.92	3.09	33.10	30.89	70.39
Disputed Trade Receivables – Considered Good	1.69	2.11	0.57	0.48	2.03	6.88
Disputed Trade Receivables – which have significant increase in Credit Risk	-	0.05	2.07	-	-	2.12
Disputed Trade Receivables – Credit Impaired	-	0.18	0.25	55.44	52.71	108.58
<b>Total (A)</b>						<b>1,911.14</b>
<b>Not Due (B)</b>						<b>3,699.91</b>
<b>Less: Loss Allowance (C)</b>						<b>201.81</b>
<b>Net Total (A+B-C)</b>						<b>5,409.24</b>
<b>Add: Unbilled Revenue</b>						<b>20.12</b>
<b>Grand Total</b>						<b>5,429.36</b>

## 2.20 CASH AND CASH EQUIVALENTS

₹ in crore

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Balances with Banks		
In Current Account	1,550.36	1,629.64
In Deposit Account – Original Maturity of 3 Months or Less	641.22	504.43
In EEFC Account	0.61	0.03
Cheques in Hand	82.82	99.06
Cash on Hand	37.55	7.54
	<b>2,312.56</b>	<b>2,240.70</b>

**2.20.1** There is no restriction with regard to cash and cash equivalents as at the end of each reporting period and prior periods.

## 2.21 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

₹ in crore

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Earmarked Balance with Banks		
In Government Treasury Savings Account	0.03	0.03
Unclaimed Dividend (Including Unclaimed Fractional Warrants)	32.80	31.16
Bank Deposits (with maturity more than 3 months but less than 12 months) \$	1,367.99	980.66
	<b>1,400.82</b>	<b>1,011.85</b>
<b>\$ Bank Deposits include:</b>		
Earmarked for specific purpose	161.78	161.68
Lodged as Security with Government Departments	32.89	32.50
Margin Money with Exchange	94.11	292.78
Towards Issue of Bank Guarantee	12.09	111.15
The Company is in the process of transferring Fixed Deposits in its own name	4.50	4.24

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2023

**2.21.1** There are no amounts due and outstanding to be credited to the Investors Education and Protection Fund as at 31<sup>st</sup> March 2023 and 31<sup>st</sup> March 2022.

## 2.22 LOANS – CURRENT

(Unsecured, Considered Good, Carried at Amortised Cost, unless otherwise stated)

₹ in crore

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Loans against House Property (Secured by way of Title Deeds)	–	0.05
Loans and Advances of Financial Services		
Secured	8,447.11	7,995.30
Unsecured	13,999.71	6,288.10
Less: Expected Credit Loss Allowance	(125.35)	(84.39)
Loans against Insurance Policies	9.26	2.51
Inter-Corporates Deposits	–	18.00
Loans to Related Parties (Note 4.7.2)	–	16.13
Others (include Loans to Employees, etc.)	11.35	11.31
	<b>22,342.08</b>	<b>14,247.01</b>

## 2.23 OTHERS FINANCIAL ASSET – CURRENT

(Unsecured, Considered Good, Carried at Amortised Cost, unless otherwise stated)

₹ in crore

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Derivative Assets – Carried at Fair Value	62.38	52.47
Interest Accrued on Investments	61.18	49.02
Unclaimed Amount of Policyholders*	197.52	256.69
Government Grants Receivable	829.01	1,045.24
Reinsurance Assets	353.02	364.73
Other Receivables from Related Parties (Note 4.7.2)	12.62	21.24
Security Deposits	220.55	218.81
Others (Insurance Claims, Railways Claims and other Receivables)	612.64	765.56
	<b>2,348.92</b>	<b>2,773.76</b>

\* As per the IRDAI circular, a separate fund is to be formed for unclaimed amount of Policyholders.

## 2.24 OTHER CURRENT ASSETS

(Unsecured, Considered Good, unless otherwise stated)

₹ in crore

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Balances with Government Authorities	1,284.39	1,049.04
Less: Loss Allowance	(59.59)	(59.59)
Advances to Suppliers	1,523.04	1,147.11
Less: Loss Allowance	(4.48)	(4.62)
Deferred Acquisition Costs	0.71	0.94
Advance to Related Parties (Note 4.7.2)	2.49	15.54
Others (include Prepayments, etc.)	806.71	625.72
	<b>3,553.27</b>	<b>2,774.14</b>

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2023

## 2.25 EQUITY SHARE CAPITAL

		₹ in crore	
Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022	
<b>2.25.1 Authorised *</b>			
2,062,500,000 Equity Shares of ₹ 2/- each (Previous Year 2,062,500,000 Shares of ₹ 2/- each)	412.50	412.50	
1,100,000 Redeemable Cumulative Preference Shares of ₹ 100 each (Previous Year 1,100,000 Shares of ₹ 100 each)	11.00	11.00	
	<b>423.50</b>	<b>423.50</b>	

\* Pursuant to clause 8 of the Scheme of Arrangement between Grasim Premium Fabrics Private Limited and the Company (Scheme), authorized equity share capital of the Company increased to 2,062,500,000 equity shares of ₹ 2 each. Effective Date of the Scheme was 21<sup>st</sup> June 2021

		₹ in crore	
Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022	
<b>2.25.2 Issued, Subscribed and Fully Paid-up</b>			
658,432,126 Equity Shares of ₹ 2 each (Previous Year 658,295,426 Equity Shares of ₹ 2 each) fully paid-up	131.68	131.66	
Share Capital Suspense			
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>131.69</b>	<b>131.67</b>	

### 2.25.3 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.

### 2.25.4 Reconciliation of the Number of Equity Shares Outstanding (including Share Capital Suspense)

Particulars	Number of Shares		₹ in crore	
	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
Outstanding as at the beginning of the year	658,323,721	658,073,139	131.67	131.62
Issued during the year under Employee Stock Options Scheme	136,700	250,582	0.02	0.05
<b>Outstanding as at the end of the year</b>	<b>658,460,421</b>	<b>658,323,721</b>	<b>131.69</b>	<b>131.67</b>

### 2.25.5 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.

### 2.25.6 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 2023

₹ in crore

Particulars	As at 31 <sup>st</sup> March 2023		As at 31 <sup>st</sup> March 2022	
	No. of Shares	% Holding	No. of Shares	% Holding
2.25.7 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)	56,853,028	8.63%	56,752,955	8.62%

## 2.25.8 List of Shareholders holding more than 5% Shares in the Equity Share Capital of the Company

Particulars	As at 31 <sup>st</sup> March 2023		As at 31 <sup>st</sup> March 2022	
	No. of Shares	% Holding	No. of Shares	% Holding
Birla Group Holdings Private Limited	125,004,398	18.99%	125,004,398	18.99%
Life Insurance Corporation of India	61,547,074	9.35%	60,011,298	9.12%
IGH Holdings Private Limited	42,436,393	6.45%	42,436,393	6.45%

## 2.25.9 Shareholding of Promoters and Promoters Group:

Sr. No.	Name of the Promoter	As at 31 <sup>st</sup> March 2023			As at 31 <sup>st</sup> March 2022		
		No. of Shares	% Holding	% Change during the year	No. of Shares	% Holding	% Change during the year
1	Birla Group Holdings Private Limited	125,004,398	18.99%	0.00%	125,004,398	18.99%	-0.01%
2	IGH Holdings Private Limited	42,436,393	6.45%	0.00%	42,436,393	6.45%	0.68%
3	Hindalco Industries Limited	28,222,468	4.29%	0.00%	28,222,468	4.29%	0.00%
4	Umang Commercial Company Private Limited	26,746,262	4.06%	0.00%	26,746,262	4.06%	0.00%
5	Pilani Investment and Industries Corporation Limited	24,714,527	3.75%	0.00%	24,714,527	3.75%	-0.01%
6	P.T. Indo Bharat Rayon*	20,004,020	3.04%	0.00%	20,004,020	3.04%	0.00%
7	Thai Rayon Public Company Limited*	4,774,666	0.73%	0.00%	4,774,666	0.73%	0.00%
8	Anatole Investments Pte Ltd*	4,459,323	0.68%	0.00%	4,459,323	0.68%	0.27%
9	P T Sunrise Bumi Textiles*	1,268,750	0.19%	0.00%	1,268,750	0.19%	0.00%
10	Kumar Mangalam Birla	1,086,993	0.17%	0.00%	1,086,993	0.17%	0.00%
11	P T Elegant Textile Industry*	808,750	0.12%	0.00%	808,750	0.12%	0.00%
12	Birla Institute of Technology and Science	661,205	0.10%	0.00%	661,205	0.10%	0.00%
13	Rajashree Birla	552,850	0.08%	0.00%	552,850	0.08%	0.00%
14	Renuka Investments & Finance Limited	242,185	0.04%	0.00%	242,185	0.04%	0.00%
15	Vasavadatta Bajaj	118,537	0.02%	0.00%	118,537	0.02%	0.00%
16	Aditya Vikram Kumar Mangalam Birla HUF (Karta- Mr. Kumar Mangalam Birla)	89,720	0.01%	0.00%	89,720	0.01%	0.00%
17	Birla Industrial Finance (India) Limited	87,485	0.01%	0.00%	87,485	0.01%	0.00%
18	Birla Consultants Limited	87,382	0.01%	0.00%	87,382	0.01%	0.00%
19	Neerja Birla	73,062	0.01%	0.00%	73,062	0.01%	0.00%
20	Birla Industrial Investments (India) Limited	18,657	0.00%	0.00%	18,657	0.00%	0.00%
21	Surya Kiran Investments Pte Limited*	5,000	0.00%	0.00%	5,000	0.00%	0.00%
22	Vikram Holdings Pvt. Ltd.	750	0.00%	0.00%	750	0.00%	0.00%
23	Rajratna Holdings Private Limited	670	0.00%	0.00%	670	0.00%	0.00%
24	Vaibhav Holdings Private Limited	670	0.00%	0.00%	670	0.00%	0.00%
		<b>281,464,723</b>	<b>42.75%</b>	<b>0.00%</b>	<b>281,464,723</b>	<b>42.76%</b>	<b>0.93%</b>

\* GDRs held by Promoter Group

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2023

		₹ in crore	
Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022	
<b>2.25.10</b>	Shares reserved for issue under options and contracts, including the terms and amounts	2,036,941	1,696,470
	For details of Shares reserved for issue under the Employee Stock Options Plan (ESOP) of the Company (Note 4.5)		
<b>2.25.11</b>	Aggregate number of Equity Shares issued for consideration other than cash during the period of five years immediately preceding the reporting date		
	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

## 2.26 OTHER EQUITY – ATTRIBUTABLE TO OWNERS OF THE COMPANY

		₹ in crore	
Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022	
a)	Equity Component of Other Financial Instruments	3.00	3.00
b)	Capital Reserve	146.31	146.31
c)	Legal Reserve	0.29	0.31
d)	Securities Premium	27,256.09	27,229.59
e)	General Reserve	38,421.45	35,419.61
f)	Debenture Redemption Reserve	35.32	35.32
g)	Special Reserve Fund	971.40	584.20
h)	Treasury Shares held by ESOP Trust	(387.32)	(239.30)
i)	Retained Earnings	12,980.04	10,159.72
j)	Employee Share Options Outstanding	410.57	301.83
k)	Debt Instruments through OCI	(47.74)	0.45
l)	Equity Instruments through OCI	(1,514.53)	1,568.89
m)	Hedging Reserve	(105.65)	6.81
n)	Foreign Currency Translation Reserve	441.07	349.82
		<b>78,610.30</b>	<b>75,566.56</b>

Movement of each item of other equity is presented statement of changes in equity

### The Description of the nature and purpose of each reserve within other equity is as follows:

- a. Equity Component of Other Financial Instruments:** Inter-Corporate Deposits (ICD) are recorded at fair value on initial recognition under Ind AS while carried at transaction value under previous GAAP. The impact (i.e., difference between IGAAP and Ind AS) represents a capital contribution.
- b. 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.
- c. Legal Reserve:** Legal Reserve represents profit transferred as per the legal requirements in a Joint Venture of the Company.
- d. 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.
- e. 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.



# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2023

- f. 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 excluding unlisted companies which are required to create DRR at 10% of the value outstanding of the debentures.
- g. Special Reserve Fund:** Special Reserve represents the reserve created pursuant to the Reserve Bank of India Act, 1934 (the "RBI Act"). In terms of Section 45-1C of the RBI Act, a Non-Banking Finance Company is required to transfer an amount not less than 20 percent of its net profit to a Reserve Fund before declaring any dividend. Appropriation from this Reserve Fund is permitted only for the purposes specified by RBI. Further, as per Section 29C(i) of the National Housing Bank Act, 1987, the Housing Finance subsidiary of the Company is required to transfer at least 20% of its net profit every year to a reserve before any dividend is declared. For this purpose, any special reserve created by the Company under Section 36(1) (viii) of the Income tax Act, 1961, is considered to be an eligible transfer.
- h. Treasury Shares held under ESOP Trust:** The Group has formed an Employee Welfare Trust for purchasing Group's shares to be allotted to eligible employees under Employees Stock Options 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.
- i. Retained Earnings:** Amount of retained earnings represents accumulated profit and losses of the Group as on reporting date. Such profits and losses are after adjustment of payment of dividend, transfer to any reserves as statutorily required and adjustment for realised gain/loss on derecognition of equity instruments measured at FVTOCI. Actuarial Gain/(Loss) arising out of Actuarial valuation is immediately transferred to Retained Earnings.
- j. 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.
- k. 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 on disposal off such instruments.
- l. 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.
- m. Hedging Reserve:** It represents the effective portion of the fair value of forward contracts, designated as cash flow hedge.
- n. 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.

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2023

## 2.27 BORROWINGS – NON-CURRENT

(Carried at Amortised Cost, except otherwise stated)

Particulars	₹ in crore	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Secured</b>		
Non-Convertible Debentures {Note (a)}	15,864.93	11,392.39
<b>Term Loans from Banks</b>		
Rupee Term Loans from Banks {Note (b)}	36,578.83	21,632.67
Foreign Currency Loans {Note (c)}	1,931.24	2,404.34
Subsidised Government Loans {Note (d)}	168.10	207.86
Term Loans from Others {Note (e)}	-	0.41
<b>Unsecured</b>		
Non-Convertible Debentures {Note (f)}	7,920.18	7,700.51
<b>Term Loans from Banks</b>		
Foreign Currency Loans {Note (g)}	821.74	-
Term Loans from Others {Note (h)}	17.59	12.18
Subsidised Government Loans {Note (i)}	111.86	152.71
Preference Shares classified as Liability {Note (j)}	11.19	11.19
Foreign Currency Bonds {Note (k)}	3,286.80	3,031.70
	<b>66,712.46</b>	<b>46,545.96</b>

### 2.27.1 Nature of Security, Repayment Terms and Break-up of Current and Non-Current:

Secured Long-Term Borrowings:	Repayment Terms	₹ in crore	
		As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>(a) Non-Convertible Debentures (NCDs)</b>			
(i) NCDs of NBFCs and NHFCs			
Debentures Secured by way of mortgage on the immovable property and first pari-passu charge on certain financial assets of the fellow Subsidiary Companies:			
Repayment Terms : Maturing within 1 year, Rate of Interest 6.25% to 9.29% p.a.		2,586.02	3,123.00
Repayment Terms : Maturing between 1 to 3 years, Rate of Interest 5.12% to 9.29% p.a.		8,438.80	5,528.30
Repayment Terms : Maturing after 3 years, Rate of Interest 6.25% to 11.50% p.a.		6,926.13	5,364.09
(ii) Other NCDs *			
7.53% NCDs (Redeemable at par on 21 <sup>st</sup> August 2026)		500.00	500.00
		<b>18,450.95</b>	<b>14,515.39</b>
Less: Amount disclosed as current maturities of long-term debts under the head			
'Current Borrowings' (Note 2.32)		2,586.02	3,123.00
		<b>15,864.93</b>	<b>11,392.39</b>

\* The NCDs are secured by way of first charge, having pari-passu 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.

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2023

₹ in crore

Secured Long-Term Borrowings:	Repayment Terms	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Term Loans from Banks</b>			
<b>(b) Rupee Term Loans \$</b>			
(bi) Borrowings of NBFCs and NHFCs			
	Repayment Terms : Maturing within 1 year, Rate of Interest 2.94% to 8.80% p.a.	12,237.71	7,234.52
	Repayment Terms : Maturing between 1 to 3 years, Rate of Interest 2.94% to 8.80% p.a.	21,703.08	15,636.65
	Repayment Terms : Maturing after 3 years, Rate of Interest 2.94% to 9.15% p.a.	12,417.76	6,044.91
\$ The term loan from banks are secured by way of first <i>pari passu</i> charge on the receivables of the respective subsidiaries Company.			
(bii) Other Borrowings ^^			
RBL Bank Ltd.	Repaid during the Year	-	10.13
RBL Bank Ltd.	The loan is repayable in 76 structured quarterly instalments beginning from 30 <sup>th</sup> November 2023. The letter of credit on its maturity will be converted into a term loan with Axis Bank having the repayment terms as mentioned above. The maturity of the loan is 25 <sup>th</sup> November 2042. Rate of Interest 5.05% to 8.30% p.a.	18.49	18.18
RBL Bank Ltd.	The loan is repayable in 76 structured quarterly instalments beginning from 31 <sup>st</sup> March 2023. The letter of credit on its maturity will be converted into a term loan with RBL Bank having the repayment terms as mentioned above. The maturity of the loan is 31 <sup>st</sup> December 2041. Rate of Interest 4.75% to 8.18% p.a.	74.36	21.72
ICICI Bank Ltd.	Repayable in structured quarterly instalments beginning from 31 <sup>st</sup> December 2019 not exceeding beyond 31 <sup>st</sup> December 2038.-Rate of Interest 7.80% to 7.85% p.a.	84.99	78.97
Axis Bank Ltd.	The loan is repayable in 78 structured quarterly instalments beginning from 31 <sup>st</sup> March 2024 last installment falling due in June 2043.-Rate of Interest 8.00% to 9.10% p.a.	190.88	11.02
ICICI Bank Ltd.	Repaid during the Year	-	12.19
ICICI Bank Ltd.	The loan is repayable in 76 equal quarterly instalments beginning from 31 <sup>st</sup> March 2019. The Company has 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.-Rate of Interest 7.40% to 7.45% p.a.	55.29	59.50
ICICI Bank Ltd.	The loan is repayable in 70 quarterly instalments starting from 31 <sup>st</sup> December 2021 last installment falling due in March 2039.-Rate of Interest 7.80% to 8.10% p.a.	12.32	1.10
Kotak Bank Ltd.	Repayable in 70 quarterly instalments beginning 31 <sup>st</sup> December 2021.-Rate of Interest 6.45% to 8.70% p.a.	112.84	88.43
Citibank N.A.	Repayable in 74 quarterly instalments beginning February 2019.-Rate of Interest 4.48% to 8.20% p.a.	20.29	21.76
ICICI Bank Ltd.	The loan is repayable in 74 quarterly instalments which should not exceed the maturity date i.e., 31 <sup>st</sup> March 2038. -Rate of Interest 7.40% to 8.80% p.a.	22.08	23.65
Axis Bank Ltd.	The loan is repayable in 60 quarterly instalments at the % repayment agreed in the loan agreement which should not exceed the maturity date i.e., 31 <sup>st</sup> March 2036. The letter of credit on its maturity will be converted into a term loan having the repayment terms as mentioned above.-Rate of Interest 5.30% to 7.25% p.a.	11.40	12.13
Axis Bank Ltd.	The loan is repayable in 60 quarterly instalments at the % repayment agreed in the loan agreement which should not exceed the maturity date i.e., 31 <sup>st</sup> March 2036. On its maturity will be converted into a term loan having the repayment terms as mentioned above.-Rate of Interest 6.59% to 11.22% p.a.	15.91	14.66
Axis Bank Ltd.	The loan is repayable in 58 structured quarterly instalments beginning from 31 <sup>st</sup> December 2022. The letter of credit on its maturity will be converted into a term loan with Axis Bank having the repayment terms as mentioned above. The maturity of the loan is 31 <sup>st</sup> March 2037.-Rate of Interest 5.28% to 8.50% p.a.	84.09	84.13

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₹ in crore

Secured Long-Term Borrowings:	Repayment Terms	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Axis Bank Ltd.	The loan is repayable in 58 structured quarterly instalments beginning from 31 <sup>st</sup> December 2022 and ending on 31 <sup>st</sup> March 2037 with bullet of 20% on 31 <sup>st</sup> March 2037. The letter of credit on its maturity will be converted into a term loan having the repayment terms as mentioned above.-Rate of Interest 5.30% to 8.50% p.a.	23.19	23.18
Axis Bank Ltd.	The loan is repayable in 58 structured quarterly instalments beginning from 31 <sup>st</sup> December 2022 and ending on 31 <sup>st</sup> March 2037.-Rate of Interest 7.75% to 8.75% p.a.	5.70	6.42
Kotak Bank Ltd.	Repayable in such structured quarterly instalments beginning from 31 <sup>st</sup> December 2021 not exceeding beyond 31 <sup>st</sup> March 2037.-Rate of Interest 6.45% to 8.70% p.a.	14.04	14.43
Axis Bank Ltd.	The loan is repayable in 58 structured quarterly instalments beginning from 31 <sup>st</sup> December 2022 last installment falling due in March 2037.-Rate of Interest 7.75% to 9.30% p.a.	2.39	0.15
Axis Bank Ltd.	The loan is repayable in 58 structured quarterly instalments beginning from 31 <sup>st</sup> December 2022. The letter of credit on its maturity will be converted into a term loan with Axis Bank having the repayment terms as mentioned above. The maturity of the loan is 31 <sup>st</sup> March 2037.-Rate of Interest 5.30% to 8.50% p.a.	5.33	5.33
Axis Bank Ltd.	The loan is repayable in 57 structured quarterly instalments beginning from 31 <sup>st</sup> March 2023 last installment falling due in March 2037.-Rate of Interest 7.75% to 9.30% p.a.	10.90	2.57
RBL Bank Ltd.	Repaid during the Year	-	29.56
Axis Bank Ltd.	The loan is repayable in 58 structured quarterly instalments beginning from 30 <sup>th</sup> June 2022. The letter of credit on its maturity will be converted into a term loan with Axis Bank having the repayment terms as mentioned above. The maturity of the loan is 30 <sup>th</sup> September 2036.-Rate of Interest 5.25% to 8.50% p.a.	22.46	22.46
Axis Bank Ltd.	The loan is repayable in 58 structured quarterly instalments beginning from 30 <sup>th</sup> June 2022. The suppliers credit on its maturity will be converted into a term loan with Axis Bank having the repayment terms as mentioned above. The maturity of the loan is 30 <sup>th</sup> September 2036.-Rate of Interest 5.05% to 5.20% p.a.	28.89	26.96
Bank of Baroda	Repayable in structured quarterly instalments as per the loan agreements up to September 2034.-Rate of Interest 7.70% to 9.70% p.a.	191.01	206.20
Federal Bank	The loan is repayable in 36 structured quarterly instalments after the end of moratorium period as per the loan agreement which shall not exceed 27 <sup>th</sup> December 2029. Rate of Interest 8.10% to 8.70% p.a.	335.53	345.70
Standard Chartered Bank	The facility is repayable by January 2025 as the maturity date of the credit instrument. Rate of Interest 5.86% to 10.98% p.a.	44.74	118.44
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. Rate of Interest 6.93% to 6.96% p.a.	52.27	145.28
ICICI Bank Ltd.	The loan is repayable in 78 structured quarterly instalments beginning from 31 <sup>st</sup> March 2024. The letter of credit on its maturity will be converted into a term loan with ICICI Bank having the repayment terms as mentioned above. The maturity of the loan is 30 <sup>th</sup> June 2043.-Rate of Interest 7.10% to 7.90% p.a.	111.94	-
RBL Bank Limited	The loan is repayable in 76 structured quarterly instalments beginning from 31 <sup>st</sup> March 2023. The letter of credit on its maturity will be converted into a term loan with Ratnakar Bank Limited having the repayment terms as mentioned above. The maturity of the loan is 31 <sup>st</sup> December 2041.-Rate of Interest 5.60% to 8.05% p.a.	15.50	-
ICICI Bank Ltd.	The loan is repayable in 78 structured quarterly instalments beginning from 31 <sup>st</sup> March 2024. The letter of credit on its maturity will be converted into a term loan with ICICI Bank having the repayment terms as mentioned above. The maturity of the loan is 30 <sup>th</sup> June 2043. Rate of Interest 7.80% to 7.90% p.a.	15.78	-

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₹ in crore

Secured Long-Term Borrowings:	Repayment Terms	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
RBL Bank Limited	The loan is repayable in 69 structured quarterly instalment after the end of moratorium period as per the loan agreement which shall not exceed 31 <sup>st</sup> March 2041. The letter of credit on its maturity will be converted into a term loan having the repayment terms as mentioned above. Rate of Interest 7.15% to 8.16% p.a.	52.81	-
Kotak Mahindra Bank	Term Loan shall be repaid in 70 structured quarterly instalments starting 31 <sup>st</sup> December 2022 and ending on 31 <sup>st</sup> March 2040. Rate of Interest 8.30% to 8.85% p.a.	162.88	-
RBL Bank Limited	The loan is repayable in 69 structured quarterly instalment after the end of moratorium period as per the loan agreement which shall not exceed 31 <sup>st</sup> March 2041. Rate of Interest 8.95% to 9.64% p.a.	18.97	-
Deutsche Bank AG	The loan is repayable from the date of first drawdown beginning from 30 <sup>th</sup> January 2024. Rate of Interest 9.07% to 9.89% p.a.	227.37	-
Federal Bank	The loan is repayable in 76 structured quarterly instalments after the end of moratorium period as per the loan agreement which shall not exceed 31 <sup>st</sup> January 2043. Rate of Interest 8.40%	5.17	-
ICICI Bank Ltd.	The loan is repayable in 78 structured quarterly instalments beginning from 31 <sup>st</sup> March 2024. The maturity of the loan is 30 <sup>th</sup> June 2043. Rate of Interest 8.10% to 8.65% p.a.	81.54	-
IndusInd Bank	The loan is repayable in 76 structured quarterly instalments beginning from 30 <sup>th</sup> June 2024 last installment falling due in March 2043. Rate of Interest 7.85% to 8.96% p.a.	616.48	-
Federal Bank	The loan is repayable in 76 structured quarterly instalments after the end of moratorium period as per the loan agreement which shall not exceed 31 <sup>st</sup> January 2043. Rate of Interest 8.37%	1.99	-
		<b>49,108.37</b>	<b>30,320.32</b>
Less: Amount disclosed as current maturities of long-term debts under the head			
'Current Borrowings' (Note 2.32)		12,529.54	8,687.65
		<b>36,578.83</b>	<b>21,632.67</b>

^^ The above-mentioned loans are secured by way of first charge, having *pari passu* rights, on the Subsidiary's Property Plant and Equipments, both present and future, situated at certain locations, in favour of Subsidiary's lenders.

₹ in crore

Secured Long-Term Borrowings:	Repayment Terms	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>(c) Term Loan from Banks in Foreign Currency</b>			
External Commercial Borrowing		1,931.24	2,404.34
		<b>1,931.24</b>	<b>2,404.34</b>
<b>(d) Subsidiised Government Loans</b>			
Department of Industries and Commerce, Karnataka - Sales Tax Deferment Loan is secured by bank guarantee backed by hypothecation of inventories and book debts of the Company.	Varied Annual Payments from August 2032 to March 2034.	151.92	108.69
Uttar Pradesh Financial Corporation - Sales Tax Deferment Loan is secured by bank guarantee backed by hypothecation of inventories and book debts of the Company.	Varied Annual Payments from August 2019 to December 2024.	50.80	84.95
Term Loan secured by way of first <i>pari passu</i> charge by hypothecation of the entire movable property, plant and equipment of the Company's Excel Fibre Division Plant at Kharach.	9 half yearly instalments from 1 <sup>st</sup> April 2020 of ₹ 27.80 crore each. Remaining 2 half yearly instalments of ₹ 27.80 crore each	56.59	115.45
Rate of interest @5%			

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2023

₹ in crore

Secured Long-Term Borrowings:	Repayment Terms	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Less: Amount disclosed as current maturities of long-term debts under the head 'Current Borrowings' (Note 2.32)		91.21	101.23
		<b>168.10</b>	<b>207.86</b>
<b>(e) Term Loan from Others</b>			
Loan taken against IT hardware by the Subsidiary Company	Repaid during the Year	-	3.21
Less: Amount disclosed as current maturities of long-term debts under the head 'Current Borrowings' (Note 2.32)		-	2.80
		-	<b>0.41</b>
<b>Total Secured Borrowings (I)</b>		<b>54,543.10</b>	<b>35,637.67</b>

₹ in crore

Unsecured Long-Term Borrowings:	Repayment Terms	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>(f) Debentures</b>			
(f1) Non-Convertible Debentures (NCDs)			
6.99% Series 21-22/I NCDs (Redeemable at par on 4 <sup>th</sup> April 2031)		997.45	997.20
7.50% Series 22-23/I NCDs (Redeemable at par on 10 <sup>th</sup> June 10, 2027)		997.50	-
7.63% Series 22-23/II NCDs (Redeemable at par on 1 <sup>st</sup> December 2027)		998.50	-
6.68% NCDs (Redeemable at par on 20 <sup>th</sup> February 2025)		250.00	250.00
7.60% Series 19-20/II NCDs (Redeemable at par on 4 <sup>th</sup> June 2024)		716.33	726.02
7.64% NCDs (Redeemable at par on 4 <sup>th</sup> June 2024)		229.27	250.00
7.85% Series 19-20/I NCDs (Redeemable at par on 15 <sup>th</sup> April 2024)		499.37	488.15
4.57% NCDs (Redeemable at par on 29 <sup>th</sup> December 2023)		1,000.00	1,000.00
5.90% 1 <sup>st</sup> Series NCDs (Redeemable at par on 16 <sup>th</sup> June 2023)		499.85	499.82
9.00% 30 <sup>th</sup> Series NCDs (Redeemable at par on 10 <sup>th</sup> May 2023)		200.12	202.03
6.65% Series 19-20/III NCDs (Redeemable at par on 17 <sup>th</sup> February 2023)		-	499.51
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 13 <sup>th</sup> April 2022)		-	499.97
Less: Amount disclosed as current maturities of long-term debts under the head			
(f2) Subordinate Debentures			
Unsecured Debenture : 7.57% p.a. (Redeemable in August 2035)		653.96	105.00
Subordinate Debts - Debentures 7.34% to 9.76% p.a. (Redeemable from July 2026 to January 2031)		2,377.80	3,022.86
Perpetual Debts 8.70% p.a. (Maturing in July 2027)		200.00	200.00
Less: Amount disclosed as current maturities of long-term debts under the head			
'Current Borrowings' (Note 2.32)		1,699.97	1,290.05
		<b>7,920.18</b>	<b>7,700.51</b>

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2023

₹ in crore

Unsecured Long-Term Borrowings:	Repayment Terms	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>(g) Term Loans from Banks in Foreign Currency</b>			
Export Development, Canada (US Dollar: 4.00 crore; Previous Year 7.00 crore)	Repaid in June 2022	-	303.17
Sumitomo Mitsui Banking Corporation Singapore Branch (USD Dollar: 10 crore)- 'Bullet Payment June 2027		821.74	-
		<b>821.74</b>	<b>303.17</b>
Less: Amount disclosed as current maturities of long-term debts under the head 'Current Borrowings' (Note 2.32)		-	303.17
		<b>821.74</b>	<b>-</b>
<b>(h) Term Loan from Others</b>			
Loan taken from Hewlett Packard Financial Sales India Private Limited against IT Hardware of the Subsidiary	Between 1-16 Quarterly Instalments from 1 <sup>st</sup> January 2020 till 1 <sup>st</sup> March 2024 with interest ranging from 10.50% to 11.03% p.a.	17.59	21.53
Less: Amount disclosed as current maturities of long-term debts under the head 'Current Borrowings' (Note 2.32)		-	9.35
		<b>17.59</b>	<b>12.18</b>
<b>(i) Subsidised Government Loans</b>			
Commercial Tax Department, Hyderabad	Varied Annual payments from October 2012 to October 2026	112.28	141.90
From Government of Uttar Pradesh - Refer Note 4.12.1(a)	Repaid during the year	-	0.95
	Repayable on 25 <sup>th</sup> December 2023	6.04	5.53
	Repayable on 7 <sup>th</sup> August 2023	5.67	5.19
	Repayable on 29 <sup>th</sup> October 2024	6.85	6.34
	Repayable on 17 <sup>th</sup> November 2025	2.36	2.16
	Repayable on 17 <sup>th</sup> May 2025	4.65	4.31
From Government of Karnataka- Refer Note 4.12.1(a)	Repayable on 17 <sup>th</sup> June 2027	11.68	10.88
	Repayable on 25 <sup>th</sup> March 2028	6.54	6.05
Department of Industries and Commerce, Haryana	Repaid during the year	-	11.01
		<b>156.07</b>	<b>194.31</b>
Less: Amount disclosed as current maturities of long-term debts under the head 'Current Borrowings' (Note 2.32)		44.21	41.60
		<b>111.86</b>	<b>152.71</b>
<b>(j) Preference Shares issued by Subsidiaries</b>			
Compulsory Convertible Preference Shares (CCPS) carry cumulative dividend @0.001% p.a. The CCPS so issued are convertible on the occurrence of the earlier of the two events, namely:		11.19	11.19
(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.			

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2023

₹ in crore

Unsecured Long-Term Borrowings:	Repayment Terms	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
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.			
		<b>11.19</b>	<b>11.19</b>
<b>(k) Foreign Currency Bonds</b>			
2.80% Sustainability Linked Bonds (US Dollars - February 2031 400 million; Previous Year US Dollars 400 million)		3,286.80	3,031.70
Subsidiary (UltraTech) has issued unsecured fixed rate US Dollar denominated notes (in the form of Sustainability Linked Bonds), aggregating to USD 400 million, due on 16 <sup>th</sup> February 2031, bearing coupon of 2.80% per annum payable semi-annually. The Bonds are linked to 'Sustainability Performance Target (SPT) of reducing Scope 1 GHG emissions by 22.2% from a 2017 baseline. If SPT is not achieved by observation date in 2030, the coupon will step-up by 0.75% for last two coupons. The Bonds are listed on the Singapore Exchange Securities Trading Limited.			
		<b>3,286.80</b>	<b>3,031.70</b>
<b>Total Unsecured Borrowings (II)</b>		<b>12,169.36</b>	<b>10,908.30</b>
<b>Total Non-Current Borrowings (I + II)</b>		<b>66,712.46</b>	<b>46,545.96</b>

## 2.28 POLICYHOLDER'S LIABILITIES - NON-CURRENT

₹ in crore

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Insurance Contract Liabilities	47,733.88	41,328.24
Investment Contract Liabilities	19,278.15	16,377.40
	<b>67,012.03</b>	<b>57,705.64</b>

## 2.29 OTHER FINANCIAL LIABILITIES - NON-CURRENT

(Carried at Amortised Cost, unless otherwise stated)

₹ in crore

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Security and Other Deposits	13.19	3.56
Derivative Liabilities at Fair Value	13.42	77.99
Deferred Premium Payables	327.29	303.48
Other Liabilities (Interest Accrued But Not Due)	44.67	43.71
	<b>398.57</b>	<b>428.74</b>

## 2.30 PROVISIONS - NON-CURRENT

₹ in crore

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
For Employee Benefits (unfunded Gratuity, Pension and Long-term Incentive Plan)	405.16	387.92
For Mine Restoration Expenditure (Note 2.38.1 (a))	355.74	327.21
For Other Provisions (Note 2.38.1 (e))	4.91	17.81
	<b>765.81</b>	<b>732.94</b>



# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2023

## 2.31 OTHER NON-CURRENT LIABILITIES

₹ in crore

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Deferred Government Subsidies	10.75	75.50
Other Liabilities (mainly Income received in advance)	5.49	0.82
	<b>16.24</b>	<b>76.32</b>

## 2.32 BORROWINGS – CURRENT

(Carried at Amortised Cost, unless otherwise stated)

₹ in crore

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Secured</b>		
Loans Repayable on Demand – Cash Credits/Working Capital Borrowings		
From Banks (secured by hypothecation of stocks and book debts of the Company)	4,873.61	2,794.20
<b>Unsecured</b>		
Loans Repayable on Demand – Cash Credits/Working Capital Borrowings		
From Banks (includes Commercial Papers)	4,499.69	3,477.36
From Others (Commercial Papers)	7,614.60	5,613.38
Loans from Other Body Corporates	592.12	13.40
Redeemable Preference Shares Issued	–	1,000.10
Debenture / Bond	104.49	–
Current Maturities of Long-term Debts (Note 2.27.1)	16,950.95	13,558.85
	<b>34,635.46</b>	<b>26,457.29</b>

## 2.33 SUPPLIER'S CREDIT

₹ in crore

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Supplier's Credit	–	183.40
	<b>–</b>	<b>183.40</b>

Supplier's Credit represents the extended interest bearing credit offered by the supplier which is secured against Usance Letter of Credit (LC). Under this arrangement, the supplier is eligible to receive payment from negotiating bank prior to the expiry of the extended credit period. The interest for the extended credit period payable to the bank on maturity of the LC has been presented under Finance Cost. Rate of interest was in the range of 5.30% to 7.50% (Previous Year 5.30%).

## 2.34 POLICYHOLDER'S LIABILITIES – CURRENT

₹ in crore

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Insurance Contract Liabilities	1,786.37	1,926.01
Investment Contract Liabilities	9.16	8.99
Fair Value Changes of Policyholder's Investments	282.37	468.41
Incurred But Not Reported (IBNR) Provisions	–	108.97
Freelook Reserve (Net)	–	0.96
Unexpired Premium Reserve	–	654.40
	<b>2,077.90</b>	<b>3,167.74</b>

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2023

## 2.35 TRADE PAYABLES

₹ in crore

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Due to Related Parties (Note 4.7.2)	117.70	108.58
Total Outstanding Due to Micro and Small Enterprises #	351.52	244.28
Acceptances	1,274.75	1,066.90
Others	11,609.30	9,973.68
	<b>13,353.27</b>	<b>11,393.44</b>

# This information has been determined to the extent such parties have been identified on the basis of information available with the Group.

₹ in crore

Particulars	Unbilled (A)	Not Due (B)	Outstanding for following periods from due date of payment					Total (C)	Grand Total (A+B+C)
			Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years			
<b>As at 31<sup>st</sup> March 2023</b>									
Micro and Small Enterprises	1.49	297.10	50.10	0.72	0.44	0.22	51.48	350.07	
Others	2,956.07	5,169.51	4,785.01	8.97	5.35	7.03	4,806.36	12,931.94	
Disputed Dues – Micro and Small Enterprises	-	-	1.14	0.31	-	-	1.45	1.45	
Disputed Dues – Others	2.61	-	22.33	16.07	7.78	21.02	67.20	69.81	
<b>Total</b>	<b>2,960.17</b>	<b>5,466.61</b>	<b>4,858.58</b>	<b>26.07</b>	<b>13.57</b>	<b>28.27</b>	<b>4,926.49</b>	<b>13,353.27</b>	
<b>As at 31<sup>st</sup> March 2022</b>									
Micro and Small Enterprises	0.21	200.66	40.64	0.52	0.25	0.04	41.45	242.32	
Others	2,145.59	4,969.28	3,923.92	26.85	15.69	5.75	3,972.21	11,087.08	
Disputed Dues – Micro and Small Enterprises	-	-	0.12	0.10	-	1.74	1.96	1.96	
Disputed Dues – Others	6.05	17.73	6.24	11.46	15.36	5.24	38.30	62.08	
<b>Total</b>	<b>2,151.85</b>	<b>5,187.67</b>	<b>3,970.92</b>	<b>38.93</b>	<b>31.30</b>	<b>12.77</b>	<b>4,053.93</b>	<b>11,393.44</b>	

## 2.36 OTHER FINANCIAL LIABILITIES- CURRENT

(Carried at Amortised Cost, unless otherwise stated)

₹ in crore

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Interest Accrued But Not Due on Borrowings	1,223.54	1,092.06
Unclaimed Dividends (amount Transferable to Investor Education and Protection Fund, when due)	32.56	30.89
Security and Other Deposits (Trade Deposits)	2,246.17	2,132.63
Liability for Capital Goods @ #	2,068.70	1,055.46
Accrued Expenses Related to Employees	1,126.57	935.91
Derivative Liabilities - Carried at Fair Value	112.21	81.61
Margin Money from Customers	638.39	521.95
Due to Life Insurance Policyholders	1,272.70	1,291.23
Other Payables (including Retention Money, Liquidated Damages, etc.)	1,138.17	1,024.35
	<b>9,859.01</b>	<b>8,166.09</b>

@ Includes amount of ₹ 105.22 crore (Previous Year ₹ 35.95 crore) payable related to Micro and Small Enterprises.

# Includes acceptances of ₹ Nil (Previous Year ₹ 58.62 crore) towards Capital Goods.

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2023

## 2.37 OTHER CURRENT LIABILITIES

₹ in crore

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Statutory Liabilities	2,684.84	2,594.23
Contract Liabilities	710.31	857.29
Deferred Government Subsidies	31.26	29.12
Other Payables (including legal claims)	3,011.74	2,964.38
	<b>6,438.15</b>	<b>6,445.02</b>

## 2.38 PROVISIONS – CURRENT

₹ in crore

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
For Employee Benefits (Gratuity, Compensated Absences and Pension)	495.07	551.29
For Warranty Provision (Note 2.38.1 (b))	0.99	1.82
For Assets Transfer Cost (Note 2.38.1 (c))	161.58	215.57
For Provision against Contingent Liabilities (Note 2.38.1 (d))	42.47	42.70
For Other Provisions (Note 2.38.1 (e))	22.36	4.36
	<b>722.47</b>	<b>815.74</b>

### 2.38.1 Movement of provisions during the year as required by Ind AS 37 – "Provisions, Contingent Liabilities and Contingent Asset"

₹ in crore

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>(a) Provision for Mine Restoration Expenditure*</b>		
Opening Balance	327.21	296.02
Add: Provision during the Year	14.88	10.47
Add: Unwinding of Discount on Mine Restoration Provision	14.22	22.28
Less: Utilisation during the Year	(0.57)	(1.56)
<b>Closing Balance (considered as Non-Current)</b>	<b>355.74</b>	<b>327.21</b>
* Provision is recognised for an obligation for restoration and rehabilitation on closure of the mines.		
<b>(b) Warranty</b>		
Opening Balance	1.82	1.82
Less: Unused amount reversed	(0.83)	-
<b>Closing Balance (Considered as Current)</b>	<b>0.99</b>	<b>1.82</b>
Considering the past experience of returns and replacements claims, provision recognised in earlier years for expected warranty claims on Insulators product has been reversed during the current year.		
<b>(c) Provision for Assets Transfer Cost*</b>		
Opening Balance	215.57	310.14
Less: Utilisation during the Year	-	(94.57)
Less: Unused amount reversed	(53.99)	-
<b>Closing Balance (considered as Current)</b>	<b>161.58</b>	<b>215.57</b>

\* During earlier year, provision for asset transfer cost relates to merger of Aditya Birla Nuvo Limited (ABNL), Aditya Birla Chemical Limited (ABCL) and 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 the above Companies in the name of the Company.

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₹ in crore

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>(d) Provision Against Contingent Liabilities*</b>		
Opening Balance	42.70	48.55
Less: Utilisation during the Year	-	(5.60)
Less: Unused Amount Reversed	(0.23)	(0.25)
<b>Closing Balance (considered as Current)</b>	<b>42.47</b>	<b>42.70</b>
* During earlier year, as per Ind AS 103 (Business Combination), the Group had to recognise, on the acquisition date, the contingent liabilities 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.		
<b>(e) Other Provisions *</b>		
Opening Balance	22.17	4.29
Add: Provision during the Year	5.10	17.88
	<b>27.27</b>	<b>22.17</b>
<b>Closing Balance (considered as Non-Current)</b>	<b>4.91</b>	<b>17.81</b>
<b>Closing Balance (considered as Current)</b>	<b>22.36</b>	<b>4.36</b>
* The provision is for anticipated liability, which is made on the basis of the Management expectation as expected timing of any resulting outflow of economic benefits is uncertain.		

## 2.39 MATERIAL PARTLY-OWNED SUBSIDIARIES

Financial information of subsidiaries with material non-controlling interest is provided below

### (A) UltraTech Cement Limited (Consolidated) #

₹ in crore

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Proportion of Interest Held by Non-Controlling Entities	42.73%	42.73%
Accumulated Balances of Non-Controlling Interest	23,178.63	21,529.75
<b>Summarised Financial Information for the Consolidated Balance Sheet</b>		
Current Assets	20,742.90	17,489.47
Non-Current Assets	70,644.06	66,338.32
Current Liabilities	23,431.79	20,155.19
Non-Current Liabilities	13,575.00	13,240.39
Dividend Paid to Non-Controlling Interest	466.91	455.94

# Notes

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₹ in crore

Particulars	Year Ended 31 <sup>st</sup> March 2023	Year Ended 31 <sup>st</sup> March 2022
Profit/(Loss) Allocated to Non-Controlling Interest:	2,163.83	3,138.22
<b>Summarised Financial Information for the Consolidated Statement of Profit and Loss</b>		
Revenue from Operations	63,239.98	52,598.83
Profit for the Year	5,063.96	7,344.31
Other Comprehensive Income/(Loss)	(17.48)	46.56
Total Comprehensive Income	5,046.48	7,390.87
<b>Summarised Financial Information for Consolidated Cash Flows</b>		
Net Cash Generated from Operating Activities	9,068.51	9,283.24
Net Cash Used in Investing Activities	(7,187.07)	2,257.01
Net Cash Used in Financing Activities	(1,631.00)	(12,497.93)
Net Cash Outflow	250.44	(957.68)

The financial numbers mentioned above are before inter-company eliminations.

# Principal Place of Business: India.

## (B) Aditya Birla Capital Limited (Consolidated) #

₹ in crore

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Proportion of Interest Held by Non-Controlling Entities	45.85%	45.82%
Accumulated Balances of Non-Controlling Interest	18,634.62	16,497.07
<b>Summarised Financial Information for the Consolidated Balance Sheet</b>		
Current Assets	35,260.64	27,611.66
Non-Current Assets	167,042.00	135,329.74
Current Liabilities	36,418.99	28,670.53
Non-Current Liabilities	122,750.45	95,664.48

₹ in crore

Particulars	Year Ended 31 <sup>st</sup> March 2023	Year Ended 31 <sup>st</sup> March 2022
Profit /(loss) Allocated to Material Non-Controlling Interest:	2,143.51	672.04
<b>Summarised Financial Information for the Consolidated Statement of Profit and Loss</b>		
Revenue from Operations	27,365.17	22,094.34
Profit/(Loss) for the Year	4,675.05	1,466.69
Other Comprehensive Income	(33.37)	4.14
Total Comprehensive Income/(Loss)	4,641.68	1,470.83
<b>Summarised Financial Information for Consolidated Cash Flows</b>		
Net Cash from/(Used in) Operating Activities	(24,028.59)	(5,069.51)
Net Cash from/(Used in) Investing Activities	(2,649.87)	(1,445.55)
Net Cash from/(Used in) Financing Activities	26,385.21	5,836.44
Net Cash Inflow/(Outflow)	(293.25)	(678.62)

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 2023

## 2.40 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) Aditya Birla Sun Life AMC Limited

(1) Name of the Entity	Principal Place of Business	Proportion of Ownership Interest	Quoted Fair Value – Per Share	Proportion of Ownership Interest	Quoted Fair Value – Per Share
		As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2022
Aditya Birla Sun Life AMC Limited	India	50.01%	311.20	50.01%	532.95

- (i) It 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. It manages the investment portfolios of Aditya Birla Sun Life Mutual Fund, India Advantage Fund Ltd, Mauritius, India Excel (Mauritius) Fund and Aditya Birla Real Estate Fund. It 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 the 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.
- (ii) The ABCL has sold 2,850,880 equity shares of face value of ₹ 5 each, of Aditya Birla Sun Life AMC Limited (ABSLAMC), at ₹ 712 per equity share by way of offer for sale in the Initial Public Offer (IPO) of ABSLAMC in accordance with the relevant provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 and recognised gain on sale of these investments amounting to ₹ 87.96 crore (Net of Tax, Gain is ₹ 71.31 crore). Consequently, w.e.f. 7<sup>th</sup> October 2021 ABSLAMC has ceased to be a Joint Venture and has been accounted as an Associate.

### (2) (a) Summarised Balance Sheet

	₹ in crore	
Aditya Birla Sun Life AMC Limited (Consolidated)	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Current Assets</b>		
Cash and Cash Equivalents	33.61	65.25
Other Assets	1,757.16	1,488.04
<b>Total Current Assets</b>	<b>1,790.77</b>	<b>1,553.29</b>
Total Non-Current Assets	7,932.07	7,849.09
<b>Current Liabilities</b>		
Financial Liabilities (excluding Trade Payables)	50.58	65.94
Other Liabilities	149.74	113.58
<b>Total Current Liabilities</b>	<b>200.32</b>	<b>179.52</b>
Total Non-Current Liabilities	1,822.60	1,817.50
Net Assets	7,699.92	7,405.36
Group Share in %	50.01%	50.01%
Group Share in INR	3,850.72	3,703.41
Goodwill	1,891.74	1,891.74
Carrying Amount	5,742.46	5,595.15

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2023

## b) Summarised Statement of Profit and Loss

Particulars	₹ in crore	
	Year Ended 31 <sup>st</sup> March 2023	Year Ended 31 <sup>st</sup> March 2022
Revenue from Operations	1,226.61	1,292.96
Depreciation and Amortisation	67.23	68.52
Income Tax Expenses	189.20	213.64
Profit for the Year	571.76	648.15
Group Share in the Statement of Profit and Loss	285.94	327.32
Other Comprehensive Income/(Loss) for the Year	5.49	2.63
Group Share in Other Comprehensive Income for the Year	2.75	1.31
Total Comprehensive Income for the Year	577.25	650.78
Group Share in Total Comprehensive Income for the Year	288.68	328.63
Dividend Received	156.27	116.64

## c) Contingent Liabilities in respect of Associates

Particulars	₹ in crore	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Group Share in Contingent Liabilities in respect of Associates not being included in Note 4.1.1	96.19	35.96

## (B) Aditya Birla Health Insurance Co. Limited

(1) 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 2023	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2022
Aditya Birla Health Insurance Co. Limited*	India	45.91%	#	51.00%	#

\* Accounted as Joint Venture w.e.f. 21<sup>st</sup> October 2022 (Refer Note 4.12.5)

# Unlisted equity-No quoted price available

- (i) Aditya Birla Health Insurance Co. Limited is registered with the Insurance Regulatory and Development Authority of India ("IRDAI") for conducting health insurance business, under section 3 of the Insurance Act, 1938 as amended by the Insurance Laws (Amendment) Act, 2015.

## (2) (a) Summarised Balance Sheet

Aditya Birla Health Insurance Co. Limited		₹ in crore
		As at 31 <sup>st</sup> March 2023
Current Assets		
Cash and Cash Equivalents		16.95
Other Assets		711.30
<b>Total Current Assets</b>		<b>728.25</b>
<b>Total Non-Current Assets</b>		<b>2,636.37</b>
Current Liabilities		
Financial Liabilities (excluding Trade Payables)		178.24
Other Liabilities		1,956.76
<b>Total Current Liabilities</b>		<b>2,135.00</b>

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2023

	₹ in crore
<b>Aditya Birla Health Insurance Co. Limited</b>	<b>As at 31<sup>st</sup> March 2023</b>
Non-Current Liabilities	
Financial Liabilities (Excluding Trade Payables)	–
Other Liabilities	29.47
<b>Total Non-Current Liabilities</b>	<b>29.47</b>
Net Assets	1,200.15
Group Share in %	45.91%
Group Share in INR (refer note 4.12.5)	3,032.67
Goodwill	–
Carrying Amount	3,032.67

## b) Summarised Statement of Profit and Loss

	₹ in crore
<b>Particulars</b>	<b>For period between 21<sup>st</sup> October 2022 to 31<sup>st</sup> March 2023</b>
Revenue from Operations	1,251.30
Depreciation and Amortisation	21.70
Profit for the Year	(56.77)
Group Share in the Statement of Profit and Loss	(26.06)
Other Comprehensive Income/(Loss) for the Year	13.20
Group Share in Other Comprehensive Income for the Year	6.06
Total Comprehensive Income for the Year	(43.57)
Group Share in Total Comprehensive Income for the Year	(20.00)

## c) Commitments and Contingent Liabilities in respect of Joint Ventures

	₹ in crore
<b>Particulars</b>	<b>As at 31<sup>st</sup> March 2023</b>
Group Share in Commitments in respect of Joint Ventures not being included in Note 4.2	10.53
Group Share in Contingent Liabilities in respect of Joint Ventures not being included in Note 4.1.1	5.74

## (C) 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	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Aggregate Carrying Amount of individually immaterial Associates		891.17	44.85
Aggregate Carrying Amount of individually immaterial Joint Ventures		1,281.08	1,410.17



# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2023

₹ in crore

Particulars	Year ended 31 <sup>st</sup> March 2023	Year ended 31 <sup>st</sup> March 2022
Aggregate amount of Group Share of:		
<b>Joint Ventures:</b>		
Profit/(Loss) from Continuing Operations	(126.68)	48.05
Other Comprehensive Income/(Loss)	(12.36)	30.29
Total Comprehensive Income/(Loss)	(139.04)	78.34
<b>Associates:</b>		
Profit/(Loss) from Continuing Operations	12.70	4.96
Other Comprehensive Income/(Loss)	(24.74)	-
Total Comprehensive Income/(Loss)	(12.04)	4.96

(2) Unrecognised share of Profit/(loss) of a Joint Venture as per Ind AS 112

₹ in crore

Particulars	Year ended 31 <sup>st</sup> March 2023	Year ended 31 <sup>st</sup> March 2022
Unrecognised Share of Profit/(Loss) for the Year	(74.25)	-
Unrecognised Share Other Comprehensive Income/(Loss) for the Year	(16.44)	-
Cumulative Share of Profit/(Loss)	(74.25)	-
Cumulative Share of Other Comprehensive Income/(Loss)	(16.44)	-

- (D) As per the Shareholders' Agreements, Aditya Birla Sun Life Trustee, Aditya Birla Wellness Limited and Aditya Birla Power Composite Limited cannot distribute their profits until they obtain consent from other venture partners.
- (E) The Group holds, either directly or through its subsidiary, more than half of the Equity Shares holding in the following entities. However, as per the shareholders' agreement, 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) Aditya Birla Sun Life Trustee Company Private Limited
  - c) Aditya Birla Wellness Limited
  - d) Aditya Birla Power Composites Limited

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2023

## 3.1 REVENUE FROM OPERATIONS (NOTE 4.6.1)

₹ in crore

	Year ended 31 <sup>st</sup> March 2023	Year ended 31 <sup>st</sup> March 2022
<b>(A1) Sale of Products and Services (other than Financial Services)</b>		
Sale of Manufactured Products	83,857.22	68,679.50
Sale of Traded Products	5,248.92	3,807.20
Sale of Services	2.90	7.70
	89,109.04	<b>72,494.40</b>
<b>(A2) Sale of Financial Services</b>		
Income from Life Insurance Premium (Gross)	13,372.66	10,658.57
Less: Reinsurance Ceded	(530.23)	(498.78)
Income from Life Insurance Premium (Net)	12,842.43	<b>10,159.79</b>
Income from Health Insurance Premium (Gross)	1,391.13	1,726.67
Less: Reinsurance Ceded	(240.63)	(378.62)
Income from Health Insurance Premium (Net)	1,150.50	<b>1,348.05</b>
Income from Other Financial Services	1,521.57	1,410.40
<b>(A3) Interest and Dividend Income of Financial Services</b>		
<b>a. Interest Income</b>		
<b>Interest on Loans</b>		
On Financial Assets Measured at Amortised Cost	8,980.66	6,628.52
<b>Interest Income from Investments</b>		
On Financial Assets Measured at Fair Value through OCI	780.17	678.39
On Financial Assets Measured at Amortised Cost	1,613.73	1,251.36
On Financial Assets Classified at Fair Value through Profit or Loss	153.50	99.13
<b>Interest on Deposits with Banks</b>		
On Financial Assets Measured at Fair Value through OCI	0.31	0.31
On Financial Assets Measured at Amortised Cost	4.29	39.92
On Financial Assets classified at Fair Value through Profit or Loss	2.75	12.63
<b>Interest on Deposits with Others</b>		
On Financial Assets Measured at Amortised Cost	108.96	17.72
<b>b. Dividend Income</b>		
On Financial Assets Measured at Fair Value through OCI	51.80	33.12
	11,696.17	<b>8,761.10</b>
<b>(A4) Net Gain/(Loss) on Fair Value changes 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 Fair Value through Profit or Loss	131.04	335.16
Debt Instrument at Fair Value through Profit or Loss	(3.34)	(20.80)
<b>Net Gain/(Loss) on Financial Instruments at Fair Value through OCI</b>		
Debt Instrument at Fair Value through OCI	0.93	3.10
<b>Net Gain/(Loss) on Financial Instruments at Amortised Cost</b>		
Debt Instruments at Amortised Cost	8.21	5.65
<b>Others</b>		
Gain/(Loss) on Sale of Debt Instrument at Fair Value through OCI	0.58	91.89
	137.42	<b>415.00</b>
<b>Revenue From Contract With Customers (A)</b>	<b>116,457.13</b>	<b>94,588.74</b>

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2023

₹ in crore

	Year ended 31 <sup>st</sup> March 2023	Year ended 31 <sup>st</sup> March 2022
<b>(B) Other Operating Revenues</b>		
Export Incentives	74.07	81.25
Insurance Claims	77.02	31.78
Sundry Balances Written Back (Net)	142.81	143.62
Government Grants {4.12.1 b)}	406.97	530.87
Scrap Sales (Net)	250.38	217.24
Other Miscellaneous Incomes	218.70	107.63
<b>Total (B)</b>	<b>1,169.95</b>	<b>1,112.39</b>
<b>REVENUE FROM OPERATIONS (A + B)</b>	<b>117,627.08</b>	<b>95,701.13</b>
<b>(C) Revenue from Contracts with Customers Disaggregated based on Geography (Geographical Segment)</b>		
i) India (Country of Domicile)	111,009.47	88,790.35
ii) Rest of the World	5,447.66	5,798.39
<b>Revenue from Contract with Customers</b>	<b>116,457.13</b>	<b>94,588.74</b>
<b>(D) Reconciling the amount of revenue recognised in the Statement of Profit and Loss with the contracted price</b>		
Gross Revenue	125,419.42	102,418.93
Less: Discount, Incentives, Returns, Price Concession, etc.	(8,962.29)	(7,830.19)
<b>Net Revenue Recognised from Contracts with Customers</b>	<b>116,457.13</b>	<b>94,588.74</b>

Notes:

- (i) The amounts receivable from customers become due after expiry of credit period, which on an average is less than 180 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 Group 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.

## (E) Reconciliation of Revenue Recognised from Contract Liabilities:

₹ in crore

Particulars	Year ended 31 <sup>st</sup> March 2023	Year ended 31 <sup>st</sup> March 2022
Closing Contract Liabilities-Advances from Customers	710.31	857.29

The contract liabilities outstanding ₹ 857.29 crore (Previous Year ₹ 627.18 crore) at the beginning of the year, out of which ₹ 804.69 crore (Previous Year ₹ 617.86 crore) has been recognised as revenue during the year ended 31<sup>st</sup> March 2023, and balance amount has been refunded during the year.

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2023

## 3.2 OTHER INCOME

Particulars	₹ in crore	
	Year Ended 31 <sup>st</sup> March 2023	Year Ended 31 <sup>st</sup> March 2022
<b>Interest Income on:</b>		
Investments	69.60	32.65
Bank Accounts and Others (Measured at Amortised Cost)	317.61	190.39
<b>Dividend Income from:</b>		
Non-Current Investments (Measured at FVTOCI)	37.11	28.59
Current Investments (Measured at FVTOCI)	3.29	2.69
<b>Gain/(Loss) on Financial Instruments</b>		
On Sale of Investments (Net) - Mutual Funds (Measured at FVTPL)	78.57	220.29
Fair value change of Investments Measured at FVTPL	184.81	226.37
Exchange Rate Difference (Net)	20.02	-
Gain on account of Fair Value of investment in Health Insurance Business on conversion from subsidiary to Joint Venture. (Note 4.12.5)	2,754.27	-
<b>Miscellaneous Income</b>	146.77	120.36
	<b>3,612.05</b>	<b>821.34</b>

## 3.3 COST OF MATERIALS CONSUMED

Particulars	₹ in crore	
	Year Ended 31 <sup>st</sup> March 2023	Year Ended 31 <sup>st</sup> March 2022
Opening Stock	2,959.17	1,666.36
Add: Purchases and Incidental Expenses	21,849.12	18,190.04
Less: Sale of Raw Materials	16.67	6.05
Add/(Less): Foreign Currency Translation Reserve	4.25	1.58
Less: Closing Stock	3,173.61	2,959.17
	<b>21,622.26</b>	<b>16,889.60</b>

## 3.4 PURCHASES OF STOCK-IN-TRADE

Particulars	₹ in crore	
	Year Ended 31 <sup>st</sup> March 2023	Year Ended 31 <sup>st</sup> March 2022
Grey Cement	877.80	549.63
Other Finished Goods (Fibre, Yarn, Building Solution, etc.)	946.55	854.93
	<b>1,824.35</b>	<b>1,404.56</b>

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2023

## 3.5 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

₹ in crore

Particulars	Year ended 31 <sup>st</sup> March 2023	Year ended 31 <sup>st</sup> March 2022
<b>Opening Stock</b>		
Finished Goods	1,462.06	898.38
Stock-in-Trade	42.62	35.22
Work-in-Progress	1,177.01	819.24
Waste/Scrap	19.00	21.50
	<b>2,700.69</b>	<b>1,774.34</b>
<b>Less: Closing Stock</b>		
Finished Goods	1,821.24	1,462.06
Stock-in-Trade	124.28	42.62
Work-in-Progress	1,592.29	1,177.01
Waste/Scrap	17.86	19.00
	<b>3,555.67</b>	<b>2,700.69</b>
<b>(Increase)/Decrease in Stocks</b>	<b>(854.98)</b>	<b>(926.35)</b>
Add: Stock Transfer from Pre-Operative Account	25.69	2.18
Add/(Less): Stock of Trial Run Production	0.13	-
Add/(Less): Exchange Translation Difference	(5.50)	2.43
	<b>(834.66)</b>	<b>(921.74)</b>

## 3.6 EMPLOYEE BENEFITS EXPENSES

₹ in crore

Particulars	Year Ended 31 <sup>st</sup> March 2023	Year Ended 31 <sup>st</sup> March 2022
Salaries, Wages and Bonus	6,413.76	5,622.84
Contribution to Provident and Other Funds (Notes 4.8 (xix) and (xx))	292.96	288.04
Contribution to Gratuity Fund (Note 4.8 1)	110.52	107.68
Staff Welfare Expenses	256.73	235.69
Expenses on Employee Stock Options Scheme (Note 4.5)	119.89	73.46
	<b>7,193.86</b>	<b>6,327.71</b>

## 3.7 FINANCE COSTS RELATING TO NBFC'S/NHFC'S BUSINESS

₹ in crore

Particulars	Year Ended 31 <sup>st</sup> March 2023	Year Ended 31 <sup>st</sup> March 2022
(Measured at Amortised Cost)		
Interest Expenses	4,689.79	3,444.89
Interest on Lease Liabilities	27.98	28.24
Other Borrowing Costs	5.69	7.17
	<b>4,723.46</b>	<b>3,480.30</b>

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2023

## 3.8 OTHER FINANCE COSTS

Particulars	₹ in crore	
	Year Ended 31 <sup>st</sup> March 2023	Year Ended 31 <sup>st</sup> March 2022
(Measured at Amortised Cost)		
Interest Expenses	1,219.59	1,298.16
Interest on Lease Liabilities	70.22	70.31
Other Borrowing Costs @	13.47	17.63
Unwinding of Discount on Mine Restoration Provision	14.22	22.28
Exchange (Gain)/Loss on Lease Liabilities and Foreign Currency Borrowings (Net)	54.54	45.56
	<b>1,372.04</b>	<b>1,453.94</b>
Less: Capitalised	51.77	158.24
	<b>1,320.27</b>	<b>1,295.70</b>
Borrowing costs are capitalised using rates based on specific borrowings ranging from 4.57% to 7.50% per annum. (Previous Year 4.57% to 7.85% per annum.)		
@ Includes Interest on Income Tax.	4.11	3.89

## 3.9 DEPRECIATION AND AMORTISATION EXPENSES

Particulars	₹ in crore	
	Year Ended 31 <sup>st</sup> March 2023	Year Ended 31 <sup>st</sup> March 2022
Depreciation on Property, Plant and Equipment {Note 2.1}	3,612.47	3,288.86
Depreciation on Investment Property {Note 2.2}	0.44	0.43
Amortisation on Intangible Assets (Note 2.4)	633.44	603.07
Depreciation on Right-of-Use Assets (Note 2.5)	293.96	243.75
Obsolescence	22.58	36.94
	<b>4,562.89</b>	<b>4,173.05</b>
Depreciation Transferred to Pre-Operative Expenses	(11.30)	(11.98)
	<b>4,551.59</b>	<b>4,161.07</b>

## 3.10 OTHER EXPENSES

Particulars	₹ in crore	
	Year Ended 31 <sup>st</sup> March 2023	Year Ended 31 <sup>st</sup> March 2022
Consumption of Stores, Spare Parts and Components, and Incidental Expenses	1,712.41	1,464.09
Consumption of Packing Materials	2,231.14	2,061.15
Processing Charges	484.91	231.28
Repairs to Machinery, Buildings and Others	1,824.74	1,498.45
Advertisement, Sales Promotion and Other Selling Expenses	3,721.86	3,255.88
Bad Debts and Allowance for Doubtful Debts and Advances (Net)	989.27	719.80
Insurance	291.43	216.57
Lease Rent	241.66	187.58
Rates and Taxes	281.06	234.30
Exchange Rate Difference (Net)	-	129.70
Miscellaneous Expenses	3,412.71	2,580.35
Less: Captive Consumption of Cement	(71.95)	(57.70)
	<b>15,119.24</b>	<b>12,521.45</b>

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2023

## 3.11 EXCEPTIONAL ITEMS:

₹ in crore

Particulars	Year Ended 31 <sup>st</sup> March 2023	Year Ended 31 <sup>st</sup> March 2022
<b>(a) Continuing Operations</b>		
(i) During the year, the Company has provided for Interest payable on custom duty on account of decision to pay custom duty on import of capital goods cleared at zero duty under EPCG scheme in earlier years	(88.03)	
(ii) Provision of has been made against disputed water charges pertaining to earlier years	-	(69.11)
<b>Subtotal (a)</b>	<b>(88.03)</b>	<b>(69.11)</b>
<b>(b) Discontinued Operations</b>		
(i) During the previous year, the Company entered into a Scheme of Arrangement ("the Scheme") under Sections 230-232 of the Companies Act, 2013 with Indorama India Private Limited (Indorama) for slump sale of its Indo Gulf Fertiliser Business (comprising of manufacture, trading and sale of <i>inter alia</i> urea, soil health products and other agri-inputs) to Indorama. On 1 <sup>st</sup> January 2022, the Company consummated the sale and transfer of Indo Gulf Fertiliser Business to Indorama as contemplated in the Scheme of Arrangement, and recognised pre-tax gain for the year ended 31 <sup>st</sup> March 2022, included under discontinued operations as exceptional items	-	540.15
(ii) Provision for maintenance charges of UPSIDC pertaining to Fertiliser Division	-	(29.36)
(iii) UNCL entered into an agreement with Galata Chemicals Holding GmbH, Germany ("Galata") as per which Galata along with its affiliates has made necessary payments to UNCL for the purposes of refinancing the loans given to 3B and acquisition of entire shareholding of UNCL in 3B and UNCL has, inter-alia, transferred its entire shareholding in 3B to Galata as on 31 <sup>st</sup> March 2022. Consequent to the transaction, 3B has ceased to be a wholly-owned subsidiary of the Company, and recognised as exceptional gain for the year ended 31 <sup>st</sup> March 2022.	-	159.92
<b>Subtotal (b)</b>	<b>-</b>	<b>670.71</b>
<b>Total (a+b)</b>	<b>(88.03)</b>	<b>601.60</b>

## 3.12 RECONCILIATION OF EFFECTIVE TAX RATE (%)

Particulars	Year Ended 31 <sup>st</sup> March 2023	Year Ended 31 <sup>st</sup> March 2022
Applicable Tax Rate	25.17%	34.94%
Income Not Considered for Tax Purpose	-0.35%	-0.08%
Tax impact of Gain on Fair value of investment in health insurance business not considered for tax	-4.66%	0.00%
Expenses Not Allowed for Tax Purpose	0.81%	0.77%
Additional Allowances for Tax Purpose	-2.13%	-3.61%
Taxes on Subsidiary Losses	0.29%	0.59%
Effect of Changes in Tax Rate (reversal of Deferred Tax Liabilities)	-0.74%	-1.74%
Tax paid at lower / higher rate	6.06%	3.10%
Provision for Tax of earlier years Written Back	-0.03%	-13.85%
Deferred Tax Reversal on Slump Sale of Fertiliser Business	0.00%	-1.38%
Lower Jurisdiction Tax Rate	-0.12%	-0.41%
Others	0.48%	0.49%
<b>Effective Tax Rate</b>	<b>24.78%</b>	<b>18.82%</b>

During the year ended 31<sup>st</sup> March 2022, pursuant to decision of Income Tax appeals of earlier years in favour of the Group, the Group has written back tax provision amounting to ₹ 624.53 crore.

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## 3.13 OTHER COMPREHENSIVE INCOME

Particulars	₹ in crore	
	Year Ended 31 <sup>st</sup> March 2023	Year Ended 31 <sup>st</sup> March 2022
<b>Items that will not be reclassified to Profit and Loss</b>		
Equity Instrument at Fair Value through Other Comprehensive Income	(3,490.76)	3,420.47
Re-measurement of Defined Benefit Plans	46.18	21.31
Share of Other Comprehensive Income of Associate and Joint Venture Companies accounted for using Equity Method of Accounting	0.30	0.38
Income Tax relating to items that will not be reclassified to Profit or Loss	387.85	(221.77)
<b>Items that will be reclassified to Profit and Loss</b>		
Debt Instrument at Fair Value through Other Comprehensive Income	(119.37)	(56.50)
Exchange Difference in translating the Financial Statements of Foreign Operations	77.15	51.04
Effective Portion of Derivative Instruments designated as Cash Flow Hedge	(117.41)	38.11
Share of Other Comprehensive Income of Associate and Joint Venture Companies accounted for using Equity Method of Accounting	(22.41)	31.23
Income Tax relating to items that will be reclassified to Profit or Loss	57.69	(3.47)
	<b>(3,180.78)</b>	<b>3,280.80</b>

## 3.14 EARNINGS PER SHARE (EPS):

Particulars	₹ in crore	
	Year Ended 31 <sup>st</sup> March 2023	Year Ended 31 <sup>st</sup> March 2022
<b>Net Profit for the Year Attributable to Equity Shareholders (₹ in crore)</b>		
From Continuing Operations	6,827.26	7,102.37
From Discontinued Operations	-	447.41
<b>Continuing and Discontinued Operations</b>	<b>6,827.26</b>	<b>7,549.78</b>
<b>Basic EPS:</b>		
Weighted-Average Number of Equity Shares Outstanding (Nos.) of Face Value of ₹ 2/- each	658,386,746	658,186,289
Less: Weighted-Average Number of Equity Shares held by the Company under ESOP Trust (Nos.) of Face Value of ₹ 2/- each	1,780,174	1,505,968
<b>Weighted-Average Number of Equity Shares Outstanding (Nos.) for calculation of Basic EPS (Nos.)</b>	<b>656,606,572</b>	<b>656,680,321</b>
<b>Basic EPS (₹) {for Face Value of Shares of ₹ 2/- each}</b>		
Basic EPS for Continuing Operations	103.98	108.16
Basic EPS for Discontinued Operations	-	6.82
Basic EPS – Continuing and Discontinued Operations	103.98	114.98
<b>Diluted EPS:</b>		
Weighted-Average Number of Equity Shares Outstanding (Nos.)	656,606,572	656,680,321
Add: Weighted-Average Number of Potential Equity Shares on exercise of Options (Nos.)	555,999	870,437
Add: Weighted-Average Number of Equity Shares kept in Abeyance (Nos.)	61,985	61,985
<b>Weighted-Average Number of Equity Shares Outstanding for calculation of Diluted EPS (Nos.)</b>	<b>657,224,556</b>	<b>657,612,743</b>
<b>Diluted EPS (₹) {for Face Value of Shares of ₹ 2/- each}</b>		
Diluted EPS for Continuing Operations	103.88	108.00
Diluted EPS for Discontinued Operations	-	6.80
Diluted EPS – Continuing and Discontinued Operations	103.88	114.80



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## 4.1 CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:

### 4.1.1 Claims/Disputed Liabilities not acknowledged as Debts:

₹ in crore

Particulars	Brief Description of Matter	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Customs Duty	Related to classification dispute, demand of duty on import of steam coal, caustic soda flakes and others	294.42	277.93
Sales Tax/Purchase Tax/VAT	Related to stock transfer treated as inter-state 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	1,076.13	1,047.41
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	1,874.83	1,834.79
Income Tax	Demand of Dividend Distribution Tax (including Interest) 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.	-	8,044.82
	a) Dividend Distribution Tax (including interest of ₹ Nil for current year, for Previous Year ₹ 3,151.38 crore).		
	b) Capital Gain Tax (including Interest ₹ Nil, Previous Year ₹ 2,864.40 crore)	-	8,831.90
	Non-deduction of tax at source on payment to non-resident, various disallowances and others	61.84	91.72
Land Related Matters	Demand of higher compensation	282.30	273.86
Royalty on Limestone/Marl/Shale	Based on fixed conversion factor on limestone, royalty rate differences on Mari and additional royalty on mines transfer	382.12	373.47
Electricity Duty/Energy Development Cess	Related to electricity duty, minimum power consumption, Energy Development Cess and denial of Electricity Duty exemption	271.51	691.91
	Related to Stamp Duty, claim raised by vendor/supplier, road tax matters, demand for fuel surcharge, water drawal charges by irrigation department and others	1,377.75	1,400.44

Cash outflows for the above are determinable only on receipt of judgements pending at various forums/authorities.

- 4.1.2 a.** UltraTech had filed appeals against the orders of the Competition Commission of India (CCI) dated 31<sup>st</sup> August 2016 (Penalty of ₹ 1,449.51 crore) and 19<sup>th</sup> January 2017 (Penalty of ₹ 68.30 crore). Upon the National Company Law Appellate Tribunal ("NCLAT") disallowing its appeal against the CCI order dated 31<sup>st</sup> August 2016, Ultratech filed an appeal before Hon'ble Supreme Court which has, by its order dated 5<sup>th</sup> October 2018, granted a stay against the NCLAT order. Consequently, Ultratech has deposited an amount of ₹ 144.95 crore equivalent to 10% of the penalty of ₹ 1,449.51 crore. Ultratech, backed by legal opinions, believes that it has a good case in both the matters and accordingly no provision has been recognised in the financial statements.

UltraTech Nathdwara Cement Limited (UNCL) has also filed an appeal before Hon'ble 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 of ₹ 167.32 crore. Ultratech, backed by legal opinion, believes that it has a good case in the said matter and accordingly no provision has been recognised in the financial statements.

- b. In one of the case, UltraTech Cement Lanka Private Limited (UTCLPL) filed the appeal against the Director General of Customs and the Inquiring Officer Appointed in terms of the Customs Ordinance for the customs case No. PCAD/HQO/091/2016 initiated at the Sri Lankan customs, on the alleged basis that UTCLPL has not declared the unloading charges (stevedoring charges) paid to the Sri Lanka Ports Authority in relation to imported cement. The Company has filed a case in the court of appeal and the matter is scheduled for argument.

# Notes

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- c. 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 a penalty of ₹ 301.61 crore in respect of the Viscose Staple Fibre turnover of the Company. The Company filed an appeal before the National Company Law Appellate Tribunal (NCLAT) and NCLAT, vide Order, dated 4<sup>th</sup> November 2020, stayed the recovery of the penalty amount during the pendency of the Appeal and directed the Company to deposit 10% of the penalty amount by 19<sup>th</sup> November 2020, which the Company has complied. The Appeal is pending before the NCLAT. Without considering that an Appeal is already pending against the aforesaid Order, the CCI passed another Order, dated 3<sup>rd</sup> June 2021, levying a penalty of ₹ 3.49 crore for non-compliance with the Order passed on 16<sup>th</sup> March 2020. The Company filed Writ Petition before the Hon'ble Delhi High Court against the Order of the CCI. The CCI appeared before the Hon'ble Delhi High Court and assured that no precipitative steps shall be taken against the Company till the disposal of the matter. Based on legal opinion, the Company believes that it has strong grounds against both these said orders, on merit, and accordingly, no provision has been made in the accounts.

## 4.1.3 Corporate Guarantees Issued by Subsidiaries as under:

Particulars	₹ in crore	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
a. To Financial Institutions/Government Authorities/Others for finance provided to Joint Ventures	1.70	1.70
b. Letter of Comfort Issued on behalf of clients *	2,138.34	1,614.92

\* includes Corporate Guarantees given to National Housing Bank by the ABCL on behalf of its subsidiary Aditya Birla Housing Finance Limited (ABHFL) of ₹ 3,500 crore up to 31<sup>st</sup> March 2023, against which the amount liable by ABHFL is ₹ 2,057.71 crore (31<sup>st</sup> March 2022 ₹ 1,498.73 crore). As per the terms of the Guarantee, on invocation, the Group's liability is capped at the outstanding amount. It includes Corporate Guarantees given by the Subsidiaries on behalf of its clients of ₹ 80.08 crore as at 31<sup>st</sup> March 2023. (Previous Year 31<sup>st</sup> March 2022 ₹ 115.34 crore).

## 4.2 CAPITAL, FINANCIAL AND OTHER COMMITMENTS

Particulars	₹ in crore	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>4.2.1 Capital Commitments</b>		
a. Estimated Amount of Contracts remaining to be executed on capital account and not provided for (Net of Advances Paid)	9,476.70	3,913.99
<b>4.2.2 Financial and Other Commitments</b>		
<b>(a) Financial Commitments</b>		
Joint Ventures @	223.78	266.51
@ 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 Consolidated financial statements.		
<b>(b) (i) Uncalled Liability on partly paid-up Investments of Insurance Business</b>	289.73	282.43
<b>(c) The sanctioned but undisbursed amount of Aditya Birla housing Finance Limited stands at ₹ 1,449.96 crore. (31<sup>st</sup> March 2022 : ₹ 924.94 crore)</b>		

## 4.3 BUSINESS COMBINATION (IND AS 103):

### A. Acquisition of Duqm Cement Projects International LLC.

- i. Ultratech has entered into Share Sale and Purchase Agreement on 29<sup>th</sup> January 2023 with Seven Seas Company LLC and His Highness Al Sayyid Shihab Tariq Taimur Al Said for acquisition of 70% equity share of Duqm Cement Projects International LLC Located in Oman. The Company is mainly in the business of mining and extracting of limestone. The acquisition provides the Company to secure raw materials for growing requirement of India Operations and create value for shareholders.

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## II. Fair value of the consideration transferred:

Purchase consideration has been allocated on the basis of fair valuation determined by an independent valuer. Total enterprise value works out to ₹ 159.47 crore. The effective purchase consideration of ₹ 111.62 crore.

The Fair value of identifiable assets acquired, and liabilities assumed as on the acquisition date are as under:

Particulars	₹ crore
Capital Work in Progress	11.30
Mining Reserve	148.16
Cash and Bank	0.04
<b>Total Assets</b>	<b>159.50</b>
Other Current liabilities	0.04
<b>Fair Value of Assets</b>	<b>159.46</b>

## III. Amount Recognised as goodwill:

Particulars	₹ crore
Fair value of consideration (70%)	111.62
<b>Total Enterprise Value</b>	<b>159.47</b>
Less: Fair value of net assets acquired	159.46
<b>Goodwill</b>	<b>0.01</b>

## B. Acquisition of Waacox Energy Private Limited (WEPL)

Aditya Birla Renewables Limited holding 49% of total equity share capital of the WEPL has acquired additional 31,880,100 equity shares (51% of total equity share capital) of WEPL from Sangam Renewables Limited (along with its nominee) on 5<sup>th</sup> July 2021 as a result of which WEPL has become a Wholly-Owned Subsidiary of Aditya Birla Renewables Limited w.e.f. 5<sup>th</sup> July 2021.

During the previous year, Aditya Birla Renewables Limited has carried out the fair valuation exercise of WEPL in accordance with Ind AS 103 and realigned 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 summarise the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:

Particulars	₹ in crore As on 4 <sup>th</sup> July 2021 (Fair Value)
Property, plant and equipment (including CWIP)	83.09
Other non-current assets	0.10
Tax assets (net)	0.16
Current investments	30.87
Trade receivables	1.91
Cash and bank balances	0.79
Other financial assets	0.87
Other current assets	0.19
Purchase power agreement	1.79
<b>Total Assets (A)</b>	<b>119.77</b>
Borrowings	43.26
Deferred tax liabilities (net)	2.05

# Notes

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Particulars	₹ in crore
	As on 4 <sup>th</sup> July 2021 (Fair Value)
Trade payables	0.06
Other financial liabilities	7.02
Other current liabilities	0.08
<b>Total Liabilities (B)</b>	<b>52.47</b>
<b>Total Identifiable Net Assets Acquired (A-B)</b>	<b>67.30</b>
Less: Purchase consideration	81.58
<b>Goodwill</b>	<b>14.28</b>

- C. During the year PT UltraTech Mining Indonesia, PT UltraTech Mining Sumatera and PT UltraTech Investments Indonesia has been liquidated.

## 4.4 ASSETS/DISPOSAL GROUP HELD FOR SALE (IND AS 105)

Particulars	₹ in crore
	Year Ended 31 <sup>st</sup> March 2022
Profit Before Tax from Discontinued Operations	
From Discontinued Operations of Fertiliser Business (refer below note a)	155.98
From Discontinued Operations of Foreign Subsidiaries of UNCL	196.54
<b>Total</b>	<b>352.52</b>

- a. During the previous year, the Company entered into a Scheme of Arrangement ("the Scheme") under Sections 230-232 of the Companies Act, 2013, with Indorama India Private Limited (Indorama) for slump sale of its Indo Gulf Fertiliser Business (comprising of manufacture, trading and sale of inter-alia urea, soil health products and other agri-inputs) to Indorama.

On 1<sup>st</sup> January 2022, the Company consummated the sale and transfer of Indo Gulf Fertiliser Business to Indorama as contemplated in the Scheme of Arrangement, and recognised pre-tax gain of ₹ 540.15 crore for the year ended 31<sup>st</sup> March 2022, included under discontinued operations as exceptional items. The Company has provided ₹ 29.36 crore towards outstanding liabilities of maintenance charges of UPSIDC pertaining to Indo Gulf Fertiliser Business, included under discontinued operations as exceptional items.

	₹ in crore
	As at 31 <sup>st</sup> December 2021
<b>(i) Assets and Liabilities with respect to Discontinued Operations:</b>	
Group(s) of Assets Classified as Held for Sale	1,675.40
Liabilities directly associated with the Group(s) of Assets classified as Held for Sale	372.55
<b>(ii) Major Classes of Assets and Liabilities classified as Held for Sale:</b>	
Property, Plant and Equipment	472.66
Capital Work-in-Progress	70.44
Other Intangible Assets	111.22
Right-of-Use Assets	156.67
Loans	1.78
Inventories	72.86
Other Financial Assets	49.97
Trade Receivables	720.08
Other Assets	19.72
<b>Total Assets</b>	<b>1,675.40</b>

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	₹ in crore
	<b>As at 31<sup>st</sup> December 2021</b>
Trade Payables	278.33
Lease Liabilities	8.18
Security Deposits	43.05
Other Liabilities and Provisions	42.99
<b>Total Liabilities</b>	<b>372.55</b>
	<b>1,302.85</b>

Financial Performance and Cash Flow presented are for nine months ended 31<sup>st</sup> December 2021 (31<sup>st</sup> March 2022 column).

	₹ in crore
	<b>Year Ended 31<sup>st</sup> March 2022</b>
<b>(iii) Financial Performance related to Discontinued Operations:</b>	
Revenue and Other Income	2,437.54
Expenses	2,281.56
<b>Profit Before Tax</b>	<b>155.98</b>
Exceptional Items (net)	510.79
<b>Profit before Tax</b>	<b>666.77</b>
Tax Expenses	(54.58)
Tax on Sale of Discontinued Operations *	(256.37)
<b>Profit After Tax</b>	<b>355.82</b>
*The amount is net of Deferred Tax Credit of ₹ 182.90 crore.	
<b>(iv) Cash Flow Disclosure with respect to Discontinued Operations:</b>	
Cash Flow from Operating Activities	(217.33)
Cash Flow from Investing Activities	(48.93)
Cash Flow from Financing Activities	-

	₹ in crore
	<b>Year Ended 31<sup>st</sup> March 2022</b>
<b>(v) Exceptional Items (Net)</b>	
Sale Consideration	1,866.94
Net Asset Transferred	1,302.85
<b>Gain on Disposal</b>	<b>564.09</b>
Less: Transaction Cost	(12.80)
Less: Provision against Deferred Considerations	(11.14)
<b>Net Gain on Disposal of Fertiliser Business (A)</b>	<b>540.15</b>
Maintenance Charges to UPSIDC pertaining to Fertiliser Business (B)	(29.36)
<b>Net Gain (A + B)</b>	<b>510.79</b>

- b. During the year ended, 31<sup>st</sup> March 2022, UNCL entered into an agreement with Galata Chemicals Holding GmbH, Germany ("Galata"), as per which Galata along with its affiliates has made necessary payments to UNCL for the purposes of refinancing the loans given to 3B and acquisition of entire shareholding of UNCL in 3B and UNCL has, inter-alia, transferred its entire shareholding in 3B to Galata as on 31<sup>st</sup> March 2022. Consequent to the transaction, 3B has ceased to be a wholly-owned subsidiary of the Company and recognised ₹ 159.92 crore as exceptional gain for the year ended 31<sup>st</sup> March 2022.

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- c. UTCL has identified certain assets like Land, Diesel Generator Sets etc. 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.
- d. UltraTech Cement Middle East Investments Limited (UCMEIL) 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 realisable value after considering the impairment, scrap and dismantling cost is reclassified as assets for disposal. UCMEIL is committed to plan the sale of this asset, is in the process of discussion with vendors and contractors and expects the same to be disposed off within the due course.

## 4.5 SHARE BASED PAYMENTS

### A. Holding Company

**4.5.1** 2,036,941 Equity Shares of Face Value of ₹ 2 each (Previous Year 1,696,470 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 earlier 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				RSU's			
	Tranche I	Tranche III	Tranche IV	Tranche V	Tranche II	Tranche III	Tranche IV	Tranche V
No. of Options / RSU Granted	6,27,015	1,21,750	30,440	93,495	40,420	31,010	16,665	4,165
Grant Date	18-Oct-2013	15-Jan-2016	02-Apr-2016	18-Oct-2013	21-Nov-2013	29-Jan-2014	15-Jan-2016	02-Apr-2016
Grant Price (₹ Per Share)#	529	686	757	2	2	2	2	2
Market Price on the Date of Grant (₹)#	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
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).

c. Under the ESOS-2018, the Company has granted 3,088,085 Options and Restricted Stock Units (RSUs) to the eligible employees of the Company, the details of which are given hereunder:

Particulars	Options										
	Tranche I	Tranche II	Tranche III	Tranche IV	Tranche V	Tranche VI	Tranche VII	Tranche VIII	Tranche IX	Tranche X	Tranche XI
No. of Options / RSU Granted	1,077,312	26,456	53,480	254,141	68,784	296,220	41,361	65,025	9,357	371,520	196,308
Grant Date	17-Dec-2018	24-Dec-2019	13-Mar-2020	12-Feb-2021	12-Feb-2021	13-Aug-2021	01-Sep-2021	12-Nov-2021	24-May-2022	12-Aug-2022	14-Nov-2022
Grant Price (₹ Per Share)	847.20	742.35	559.85	1,235.45	1,235.45	1,492.30	1,500.40	1,844.35	1,457.40	1,600.05	1,708.45
Market Price on the Date of Grant (₹)	847.20	742.35	559.85	1,235.45	1,235.45	1,492.30	1,500.40	1,844.35	1,457.40	1,600.05	1,708.45
Fair value on the date of Grant of option (₹ per share)	422.53	347.48	266.70	524.74	596.77	618.78	624.41	763.33	647.01	747.44	800.97
Method of Settlement	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity
Method of Accounting	Fair Value	Fair Value	Fair Value	Fair Value	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 one year from the date of grant		25% every year, commencing after one year from the date of grant		33% every year, commencing after one year from the date of grant				
Normal Exercise Period	5 years from the date of vesting										

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RSUs												
Particulars	Tranche I	Tranche II	Tranche III	Tranche IV	Tranche V	Tranche VI	Tranche VII	Tranche VIII	Tranche IX	Tranche X	Tranche XI	Tranche XII
No. of Options / RSU Granted	206,320	66,179	5,066	28,393	13,172	36,243	54,674	5,007	8,344	9,500	13,030	1,134
Grant Date	17-Dec-2018	27-Mar-2019	24-Dec-2019	13-Mar-2020	12-Feb-2021	13-Aug-2021	13-Aug-2021	01-Sep-2021	01-Sep-2021	12-Nov-2021	12-Nov-2021	24-May-2022
Grant Price (₹ Per Share)	2	2	2	2	2	2	2	2	2	2	2	2
Market Price on the Date of Grant (₹)	847.20	836.70	742.35	559.85	1,235.45	1,492.30	1,492.30	1,500.40	1,500.40	1,844.35	1,844.35	1,457.40
Fair value on the date of Grant of option (₹ per share)	832.64	822.29	726.19	547.29	1,210.08	1,451.10	1,457.59	1,458.98	1,478.63	1,793.79	1,817.99	1,417.18
Method of Settlement	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity
Method of Accounting	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
Graded Vesting Plan	Bullet vesting at the end of three years from the date of grant											
Normal Exercise Period	5 years from the date of vesting											
RSUs												
Particulars	Tranche XIII		Tranche XIV									
No. of Options / RSU Granted	1,43,764		37,295									
Grant Date	12-Aug-2022		14-Nov-2022									
Grant Price (₹ Per Share)	2		2									
Market Price on the Date of Grant (₹)	1600.05		1708.45									
Fair value on the date of Grant of option (₹ per share)	1,572.04		1,678.65									
Method of Settlement	Equity		Equity									
Method of Accounting	Fair Value		Fair Value									
Graded Vesting Plan	Bullet vesting at the end of three years from the date of grant											
Normal Exercise Period	5 years from the date of vesting											



# Notes

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## 4.5.2 Under the Employee Stock Options Scheme - 2018 (ESOS-2018), the Company has granted 1,55,492 SAR.

The details are as under:

Particulars	SAR's (Linked with the Company's market price)						SAR's (Linked with Aditya Birla Capital Limited's market price)		
	Tranche - I Options	Tranche - III Options	Tranche - V Options	Tranche - I RSU	Tranche - II RSU	Tranche - IV RSU		Tranche - VI RSU	Tranche - IV Options
Number of SAR's	82,144	23,815	4,206	20,657	1,116	504	1,006	2,939	13,065
Method of Accounting	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
Vesting Plan	Graded Vesting - 25% every year	Bullet Vesting -1 Year from the date of Grant	Bullet Vesting - end of 3 year from grant date	Bullet Vesting- end of 3 year from grant date	Bullet Vesting- end of 3 year from grant date	Bullet Vesting- end of 3 year from grant date	Bullet Vesting- end of 3 year from grant date	Bullet Vesting- end of 3 year from grant date	Bullet Vesting -1 Year from the date of Grant
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	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	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	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	3 Years from the date of Vesting
Grant Date	17-Dec-2018	12-Feb-2021	17-Dec-2018	17-Dec-2018	27-Mar-2019	27-Mar-2019	27-Mar-2019	24-May-2022	12-Feb-2021
Grant Price (₹ Per Share)	847.2	1235.45	1,492.30	2	2	2	2	2	10

## 4.5.3 Movement of Options and RSUs Granted along with Weighted Average Exercise Price (WAEF)

### 4.5.3.1 For options referred to in 4.5.1(a) (b) &(c)

Particulars	Current Year		Previous Year	
	Nos.	WAEF (₹)	Nos.	WAEF (₹)
Outstanding at the beginning of the year	1,696,470	872	1,712,882	684
Granted during the year	759,378	1,243	529,404	1,179
Exercised during the year	309,869	576	391,232	435
Lapsed during the year	109,038	991	154,584	940
Outstanding at the end of the year	2,036,941	1,049	1,696,470	872
Options: Unvested at the end of the year	1,092,397	1,202	831,569	1,011
Exercisable at the end of the year	944,544	873	864,901	739

The weighted average share price at the date of exercise for options was ₹ 1564.09 per share (31<sup>st</sup> March 2022 ₹ 1598.94 per share) and weighted average remaining contractual life, for the share options outstanding as at 31<sup>st</sup> March 2023 was 2.17 years (31<sup>st</sup> March 2022 : 2.35 years).

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## 4.5.3.2 For options referred to in 4.5.2

Particulars	Number of Options and RSUs			
	Current Year		Previous Year	
	Nos.	WAEP (₹)	Nos.	WAEP (₹)
Outstanding at the beginning of the year	147,401	742	138,327	717
Granted during the year	2,939	742	16,078	858
Lapsed during the year	203	742	7,004	521
Exercised during the year	25,744	771	-	-
Outstanding at the end of the year	124,393	718	147,401	742
Options: Unvested at the end of the year	3,811	1,265	32,684	891
Exercisable at the end of the year	120,582	719	114,717	699

## 4.5.4 Fair Valuation

The fair value of options 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 V
Method used	Black - Scholes Model			Black - Scholes Model				
Risk-Free Rate	8.58%	7.87%	7.60%	8.66%	8.90%	9.00%	7.96%	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%	28.52%	28.41%
Dividend Yield	1.03%	0.36%	0.52%	1.34%	1.40%	1.43%	0.34%	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.

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ESOS-2018	Options											
	Tranche I	Tranche II	Tranche III	Tranche IV	Tranche V	Tranche VI	Tranche VII	Tranche VIII	Tranche IX	Tranche X	Tranche XI	
Method used	Binomial Model	Binomial Model	Binomial Model	Binomial Model	Binomial Model	Binomial Model	Binomial Model	Binomial Model	Binomial Model	Binomial Model	Binomial Model	Binomial Model
Risk-Free Rate	7.60%	6.74%	6.85%	5.59%	5.82%	6.06%	6.23%	6.31%	7.14%	7.05%	7.24%	
Option Life (Years)	Vesting Period (1 year) + Average of Exercise Period											
Expected Volatility *	32.06%	32.35%	32.78%	36.68%	36.68%	29.81%	28.79%	28.62%	30.26%	33.27%	31.87%	
Dividend Yield	0.52%	0.66%	0.66%	0.65%	0.65%	0.89%	0.89%	0.89%	0.89%	0.56%	0.56%	

ESOS-2018	RSUs											
	Tranche I	Tranche II	Tranche III	Tranche IV	Tranche V	Tranche VI	Tranche VII	Tranche VIII	Tranche IX	Tranche X	Tranche XI	Tranche XII
Method used	Binomial Model	Binomial Model	Binomial Model	Binomial Model	Binomial Model	Binomial Model	Binomial Model	Binomial Model	Binomial Model	Binomial Model	Binomial Model	Binomial Model
Risk-Free Rate	7.65%	7.48%	6.74%	6.85%	5.93%	6.33%	6.06%	6.22%	6.23%	6.31%	6.06%	7.26%
Option Life (Years)	Vesting Period (3 years) + Average of Exercise Period											
Expected Volatility *	32.06%	31.48%	32.35%	32.78%	36.68%	28.84%	29.81%	28.65%	28.79%	28.62%	30.05%	30.26%
Dividend Yield	0.52%	0.52%	0.66%	0.66%	0.65%	0.89%	0.89%	0.89%	0.89%	0.89%	0.89%	0.89%

ESOS-2018	RSUs	
	Tranche XIII	Tranche XIV
Method used	Binomial Model	Binomial Model
Risk-Free Rate	7.19%	7.30%
Option Life (Years)	Vesting Period (3 years) + Average of Exercise Period	
Expected Volatility *	30.49%	29.74%
Dividend Yield	0.56%	0.56%

The weighted-average fair value of the option and RSU, as on the date of grant, works out to ₹ 549.92 per stock option, ₹ 1184.86 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.

## 4.5.4.2 For options referred to in 4.5.2

ESOS-2018	SAR's (Linked with the Company's market price)			SAR's (Linked with Aditya Birla Capital Limited's market price)
	Tranche - I Options	Tranche - III Options	Tranche - V Options	Tranche - IV Options
Method used	Binomial Model	Binomial Model	Binomial Model	Binomial Model
Risk-Free Rate	7.16%	7.10%	7.20%	5.61%
Option Life (Years)	Vesting Period (3 years) + Average of Exercise Period			Vesting Period (3 years) + Average of Exercise Period
Expected Volatility *	27.88%	25.71%	29.37%	43.05%
Dividend Yield	0.67%	0.67%	0.67%	0.58%
Weighted average fair value of SARs on 31 <sup>st</sup> March 2023	843.13	536.66	449.11	73.51

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ESOS-2018	SAR's (Linked with the Company's market price)				
	Tranche - I RSU	Tranche - II RSU	Tranche - IV RSU	Tranche - V RSU	Tranche - VI RSU
Method used	Binomial Model	Binomial Model	Binomial Model	Binomial Model	Binomial Model
Risk-Free Rate	7.11%	7.09%	7.20%	7.19%	7.21%
Option Life (Years)	Vesting Period (3 years) + Average of Exercise Period				
Expected Volatility *	26.32%	25.96%	29.37%	28.08%	29.39%
Dividend Yield	0.67%	0.67%	0.67%	0.67%	0.67%
Weighted average fair value of SARs on 31 <sup>st</sup> March 2023	1,630.80	1,557.38	1,570.92	1,610.73	1,275.82

\* 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 Details of Liabilities arising from company's cash settled Share-based payment transactions

Particulars	₹ in crore	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Other non-current financial liability	0.21	0.18
Other current financial liability	10.55	11.97
	<b>10.76</b>	<b>12.15</b>

**4.5.6** Employee Stock Option expenses (including SAR) recognised in the statement of Standalone Profit and Loss ₹ 38.12 crore (Previous Year ₹ 34.68 crore) and recognised in pre-operative expense ₹ 0.19 crore (Previous Year ₹ 0.32 crore) Apart from above Employee Stock Option expenses (including SAR) towards discontinued operations were ₹ NIL (Previous year ₹ 0.19 crore).

## Disclosure under Employee Stock Options Scheme of Subsidiary Companies:

### (I) Ultratech Cement Limited

The Company has granted 1,92,664 options (including Restricted Stock units) to its eligible employees in various ESOS Schemes, details are as under

#### (A) Employee Stock Option Scheme (ESOS 2013) including Stock options and Restricted Stock Units (RSU):

Particulars	Tranche II		Tranche III		Tranche IV	
	RSU	Stock Options	RSU	Stock Options	RSU	Stock Options
Nos. of Options	12,313	34,859	2,218	6,280	9,059	25,645
Vesting Plan	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	100% on 19.10.2018	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	18.10.2014	18.10.2014	28.01.2015	28.01.2015	19.10.2015	19.10.2015
Exercise Price (₹ per share)	10	2,318	10	3,122	10	2,955
Fair Value on the date of Grant of Option (₹ per share)	2,241	870	3,048	1,207	2,897	1,728
Method of Settlement	Equity	Equity	Equity	Equity	Equity	Equity

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Particulars	Tranche V		Tranche VI	
	RSU	Stock Options	RSU	Stock Options
Nos. of Options	5,313	15,042	10,374	29,369
Vesting Plan	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
Grant Date	13.04.2016	13.04.2016	27.01.2017	27.01.2017
Exercise Price (₹ per share)	10	3,167	10	3,681
Fair Value on the date of Grant of Option (₹ per share)	3,108	1,810	3,608	2,080
Method of Settlement	Equity	Equity	Equity	Equity

## (B) Employee Stock Option Scheme (ESOS 2018) including Stock options, Restricted Stock Units (RSU) and Stock Appreciation Rights Scheme – 2018 (SAR 2018) including Stock options and RSU

Particulars	Tranche I (ESOS, 2018)		Tranche II (ESOS, 2018)		Tranche III (ESOS, 2018)	
	RSU	Stock Options	RSU	Stock Options	RSU	Stock Options
Nos. of Options	43,718	1,58,304	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	5 Years from the date of Vesting	5 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

Particulars	Tranche IV (ESOS, 2018)		Tranche V (ESOS, 2018)	
	RSU	Stock Options	RSU	Stock Options
Nos. of Options	594	2,152	564	2,040
Vesting Plan	100% on 21.10.2023	Graded Vesting – 25% every year after 1 year from date of grant, subject to achieving performance targets	100% on 27.03.2024	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
Grant Date	21.10.2020	21.10.2020	27.03.2021	27.03.2021
Exercise Price (₹ per share)	10	4,544.35	10	6,735.25
Fair Value on the date of Grant of Option (₹ per share)	4,500	1,943	6,673	2,903
Method of Settlement	Equity	Equity	Equity	Equity

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Particulars	Tranche VI (ESOS, 2018)			Tranche VII (ESOS, 2018)		
	RSU-FY22 Plan	RSU-FY21 Plan	Stock Options	RSU-FY22 Plan	RSU-FY21 Plan	Stock Options
Nos. of Options	7,299	11,570	63,684	3,838	4,700	33,525
Vesting Plan	100% on 22.07.2024	Graded Vesting - 50% every year after completion of 1 year from date of grant	Graded Vesting - 33% every year after 1 year from date of grant, subject to achieving performance targets	100% on 27.10.2024	Graded Vesting - 50% every year after completion of 1 year from date of grant	Graded Vesting - 33% 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	22.07.2021	22.07.2021	22.07.2021	27.10.2021	27.10.2021	27.10.2021
Exercise Price (₹ per share)	10	10	7,424.70	10	10	7,269.10
Fair Value on the date of Grant of Option (₹ per share)	7,373	7,379	2,357	7,194	7,211	2,309
Method of Settlement	Equity	Equity	Equity	Equity	Equity	Equity

Particulars	Tranche VIII (ESOS, 2018)		Tranche IX (ESOS, 2018)	
	RSU	Stock Options	RSU	Stock Options
Nos. of Options	48,089	99,879	4,733	39,963
Vesting Plan	100% on 22.07.2025	Graded Vesting - 33% every year after 1 year from date of grant	100% on 19.10.2025	Graded Vesting - 33% every year after 1 year from date of grant
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	22.07.2022	22.07.2022	19.10.2022	19.10.2022
Exercise Price (₹ per share)	10	6,130.70	10	6,346.75
Fair Value on the date of Grant of Option (₹ per share)	6,027	2,100	6,249	2,235
Method of Settlement	Equity	Equity	Equity	Equity

Particulars	Tranche I (SAR, 2018)		Tranche II (SAR, 2018)		
	RSU	Stock Options	RSU-FY22 Plan	RSU-FY21 Plan	Stock Options
Nos. of Options	1,084	3,924	159	320	1,398
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 22.07.2024	Graded Vesting - 50% every year after completion of 1 year from date of grant	Graded Vesting - 33% 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	3 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	22.07.2021	22.07.2021	22.07.2021
Exercise Price (₹ per share)	10	4,009.30	10	10	7,424.70
Fair Value on the date of Grant of Option (₹ per share)	3,946	1,539	6,837	7,160	1,387
Method of Settlement	Cash	Cash	Cash	Cash	Cash

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Particulars	Tranche III (SAR, 2018)	
	RSU	Stock Options
Nos. of Options	793	2,001
Vesting Plan	100% on 22.07.2025	Graded Vesting: 33% 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	22.07.2022	22.07.2022
Exercise Price (₹ per share)	10	6,130.70
Fair Value on the date of Grant of Option (₹ per share)	7,536	2,774
Method of Settlement	Cash	Cash

## (C) Movement of Options Granted including RSU along with weighted average exercise price (WAEP):

Particulars	As at 31 <sup>st</sup> March 2023		As at 31 <sup>st</sup> March 2022	
	Nos.	WAEP (₹)	Nos.	WAEP (₹)
Outstanding at the beginning of the year	312,221	4,168.05	249,454	2,978.09
Granted during the year	192,664	4,497.42	124,616	5,752.11
Exercised during the year	(44,301)	2,820.95	(53,437)	2,436.02
Forfeited during the year	(18,962)	5,053.64	(8,412)	3,349.62
Outstanding at the end of the year	441,622	4,408.85	312,221	4,168.05
Options exercisable at the end of the year	139,333	3,796.10	115,617	2,899.18

The weighted average share price at the date of exercise for options was ₹ 6,651.27 per share (31<sup>st</sup> March 2022 ₹ 7,024.74 per share) and weighted average remaining contractual life for the share options outstanding as at 31<sup>st</sup> March 2023 was 4.50 years (31<sup>st</sup> March 2022: 4.62 years).

The weighted average remaining contractual life for SAR is 2.66 years (31<sup>st</sup> March 2022 was 2.87 years).

The exercise price for outstanding options and SAR is ₹ 10 per share for RSU's and ranges from ₹ 2,318 per share to ₹ 7,424.70 per share for options.

## (D) Fair Valuation:

1,92,664 share options were granted during the year. Weighted Average Fair value of the options granted during the year is ₹ 3,209.98 per share (31<sup>st</sup> March 2022 ₹ 3,435.96 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.

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The Key assumptions in the Black-Scholes Model for calculating fair value as on the date of grant:

<b>(a) For ESOS 2013:</b>			
1	Risk Free Rate	-	7.8% (Tranche II-III), 8.6% (Tranche IV), 7.6% (Tranche V), 6.7% (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-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 II-III: 15%, Tranche-IV: 5%, Tranche-V: 5%, Tranche-VI: 5%
<b>(b) For ESOS 2018:</b>			
1	Risk Free Rate	-	7.47% (Tranche I); 5.69% (Tranche VI); 5.62% (Tranche VII); 7.04% (Tranche VIII); 7.36% (Tranche IX)
2	Option Life	-	(a) For Options - Vesting period (1 Year) + Average of exercise period (b) For RSU under FY21 plan - Vesting Period (2 years) + Average of exercise period For other RSU - Vesting period (3 Years) + Average of exercise period
3	Expected Volatility*	-	Tranche-I: 0.24; Tranche-VI: 0.25 ; Tranche-VII & VIII: 0.26; Tranche IX: 0.27
4	Dividend Yield	-	Tranche -I: 0.46%; Tranche - VI : 0.19%, Tranche VII: 0.20%, Tranche VIII & IX: 0.30%
<b>(c) For ESOS- SAR 2018:</b>			
1	Risk Free Rate	-	5.31% (Tranche II); 7.15% (Tranche III)
2	Option Life	-	(a) For Options - Vesting period (1 Year) + Average of exercise period (b) For RSU under FY21 plan- Vesting Period (2 years) + Average of exercise period For other RSU - Vesting period (3 Years) + Average of exercise period
3	Expected Volatility*	-	Tranche-II: 0.25, Tranche-III: 0.26
4	Dividend Yield	-	Tranche- II: 0.19%, Tranche-III: 0.26%

\*Expected volatility on the Company's stock price on National Stock Exchange based on the data commensurate with the expected life of the options/RSU's up to the date of grant.

The Key assumptions in the Binomial Tree Model for calculating fair value as on the date of grant:

<b>(a) For ESOS - SAR - 2018:</b>			
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%
<b>(b) For ESOS 2018:</b>			
1	Risk Free Rate	-	6.78% (Tranche II), 6.72% (Tranche III), 5.84% (Tranche IV & V)
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-II: 0.26, Tranche- III: 0.26, Tranche-IV & V: 0.26
4	Dividend Yield	-	Tranche -II & III: 0.27%; Tranche IV & V: 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/RSU's up to the date of grant.



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## (F) Details of Liabilities arising from Company's cash settled share-based payment transactions:

₹ in crore

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Other Financial liabilities - Non-current	0.60	0.47
Other Financial liabilities - Current	0.58	0.54
<b>Total carrying amount of liabilities</b>	<b>1.18</b>	<b>1.01</b>

## (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	
Instrument	RSU	ESOP	RSU	ESOP
Plan Period	2017-2019	2017-2021	2017-2019	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	Employees of ABCL : 75% of the consolidated PBT achievement against Annual P&B targets & Employees of Subsidiaries : 75% of the PBT achievement of the respective business units against Annual P&B targets	Continued employment	Employees of ABCL : 75% of the consolidated PBT achievement against Annual P&B targets & Employees of Subsidiaries : 75% of the PBT achievement of the respective business units against Annual P&B 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
Grant Date	11.08.2017	11.08.2017	11.08.2017	11.08.2017
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

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Granted during the Financial Year - 2022-2023, to the eligible employees of the Company and its Subsidiaries, the details of which are given hereunder:

Features	LTIP 2	LTIP 1	LTIP 1
Instrument	ESOP	RSU	RSU
Plan Period	2022-2025	2022-2023	2022-2023
Quantum of Grant	1,173,306	1,394,915	165,434
Method of Accounting	Fair Value	Fair Value	Fair Value
Vesting Period	33.33% vesting over 3 years from date of Grant	100%, One year from the date of Grant	100% vesting at the end of third year from the Date of Grant
Vesting Condition(s)	Continued employment	Continued employment	Continued employment
Exercise Period	5 years from the Date of Vesting	5 years from the Date of Vesting	5 years from the Date of Vesting
Grant Date	01.08.2022	01.08.2022	15.03.2023
Grant/Exercise Price (₹ Per Share)	106.4	10.0	10

Granted during the Financial Year - 2021-2022, to the eligible employees of the Company and its Subsidiaries, the details of which are given hereunder:

Features	LTIP 2	LTIP 2
Instrument	ESOP	ESOP
Plan Period	2021-2025	2021-2025
Quantum of Grant	269,352	140,352
Method of Accounting	Fair Value	Fair Value
Vesting Period	Equal vesting in 4 years from the date of Grant	Equal vesting in 4 years from the date of Grant
Vesting Condition(s)	75% of the Profit Before Tax achievement against annual performance target immediately preceding the vesting date	75% of the Profit Before Tax achievement against annual performance target immediately preceding the vesting date
Exercise Period	5 years from the Date of Vesting	5 years from the Date of Vesting
Grant Date	14.05.2021	30.09.2021
Grant/Exercise Price (₹ Per Share)	119.4	114.2

Granted during the Financial Year - 2020-2021, to the eligible employees of the Company and its Subsidiaries, the details of which are given hereunder:

Features	LTIP 2	LTIP 3
Instrument	ESOP	ESOP
Plan Period	2021-2022	2021-2022
Quantum of Grant	110,424	140,439
Method of Accounting	Fair Value	Fair Value
Vesting Period	One year from the date of Grant	One year from the date of Grant
Vesting Condition(s)	75% of the Profit Before Tax achievement against annual performance target	75% of the Profit Before Tax achievement against annual performance target
Exercise Period	5 years from the Date of Vesting	5 years from the Date of Vesting
Grant Date	05.02.2021	05.02.2021
Grant/Exercise Price (₹ Per Share)	90.4	90.4

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Granted during the Financial Year - 2019-2020, to the eligible employees of the Company and its Subsidiaries, the details of which are given hereunder:

Features	LTIP 2	LTIP 2	LTIP 3	LTIP 3	LTIP 2	LTIP 3
Instrument	ESOP	ESOP	ESOP	RSU	ESOP	RSU
Plan Period	2019-2023	2019-2023	2019-2024	2019-2021	2020-2024	2020-2023
Quantum of Grant	560,376	307,020	441,704	7,686	798,768	523,810
Method of Accounting	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
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)	Employees of ABCL: 75% of the consolidated PBT achievement against annual P&B targets and Employees of Subsidiaries: 75% of the PBT achievement of the respective business units against annual P&B targets	Employees of ABCL: 75% of the consolidated PBT achievement against annual P&B targets and Employees of Subsidiaries: 75% of the PBT achievement of the respective business units against annual P&B targets	Employees of ABCL: 75% of the consolidated PBT achievement against annual P&B targets and Employees of Subsidiaries: 75% of the PBT achievement of the respective business units against annual P&B targets	Continued employment	Employees of ABCL: 75% of the consolidated PBT achievement against annual P&B targets and Employees of Subsidiaries: 75% of the PBT achievement of the respective business units against annual P&B targets	Continued employment
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	02.08.2019	18.10.2019	18.10.2019	18.10.2019	25.02.2020	25.02.2020
Grant / Exercise Price (₹ Per Share)	82.4	76.4	76.4	10	87.1	10

Granted during the Financial Year - 2018-2019, to the eligible employees of the Company and its Subsidiaries, the details of which are given hereunder:

Features	LTIP 3	LTIP 3
Instrument	ESOP	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 Profit Before Tax achievement against annual performance target	Continued employment
Exercise Period	5 years from the Date of Vesting	5 years from the Date of Vesting
Grant Date	09.04.2018	09.04.2018
Grant / Exercise Price (₹ Per Share)	115.00	10

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## Details of Activities in the Plan as on 31<sup>st</sup> March 2023

Features	LTIP 1	LTIP 2	LTIP 3	
Instrument	RSU	ESOP	RSU	ESOP
Options/RSUs Outstanding at beginning of the year	624,723	9,642,838	872,906	13,180,030
Granted during the year	1,560,349	1,173,306	-	-
Exercised during the year	166,686	620,638	600,672	113,349
Lapsed during the year	39,604	-	1,500	664,800
Options/RSUs Outstanding at the end of the year	1,978,782	10,195,506	270,734	12,401,881
Options/RSUs unvested at the end of the year	1,560,349	3,934,225	240,734	4,985,023
Options/RSUs exercisable at the end of the year	418,433	6,261,281	30,000	7,416,858

## Details of Activities in the Plan as at 31<sup>st</sup> March 2022

Features	LTIP 1	LTIP 2	LTIP 3	
Instrument	RSU	ESOP	RSU	ESOP
Options/RSUs Outstanding at the beginning of the year	1,256,100	10,714,241	872,906	13,225,030
Granted during the year	-	409,704	-	-
Exercised during the year	517,431	171,862	-	45,000
Lapsed during the year	113,946	1,309,245	-	-
Options/RSUs Outstanding at the end of the year	624,723	9,642,838	872,906	13,180,030

## Fair Valuation

The Fair Value of the options used to compute proforma Net Profit and Earnings Per Share has 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	
Instrument	RSU	ESOP	RSU	ESOP
Risk-Free Interest Rate	6.5% to 7.4%	6.2% to 7.0%	6.5% to 7.2%	6.5% to 7.6%
Option Life (Years)	3.5 to 5.5	3.5 to 6.5	4.5	3.5 to 7.5
Expected Volatility	38.5% to 41.8%	36.2% to 46.5%	35.4% to 38.5%	37.0% to 46.5%
Expected Dividend Yield (%)	-	-	-	-
Weighted-Average Fair Value per Option (₹)	98.5 to 138.3	41.5 to 119.4	131.60	73.1 to 90.4

## Stock Option and Performance Stock Unit Scheme 2022

The shareholders of the Company vide a special resolution passed through Postal Ballot on 16<sup>th</sup> October 2022 approved the Scheme titled "Aditya Birla Capital Limited Employee Stock Option and Performance Stock Unit Scheme 2022" ("ABCL Scheme 2022") for granting Employee Stock Options ("Options") and Employee Performance Stock Units ("PSUs") (collectively referred to as the "Stock Options") exercisable into not more than 41,071,270 Equity Shares. ABCL Scheme 2022 allows the grant of Stock Options to employees of the Company, and its group company(ies) including its Holding Company and Subsidiary Company(ies) and Associate Company(ies) (whether working in India or outside India) that meet the eligibility criteria. Each Stock Option confers a right upon the Grantee to apply for 1 (one) Equity Share. Out of these, the Nomination, Remuneration and Compensation Committee has granted 13,954,991 Options and 6,360,714 PSUs under ABCL Scheme 2022.

# Notes

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Granted during the Financial Year - 2022-2023, to the eligible employees of the Company and its Subsidiaries, the details of which are given hereunder:

Instrument	PSU	ESOP	PSU	ESOP
Plan Period	2022-2025	2022-2025	2022-2025	2022-2025
Quantum of Grant	59,53,984 3,01,081 1,05,649	12,775,439	851,231	328,321
Method of Accounting	Fair Value	Fair Value	Fair Value	Fair Value
Vesting Period	100% vesting at the end of third year from the Date of Grant	50%:50% vesting at the end of second and third year from the Date of Grant	50%:50% vesting at the end of second and third year from the Date of Grant	50%:50% vesting at the end of second and third year from the Date of Grant
Vesting Condition(s)	Continued employment	Employees of ABCL: 75% of the consolidated PBT achievement against annual P&B targets and Employees of Subsidiaries: 75% of the PBT achievement of the respective business units against annual P&B targets	Employees of ABCL: 75% of the consolidated PBT achievement against annual P&B targets and Employees of Subsidiaries: 75% of the PBT achievement of the respective business units against annual P&B targets	Employees of ABCL: 75% of the consolidated PBT achievement against Annual P&B targets and Employees of Subsidiaries: 75% of the PBT achievement of the respective business units against annual P&B 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
Grant Date	07.11.2022 02.02.2023, 15.03.2023	07.11.2022	02.02.2023	15.03.2023
Grant/Exercise Price (₹ Per Share)	10	124.2	136.5	145

## Details of Activities in the Plan as on 31<sup>st</sup> March 2023

Instrument	RSU	ESOP
Options/RSUs Outstanding at beginning of the year	-	-
Granted during the year	6,360,714	13,954,991
Exercised during the year	-	-
Lapsed during the year	-	-
Options/RSUs Outstanding at the end of the year	6,360,714	13,954,991
Options/RSUs unvested at the end of the year	6,360,714	13,954,991
Options/RSUs exercisable at the end of the year	-	-

## Fair Valuation

The fair value of the options used to compute proforma net profit and earnings per share has 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
Instrument	RSU	ESOP
Risk-Free Interest Rate (%)	7.3%-7.6%	7.3%-7.6%
Option Life (Years)	5.5	4.5 to 5.5
Expected Volatility	40.4% to 41.4%	40.4% to 42.7%
Expected Dividend Yield (%)	0.00%	0.00%
Weighted-Average Fair Value per Option (₹)	117.6 to 138.3	57.2 to 72.0

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## Of Subsidiary Companies:

### A) Aditya Birla Finance Limited (ABFL)

The Nomination and Remuneration Committee of the Company has approved the following grants to select senior level executives of the Company in accordance with the Stock Option Scheme. Details of grants are given as under:

#### As on 31<sup>st</sup> March 2023

Grant date	Exercise price (₹)	Fair Value of options	Options granted	Options vested and exercisable	Options unvested	Options exercised
05-11-2022	283.20	131.90	2,178,706	-	2,178,706	-
31-01-2023	283.20	141.10	10,169	-	10,169	-
			<b>2,188,875</b>	<b>-</b>	<b>2,188,875</b>	<b>-</b>

Grant date	Options cancelled	Options outstanding
05-11-2022	-	2,178,706
31-01-2023	-	10,169
	<b>-</b>	<b>2,188,875</b>

#### Weighted average fair value of stock options granted during the year is as follows:

Particulars	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
Scheme Name : ABFL Scheme 2022		
No. of options granted	2,188,875	-
Weighted average fair value (₹)	131.94	-

Following table depicts range of exercise prices and weighted average remaining contractual life:

#### As on 31<sup>st</sup> March 2023

For all grants	No. of options	Range of exercise prices (₹)	Weighted average exercise price (₹)	Weighted average remaining contractual life (years)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	2,188,875	283.20	283.20	2.11
Cancelled during the year	-	-	-	-
Exercised during the year	-	-	-	-
Outstanding at the end of the year	2,188,875	283.20	283.20	2.11
Exercisable at the end of the year	-	-	-	-

#### Method used for accounting for Share-Based payment plan:

The Company has used the fair value method to account for the compensation cost of stock options to employees. The fair value of options used are estimated on the date of grant using the Black-Scholes Model. The key assumptions used in Black-Scholes Model for calculating fair value as on the date of respective grants are:

Grant date	Life of Option (in Years)	Risk Free Rate	Dividend Yield	Volatility
05-11-2022	4.10	7.50%	0.70	36.3%
31-01-2023	3.80	7.40%	0.70	37.3%

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## Features of ESOPs:

Grant date	05-Nov-22	31-Jan-23
Conversion	On exercise, 1 ESOP converts to 1 equity share of ABFL	On exercise, 1 ESOP, converts to 1 equity share of ABFL
Vesting date	50% each at the end of 2nd and 3rd year from Grant Date	50% each at the end of 2nd and 3rd year from Grant date
Additional condition	ESOPs can be exercise only once equity share of ABFL are listed on stock exchange	ESOPs can be exercise only once equity share of ABFL are listed on stock exchange
Exercise price (in INR) per ESOP	283.20	283.20
Exercise Period*	5 year from the date of vesting	5 year from the date of 1st grant i.e. 5 <sup>th</sup> November 2022
Settlement	Settlement of equity shares of ABFL	Settlement in Equity shares of ABFL

\* Exercise period as per management's assessment

## B) Aditya Birla Housing Finance Limited (ABHFL)

### Features of the ESOP's granted by ABHFL

Grant date	21-Oct-22	27-Jan-23
Conversion	On exercise, 1 ESOP converts to 1 equity share of ABHFL	On exercise, 1 ESOP, converts to 1 equity share of ABHFL
Vesting date	At the end of 3rd year from Grant Date	At the end of 3rd year from Grant Date
Exercise Period	5 Years from the Grant Date	5 Years from the Grant Date
Exercise price (in INR) per ESOP	37.20	37.20
Settlement	Settlement of equity shares of ABHFL	Settlement of equity shares of ABHFL

Grant Date	Exercise Price (₹)	Options Granted	Options vested & exercisable	Options unvested	Options exercised / cancelled	Options outstanding
21-10-2022	37.20	1,549,598	-	1,549,598	-	1,549,598
27-01-2023	37.20	183,379	-	183,379	-	183,379
<b>Total</b>		<b>1,732,977</b>	<b>-</b>	<b>1,732,977</b>	<b>-</b>	<b>1,732,977</b>

### Weighted average fair value of options as follows:

#### Year ended 31<sup>st</sup> March 2023

Particulars	Year ended 31 <sup>st</sup> March 2023		Year ended 31 <sup>st</sup> March 2022	
Grant Date	21-10-2022	27-01-2023	-	-
No of Options granted	1,549,598.00	183,379.00	-	-
Weighted Average Fair value	34.60	36.50	-	-

## C) Aditya Birla Money Limited

### Stock Options granted under ABML – Employee Stock Option Scheme – 2014

The objective of the Employee Stock Options Scheme is to attract and retain talent, and align the interest of employees with 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

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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 recognised stock exchanges on which the shares of the Company are listed with the highest trading volume.

<b>Summary of Stock Options granted under ABML ESOP Scheme – 2014 is as under</b>		<b>As at 31<sup>st</sup> March 2023</b>
Options Granted on 2 <sup>nd</sup> December 2015		2,509,341
Options Outstanding as on 1 <sup>st</sup> April 2022		131,729
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 Recognised Stock Exchange)	
Options Forfeited/Lapsed during the Year		Nil
Options Exercised during the Year		-77,884
Options Outstanding as at 31 <sup>st</sup> March 2023		53,845

<b>Summary of Stock Options granted under ABML ESOP Scheme – 2014 is as under</b>		<b>As at 31<sup>st</sup> March 2022</b>
Options Granted on 2 <sup>nd</sup> December 2015		2,509,341
Options Outstanding as on 1 <sup>st</sup> April 2021		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 Recognised Stock Exchange)	
Options Forfeited/Lapsed during the Year		(3,14,942)
Options Exercised during the Year		(73,641)
Options Outstanding as at 31 <sup>st</sup> March 2022		131,729

### ***The vesting period in respect of the options granted under ABML ESOP Scheme – 2014 is as follows:***

<b>Sr. No</b>	<b>Vesting Date</b>	<b>% of Options that shall vest</b>
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.



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## The key assumptions are as under:

Risk-Free Interest Rate (%)	8.13%
Expected Life (No. of Years)	5 years
Expected Volatility (%)	54.26%
Dividend Yield	-
Weighted-Average Fair Value per Option	₹ 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 its 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. The Stock Options allotted under the Scheme are convertible into equal number of Equity Shares.

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 Benefits Schemes 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 the Date of Vesting	5 years from the Date of Vesting
Grant Date	15 <sup>th</sup> January 2018	15 <sup>th</sup> January 2018
Grant / Exercise Price (₹ Per Share)	10	10

Re-granted during the Financial Year - 2020-2021 to the eligible employees of the Company and its Subsidiaries, the details of which are given hereunder:

Particulars	Options
Plan Period	2020-2021
Quantum of Grant	25,585
Method of Accounting	Fair Value
Vesting Period	One year from the Date of Grant
Vesting Condition(s)	Achievement of threshold level of budgeted annual performance target
Exercise Period	5 years from the Date of Vesting
Grant Date	5 <sup>th</sup> March 2021
Grant/Exercise Price (₹ Per Share)	10

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## Details of Activities in the Plan

Particulars	ABCL Incentive Scheme			
	31 <sup>st</sup> March 2023		31 <sup>st</sup> March 2022	
	Options	RSUs	Options	RSUs
Options/RSUs Outstanding at the beginning of the year	196,035	3,418	385,721	113,447
Granted during the year	-	-	-	-
Exercised during the year	-	-	189,686	110,029
Lapsed during the year	-	-	-	-
Options/RSUs Outstanding at the end of the year	196,035	3,418	196,035	3,418

## 4.6 OPERATING SEGMENTS

### 4.6.1 For management purposes, details of Products/Services included in each of the Segments are as under:

Viscose	- Fiber and Yarn
Chemicals	- Chlor-Alkali, Specialty Chemicals and Chlorine Derivatives
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	- This segment represents remaining businesses of the Group which are not part of the above segments, which mainly represents Textiles, Insulators, Paints, B2B E-commerce and Solar Power business

### 4.6.2 Segment Measures

The Chief Operating Decision Maker (“CODM”) primarily uses Earnings Before Interest, Tax, Depreciation and Amortisation (“EBITDA”) as performance measure to assess segment’s performance and periodically receives information about the Segment’s Revenue, Assets and Liabilities.

During the year, in line with the review process adopted by Chief Operating Decision Maker, the Company has changed its segment disclosure related to the segment’s performance measure as per Ind AS 108 - Operating Segments. EBITDA is considered to be the revised measure of segment performance. However, assets pertaining to the segments are considered as part of the segment assets. The corresponding segment information of previous periods has been restated accordingly.

#### (i) Segment Profit and Loss

Segment's performance is measured based on Segment EBITDA for all the Segments, except for the ‘Financial Services’ Segment, where finance cost is considered as part of its operations.

#### (ii) Segment Revenue

For all the segments, the segment revenue is measured in the same way as measured in the Statement of Profit and Loss.

#### (iii) Segment Assets

Segment assets are allocated based on the operations of the segment. However, certain assets like ‘Investments’, ‘Current Tax Assets’ and ‘Deferred Tax Assets’ are not considered to be segment assets, since these are being monitored at corporate level, accordingly, forms part of corporate/unallocated assets.

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## (iv) Segment Liabilities

Segment liabilities are allocated based on the operations of the segment. Certain liabilities identified below are not considered to be part of segment liabilities, since those liabilities are managed at corporate level, accordingly, forms part of corporate/unallocated liabilities:

Segment Liabilities exclusions: 'Current Tax Liabilities', 'Deferred Tax Liabilities' and 'Borrowings', except in case of 'Financial Services' Segment, where Borrowings forms part of its routine operations.

### Information about Operating Segments for the year ended 31<sup>st</sup> March 2023:

	₹ in crore						
	Viscose	Chemicals	Cement	Financial Services	Others	Eliminations	Total
<b>REVENUE</b>							
Sales (As reported)	15,126.76	8,773.43	63,224.42	27,348.09	3,154.38	-	1,17,627.08
Sales (Inter-Segment)	21.82	1,648.25	15.56	17.08	77.85	(1,780.56)	-
<b>Total Revenue (Note 3.1)</b>	<b>15,148.58</b>	<b>10,421.68</b>	<b>63,239.98</b>	<b>27,365.17</b>	<b>3,232.23</b>	<b>(1,780.56)</b>	<b>1,17,627.08</b>
<b>RESULTS</b>							
<b>Segment Results (EBITDA)</b>	<b>1,031.27</b>	<b>2,271.47</b>	<b>11,122.93</b>	<b>5,603.40</b>	<b>290.06</b>	<b>-</b>	<b>20,319.13</b>
Unallocated Corporate Income/ (Expenses)							158.51
<b>Earnings Before Interest, Tax, Depreciation and Amortisation</b>							<b>20,477.64</b>
Finance Costs							(1,320.27)
Depreciation and Amortisation							-
- Allocated to segments	<b>(585.20)</b>	<b>(383.57)</b>	<b>(2,887.99)</b>	<b>(491.98)</b>	<b>(173.79)</b>	<b>-</b>	<b>(4,522.53)</b>
- Unallocated	-	-	-	-	-	-	(29.06)
<b>Profit Before Exceptional Items and Tax</b>							<b>14,605.78</b>
Exceptional Items (Note 3.11)	(88.03)	-	-	-	-	-	(88.03)
<b>Profit Before Tax and Share in Profit/(Loss) of Equity Accounted Investees</b>							<b>14,517.75</b>
Share in Profit/(Loss) of Joint Ventures and Associates (Allocable to Operating Segments)	<b>(86.89)</b>	-	<b>3.53</b>	<b>260.26</b>	<b>(9.63)</b>	<b>-</b>	<b>167.27</b>
Share in Profit/(Loss) of Joint Ventures and Associates (Unallocable)	-	-	-	-	-	-	41.69
<b>Profit Before Tax</b>							<b>14,726.71</b>
Current Tax							3,432.67
Deferred Tax							215.84
<b>Profit for the Year before Non-Controlling Interest</b>							<b>11,078.20</b>
Less: Non-Controlling Interest							(4,250.94)
<b>Profit for the Year from Continuing Operations</b>							<b>6,827.26</b>
<b>OTHER INFORMATION</b>							
<b>Segment Assets</b>	<b>13,413.83</b>	<b>8,635.55</b>	<b>92,411.58</b>	<b>1,89,519.12</b>	<b>9,359.34</b>	<b>(332.28)</b>	<b>3,13,007.14</b>

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2023

₹ in crore

	Viscose	Chemicals	Cement	Financial Services	Others	Eliminations	Total
Investments in Associates/Joint Ventures (allocable to Operating Segments)	1,122.82	-	823.66	8,787.64	44.63		10,778.75
Investments in Associates/Joint Ventures (Unallocable)							238.09
Unallocated Corporate Assets							13,181.05
<b>Total Assets</b>							<b>3,37,205.03</b>
<b>Segment Liabilities</b>	<b>3,645.45</b>	<b>1,898.16</b>	<b>20,845.90</b>	<b>1,58,563.53</b>	<b>1,994.95</b>	<b>(12.29)</b>	<b>1,86,935.70</b>
Unallocated Corporate Liabilities							27,356.51
<b>Total Liabilities</b>							<b>2,14,292.21</b>
<b>Additions to Non-Current Assets</b>	<b>932.65</b>	<b>1,218.17</b>	<b>6,152.78</b>	<b>458.52</b>	<b>3,693.47</b>	<b>(7.15)</b>	<b>12,448.44</b>
Unallocated Corporate Capital Expenditure							82.13
<b>Total Additions Non-Current Assets</b>							<b>12,530.57</b>
<b>Significant Non-Cash Expenses other than Depreciation and Amortisation (Allocable)</b>	<b>88.03</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>88.03</b>

- (i) Finance cost exclude finance cost of ₹ 4,723.46 crore on financial services business, since it is considered as an expense for deriving segment result.
- (ii) 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 the year ended 31<sup>st</sup> March 2022:

₹ in crore

	Viscose	Chemicals	Cement	Financial Services	Others	Eliminations	Total
<b>REVENUE</b>							
Sales (As reported)	12,191.70	6,574.30	52,585.97	22,087.24	2,261.92	-	95,701.13
Sales (Inter-Segment)	18.15	1,313.58	12.86	7.10	59.52	(1,411.21)	-
<b>Total Revenue (Note 3.1)</b>	<b>12,209.85</b>	<b>7,887.88</b>	<b>52,598.83</b>	<b>22,094.34</b>	<b>2,321.44</b>	<b>(1,411.21)</b>	<b>95,701.13</b>
<b>RESULTS</b>							
<b>Segment Results (EBITDA)</b>	<b>1,721.20</b>	<b>1,533.90</b>	<b>12,022.16</b>	<b>2,068.55</b>	<b>330.37</b>	<b>-</b>	<b>17,676.18</b>
Unallocated Corporate Income/(Expenses)							96.23
<b>Earnings Before Interest, Tax, Depreciation and Amortisation</b>							<b>17,772.41</b>
Finance Costs							(1,295.70)
Depreciation and Amortisation							
- Allocated to segments	(474.93)	(330.22)	(2,714.75)	(473.91)	(153.34)	-	(4,147.15)
- Unallocated	-	-	-	-	-	-	(13.92)
<b>Profit Before Exceptional Items and Tax</b>							<b>12,315.64</b>
Exceptional Items (Note 3.11)	(69.11)	-	-	-	-	-	(69.11)
<b>Profit Before Tax and Share in Profit/(Loss) of Equity Accounted Investees</b>							<b>12,246.53</b>

# Notes

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₹ in crore

	Viscose	Chemicals	Cement	Financial Services	Others	Eliminations	Total
Share in Profit of Joint Ventures and Associates (Allocable to Operating Segments)	31.44	-	0.02	328.43	(1.14)	-	358.75
Share in Profit/(Loss) of Joint Ventures and Associates (Unallocable)							21.58
<b>Profit Before Tax</b>							<b>12,626.86</b>
Current Tax							1,954.40
Deferred Tax							(18.09)
<b>Profit for the Year before Non-Controlling Interest</b>							<b>10,690.55</b>
Less: Non-Controlling Interest							(3,588.18)
<b>Profit for the Year from Continuing Operations</b>							<b>7,102.37</b>
<b>OTHER INFORMATION</b>							
<b>Segment Assets</b>	<b>12,873.84</b>	<b>7,704.95</b>	<b>85,690.55</b>	<b>153,499.05</b>	<b>4,812.24</b>	<b>(87.66)</b>	<b>264,492.97</b>
Investment in Associates/Joint Ventures (Allocable to Operating Segments)	1,206.33	-	7.41	5,606.54	33.50	-	6,853.78
Investment in Associates/Joint Ventures (Unallocable)							196.39
Unallocated Corporate Assets							17,851.69
<b>Total Assets</b>							<b>289,394.83</b>
<b>Segment Liabilities</b>	<b>4,171.19</b>	<b>1,890.40</b>	<b>17,159.50</b>	<b>123,718.42</b>	<b>1,203.85</b>	<b>(12.08)</b>	<b>148,131.28</b>
Unallocated Corporate Liabilities							25,088.84
<b>Total Liabilities</b>							<b>173,220.12</b>
<b>Additions to Non-Current Assets</b>	<b>1,184.28</b>	<b>700.78</b>	<b>6,152.25</b>	<b>332.50</b>	<b>1,047.30</b>	<b>(35.59)</b>	<b>9,381.52</b>
Unallocated Corporate Capital Expenditure							10.88
Total Additions Non-Current Assets							9,392.40
<b>Significant Non-Cash Expenses other than Depreciation and Amortisation (Allocable)</b>	<b>69.11</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>69.11</b>

- (i) 'Finance cost exclude finance cost of ₹ 3,480.30 crore on financial services business, since it is considered as an expense for deriving segment result.
- (ii) Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2023

## 4.6.3 Geographical Segments

The Company's operating facilities are located in India.

	Year Ended 31 <sup>st</sup> March 2023	Year Ended 31 <sup>st</sup> March 2022
₹ in crore		
<b>(a) Segment Revenues</b>		
India (Country of Domicile)	112,179.42	89,902.75
Rest of the World	5,447.66	5,798.38
<b>Total</b>	<b>117,627.08</b>	<b>95,701.13</b>
<b>(b) Addition to Non-Current Assets</b>		
India (Country of Domicile)	12,530.57	9,392.40
Rest of the World	-	-
<b>Total</b>	<b>12,530.57</b>	<b>9,392.40</b>

## 4.6.4 The Carrying Amount of Non-Current Operating Assets by location of Assets:

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
₹ in crore		
<b>Non-Current Assets \$</b>		
India	104,197.44	96,465.57
Rest of the World	2,752.83	2,492.94
<b>Total</b>	<b>106,950.27</b>	<b>98,958.51</b>

\$ Non-current assets exclude Financial Assets, Equity Accounted Investees, Deferred Tax Assets and Non-Current Tax Assets

## 4.6.5 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 2023 and the year ended 31<sup>st</sup> March 2022.

## 4.7 RELATED PARTY TRANSACTIONS:

### 4.7.1 Related Parties with whom Transactions have taken place during the Year:

Parties	Relationship
AV Group NB Inc, Canada	Joint Venture
Birla Jingwei Fibres Company Limited	Joint Venture
Aditya Group AB, Sweden	Joint Venture
AV Terrace Bay Inc, Canada	Joint Venture
Aditya Birla Elyaf Sanayi Ve Ticaret Anonim Sirketi, Turkey	Joint Venture
Aditya Birla Power Composites Limited	Joint Venture
Bhubaneswari Coal Mining Limited	Joint Venture
Bhaskarpara Coal Company Limited	Joint Venture
Aditya Birla Wellness Private Limited	Joint Venture
Aditya Birla Sun Life Trustee Company Private Limited	Joint Venture
Birla Advanced Knits Private Limited - w.e.f. 14 <sup>th</sup> July 2021	Joint Venture
Aditya Birla Health Insurance Co. Limited - w.e.f. 21 <sup>st</sup> October 2022	Joint Venture
Aditya Birla Science and Technology Company Private Limited	Associate
Madanpur (North) Coal Company Private Limited	Associate
Wacox Energy Private Limited (ceased to be associate w.e.f. 5 <sup>th</sup> July 2021 and became wholly-owned subsidiary of ABREL)	Associate
Renew Surya Uday Private Limited	Associate

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2023

<b>Parties</b>	<b>Relationship</b>
Aditya Birla Sun Life AMC Limited - w.e.f. 7 <sup>th</sup> October 2021	Associate
Greenyana Sunstream Private Limited- w.e.f. 26 <sup>th</sup> May 2022	Associate
Ras Al Khaimah Co. for White Cement & Construction Materials P.S.C U.A.E (RAKW) W.e.f. 15 <sup>th</sup> April 2022	Associate
Dr. Santrupt Misra - Non-Executive Director	Key Management Personnel
Dr. Thomas M. Connelly, Jr. - Independent Director	Key Management Personnel
Shri Adesh Kumar Gupta- Independent Director- w.e.f. 24 <sup>th</sup> May 2021	Key Management Personnel
Shri Cyril Shroff - Independent Director	Key Management Personnel
Shri N. Mohan Raj - Independent Director	Key Management Personnel
Shri Raj Kumar- Non-Executive Director- w.e.f. 12 <sup>th</sup> November 2021	Key Management Personnel
Shri V. Chandrasekaran- Independent Director- w.e.f. 24 <sup>th</sup> May 2021	Key Management Personnel
Shri Vipin Anand - Non-Executive Director - upto 14 <sup>th</sup> October 2021	Key Management Personnel
Shri Arun Thiagarajan - Independent Director- upto 6 <sup>th</sup> May 2021	Key Management Personnel
Smt. Anita Ramachandran - Independent Director	Key Management Personnel
Shri Ashish Adukia - CFO - upto 14 <sup>th</sup> August 2022	Key Management Personnel
Smt. Rajashree Birla - Non-Executive Director	Key Management Personnel
Shri Pavan Jain - CFO - w.e.f. 15 <sup>th</sup> August 2022	Key Management Personnel
Shri O.P. Rungta- Independent Director - upto 24 <sup>th</sup> May 2021	Key Management Personnel
Shri Dilip Gaur - Managing Director - upto 30 <sup>th</sup> November 2021	Key Management Personnel
Shri Kumar Mangalam Birla - Non-Executive Director	Key Management Personnel
Shri Shailendra K Jain - Non-Executive Director - upto 1 <sup>st</sup> February 2023	Key Management Personnel
Shri Harikrishna Agrawal-Managing Director w.e.f. 1 <sup>st</sup> December 2021	Key Management Personnel
Ms. Ananyashree Birla - Non-Executive Director- w.e.f. 6 <sup>th</sup> February 2023	Key Management Personnel
Shri Aryaman Vikram Birla - Non-Executive Director- w.e.f. 6 <sup>th</sup> February 2023	Key Management Personnel
Shri Yazdi Piroj Dandiwala - Independent Director- w.e.f. 6 <sup>th</sup> February 2023	Key Management Personnel
Grasim Industries Limited - Employees Provident Fund	Post-Employment Benefit Plan
Jayshree Provident Fund Institution	Post-Employment Benefit Plan
Century Rayon Employees Provident Fund Trust 1 & 2	Post-Employment Benefit Plan
Grasim Industries Limited - Employees Gratuity Fund	Post-Employment Benefit Plan
UltraTech Cemco Provident Fund	Post-Employment Benefit Plan
Grasim (Senior Executive & Officers) Superannuation Scheme	Post-Employment Benefit Plan
Birla Group Holding Private Limited	Other Related Parties in which Directors are interested
Birla Carbon India Private Limited	Other Related Parties in which Directors are interested
Birla Research Institute for Applied Sciences	Other Related Parties in which Directors are interested
Aditya Birla Management Corporation Private Limited #	Other Related Parties in which Directors are interested
Shardul Amarchand Mangaldas & Co.	Other Related Parties in which Directors are interested
Cyril Amarchand Mangaldas & Co.	Other Related Parties in which Directors are interested
Aditya Birla Health Service Private Limited	Other Related Parties in which Directors are interested
Birla Institute of Technology and Science Company	Other Related Parties in which Directors are interested
Grasim Jana Kalyan Trust	Other Related Parties in which Directors are interested
Jayashree Charity (1962) Trust, Kolkata	Other Related Parties in which Directors are interested
Kalyan Charity Trust, Shahad	Other Related Parties in which Directors are interested
Aditya Birla Education Trust	Other Related Parties in which Directors are interested
Birla Management Centre Services Private Limited- w.e.f. 3 <sup>rd</sup> August 2022	Other Related Parties in which Directors are interested
Aditya Birla New Age Private Limited	Other Related Parties in which Directors are interested
Mulla & Mulla & Craigie Blunt & Caroe- w.e.f. 6 <sup>th</sup> February 2023	Other Related Parties in which Directors are interested
M/s Shailendra K. Jain & Co. - upto 1 <sup>st</sup> February 2023	Other Related Parties in which Directors are interested
Shri Suvrat Jain - upto 1 <sup>st</sup> February 2023	Relatives of KMP
Shri Devarat Jain - upto 1 <sup>st</sup> February 2023	Relatives of KMP

§ 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.

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2023

## Terms and Conditions of Transaction with Related Parties

The transactions 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 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.

### 4.7.2 Disclosure of Related Party Transactions:

Particulars	₹ in crore	
	Year ended 31 <sup>st</sup> March 2023	Year ended 31 <sup>st</sup> March 2022
<b>(a) Revenue from Contract with Customers</b>		
Birla Jingwei Fibres Company Limited	35.72	65.95
Aditya Birla Sun Life AMC Limited*	164.88	120.56
Aditya Birla Power Composites Limited	4.35	0.72
Waacox Energy Private Limited	-	0.12
Aditya Birla Management Corporation Private Limited	1.91	0.52
Aditya Birla Health Insurance Co. Limited	3.42	-
Birla Carbon India Private Limited	0.43	0.11
<b>Total</b>	<b>210.71</b>	<b>187.98</b>
* Includes dividend received of ₹ 156.27 crore (Previous Year ₹ 116.64 crore)		
<b>(b) Interest and Other Income</b>		
Aditya Birla Wellness Private Limited	0.41	0.82
Aditya Birla Sun Life AMC Limited	6.64	0.59
Aditya Birla Science & Technology Company Private Limited	2.49	1.73
Birla Advanced Knits Private Limited	0.05	0.02
AV Terrace Bay Inc, Canada	0.14	0.31
Aditya Birla Management Corporation Private Limited	9.48	9.39
Aditya Birla Power Composites Limited	3.30	3.03
Aditya Birla Health Insurance Co. Limited	3.81	-
Birla Carbon India Private Limited	0.05	0.25
<b>Total</b>	<b>26.37</b>	<b>16.14</b>
<b>(c) Dividend Paid</b>		
Birla Group Holdings Private Limited	125.00	112.50
<b>Total</b>	<b>125.00</b>	<b>112.50</b>
<b>(d) Dividend Received</b>		
Ras Al Khaimah Co. for White Cement & Construction Materials P.S.C U.A.E (RAKW)	0.30	-
<b>Total</b>	<b>0.30</b>	<b>-</b>
<b>(e) Contribution for CSR</b>		
Aditya Birla Education Trust #	10.00	8.00
<b>Total</b>	<b>10.00</b>	<b>8.00</b>
# In Current year out-off ₹ 10 crore. ₹ 5.50 crore were spent and ₹ 4.50 crore were unspent and it has been subsequently transferred to separate Bank account.		
<b>(f) Loans Provided</b>		
Birla Advanced Knits Private Limited	5.00	5.00
Aditya Birla Sun life AMC Limited	25.00	-
<b>Total</b>	<b>30.00</b>	<b>5.00</b>



# Notes

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₹ in crore

Particulars	Year ended 31 <sup>st</sup> March 2023	Year ended 31 <sup>st</sup> March 2022
<b>(g) Repayment Against Loans Provided</b>		
Birla Advanced Knits Private Limited	5.00	5.00
Aditya Birla Sun life AMC Limited	25.00	-
Aditya Birla Science & Technology Company Private Limited	7.65	5.11
<b>Total</b>	<b>37.65</b>	<b>10.11</b>
<b>(h) Purchase of Goods and Services</b>		
AV Group NB Inc, Canada	906.58	799.99
Aditya Group AB, Sweden	857.11	586.00
Birla Jingwei Fibres Company Limited*	(0.18)	(0.01)
AV Terrace Bay Inc, Canada*	(0.04)	(0.02)
Aditya Birla Wellness Private Limited	8.80	13.45
Aditya Birla Sun Life AMC Limited	4.30	3.09
Aditya Birla Science & Technology Company Private Limited	45.50	43.61
Aditya Birla Power Composites Limited	0.09	-
Birla Group Holdings Private Limited	0.05	0.21
Aditya Birla Management Corporation Private Limited	671.86	551.16
Birla Management Centre Services Private Limited	14.50	-
Ras Al Khaimah Co. for White Cement & Construction Materials P.S.C, UAE	66.26	-
Birla Research Institute for Applied Sciences	-	0.93
Shardul Amarchand Mangaldas & Co.	0.02	0.09
Cyril Amarchand Mangaldas & Co.	0.09	1.17
Aditya Birla Health Service Private Limited	-	0.98
Aditya Birla Health Insurance Co. Limited	1.31	-
Birla Institute of Technology and Science Company	0.01	0.03
Grasim Jana Kalyan Trust	-	0.10
Jayashree Charity (1962) Trust, Kolkata	0.18	0.14
Kalyan Charity Trust, Shahad	0.12	0.11
Aditya Birla New Age Private Limited	0.07	-
Renew Surya Uday Private Limited	20.67	3.14
Shri Shailendra K. Jain	-	0.00
Mulla & Mulla & Craigie Blunt & Caroe	0.11	-
Greenyana Sunstream Private Limited	2.77	-
Mr. Suvrat Jain	0.10	0.12
Mr. Devrat Jain	-	0.02
M/s Shailendra K. Jain & Co.	-	0.00
<b>Total</b>	<b>2,600.28</b>	<b>2,004.29</b>
* Recovery of Information Technology (IT) Expenses		
<b>(i) Investments in Equity Shares</b>		
Greenyana Sunstream Private Limited	6.27	-
Renew Surya Uday Private Limited	14.51	15.31
Birla Advanced Knits Private Limited	10.00	15.00
Aditya Birla Power Composites Limited	-	5.18
<b>Total</b>	<b>30.78</b>	<b>35.49</b>

# Notes

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₹ in crore

Particulars	Year ended 31 <sup>st</sup> March 2023	Year ended 31 <sup>st</sup> March 2022
<b>(j) Contribution to Post-Employment Benefit Plans</b>		
Grasim Industries Limited Employees' Provident Fund	19.92	16.71
Jayshree Provident Fund Institution	6.03	4.38
Indo Gulf Fertilizer Ltd. Employee Provident Fund Trust	-	1.08
Century Rayon Employees Provident Fund Trust 1 & 2	10.01	8.87
Grasim Industries Limited Employees' Gratuity Fund	47.93	54.57
Grasim (Senior Executive & Officers) Superannuation Scheme	1.11	1.09
UltraTech Cemco Provident Fund	62.50	54.79
<b>Total</b>	<b>147.50</b>	<b>141.49</b>
<b>(k) Deposits Given (Net)</b>		
Aditya Birla Management Corporation Private Limited	-	(22.70)
Aditya Birla Health Insurance Co. Limited	0.02	-
Aditya Birla Sun Life AMC Limited	(0.86)	1.33
<b>Total</b>	<b>(0.84)</b>	<b>(21.37)</b>
<b>(l) Reimbursement/(Recovery) of expenses:</b>		
Aditya Birla Sun Life AMC Limited	(53.91)	(46.40)
Aditya Birla Wellness Private Limited	(0.21)	(0.17)
Aditya Birla Power Composites Limited	(2.20)	(1.43)
Aditya Birla Management Corporation Private Limited	3.78	8.00
Aditya Birla Health Insurance Co. Limited	(27.89)	-
Aditya Birla Science & Technology Company Private Limited	6.48	0.25
Birla Jingwei Fibres Company Limited	-	(0.05)
Birla Group Holdings Private Limited	0.18	-
Birla Management Centre Services Private Limited	25.15	-
Aditya Group AB, Sweden	0.20	-
<b>Total</b>	<b>(48.42)</b>	<b>(39.80)</b>
<b>(m) Purchases/(Sales) of Property, Plant and Equipment/Intangible Assets:</b>		
Birla Research Institute for Applied Sciences	-	0.03
<b>Total</b>	<b>-</b>	<b>0.03</b>
<b>(n) Finance Cost</b>		
Aditya Birla Health Insurance Co. Limited	0.75	-
Aditya Birla Sun Life AMC Limited	0.81	-
<b>Total</b>	<b>1.56</b>	<b>-</b>
<b>(o) Payments to Key Management Personnel</b>		
Managerial Remuneration Paid *	17.82	21.48
Commission to Non-Executive Directors (KMPs)	3.70	4.00
Sitting Fees to Directors	0.50	0.44
Dividend to KMPs	1.29	1.66
<b>Total</b>	<b>23.31</b>	<b>27.58</b>
* 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.		
<b>Compensation of Key Management Personnel of the Company*</b>		
Short-term Employee Benefits	14.01	15.79
Post-Retirement Benefits	2.16	2.74
Share-Based Payments	1.65	2.95
<b>Total</b>	<b>17.82</b>	<b>21.48</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. The above information is disclosed only at the time of payment.

# Notes

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## Outstanding Balances

₹ in crore

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>(a) Other Current and Non-Current Liabilities (Financial and Non-Financial)</b>		
Aditya Birla Sun Life AMC Limited	-	0.72
Century Rayon Employees Provident Fund Trust 1 & 2	3.13	2.99
Jayshree Provident Fund Institution	2.13	1.98
Aditya Birla Health Insurance Co. Limited	11.96	-
Aditya Group AB, Sweden	0.02	-
Mulla & Mulla & Craigie Blunt & Caroe	0.03	-
Aditya Birla Management Corporation Private Limited	34.33	76.67
<b>Total</b>	<b>51.60</b>	<b>82.36</b>
<b>(b) Trade Payables</b>		
AV Group NB Inc, Canada	57.16	63.73
Aditya Group AB, Sweden	6.91	32.81
Aditya Birla Sun Life AMC Limited	4.88	5.72
Aditya Birla Wellness Private Limited	0.03	2.57
Aditya Birla Management Corporation Private Limited	0.59	0.17
Birla Management Centre Services Private Limited	0.60	-
Ras Al Khaimah Co. for White Cement & Construction Materials P.S.C, UAE	44.59	-
Renew Surya Uday Private Limited	2.76	3.14
Greenyana Sunstream Private Limited	0.16	-
Jayashree Charity (1962) Trust, Kolkata	0.02	-
Aditya Birla Science & Technology Company Private Limited	-	0.44
<b>Total</b>	<b>117.70</b>	<b>108.58</b>
<b>(c) Trade Receivables</b>		
Birla Jingwei Fibres Company Limited	5.67	5.25
Aditya Birla Power Composites Limited	3.05	1.94
Aditya Birla Management Corporation Private Limited	0.01	0.02
Aditya Birla Sun Life AMC Limited	8.42	2.91
Aditya Birla Wellness Private Limited	0.02	0.03
Birla Carbon India Private Limited	0.00	-
<b>Total</b>	<b>17.17</b>	<b>10.15</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	30.00	37.37
Birla Management Centre Services Private Limited	0.27	-
Aditya Birla Power Composites Limited	5.29	-
Bhaskarpara Coal Company Limited	2.49	2.49
Aditya Birla Management Corporation Private Limited	46.24	41.61
Aditya Birla Health Insurance Co. Limited	7.03	-
Birla Group Holding Private Limited	7.37	7.37
AV Group NB Inc, Canada	0.01	-
AV Terrace Bay Inc, Canada	0.01	-
<b>Total</b>	<b>98.71</b>	<b>88.84</b>

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₹ in crore

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>(e) Investment in Equity Accounted Investments (Note 2.6)</b>		
Joint Ventures	4,383.32	1,410.17
Associates	6,633.52	5,640.00
<b>Total</b>	<b>11,016.84</b>	<b>7,050.17</b>
<b>(f) Preference Shares</b>		
Joint Ventures	85.56	84.16
<b>Total</b>	<b>85.56</b>	<b>84.16</b>
<b>(g) Corporate Guarantees</b>		
Bhaskarpara Coal Company Limited	1.70	1.70
<b>Total</b>	<b>1.70</b>	<b>1.70</b>

## 4.8 RETIREMENT BENEFITS

### 4.8.1 Defined Benefit Plans as per Actuarial Valuation:

#### Gratuity (Funded):

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 of the Company.

#### 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

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2023

## 4.8.1.1 Gratuity and Pension:

(₹ in crore)

	Gratuity				Pension and Post-Retirement Medical Benefits			
	Funded	Others	Funded	Others	Pension	Post-Retirement Medical Benefits	Pension	Post-Retirement Medical Benefits
	As at 31 <sup>st</sup> March 2023		As at 31 <sup>st</sup> March 2022		As at 31 <sup>st</sup> March 2023		As at 31 <sup>st</sup> March 2022	
<b>(i) Reconciliation of Present Value of the Obligation:</b>								
Opening Defined Benefit Obligation	1,530.47	32.97	1,471.69	32.50	35.18	0.56	39.08	0.56
Adjustments of:								
Current Service Cost	120.88	3.48	117.36	3.65	-	-	4.66	-
Past Service Cost	-	(1.47)	1.33	0.25	-	-	-	-
Interest Cost	98.55	1.24	95.35	1.22	2.36	0.04	2.51	0.04
Actuarial Loss/(Gain)	(30.59)	(3.85)	17.39	(1.73)	1.82	(0.03)	(2.20)	0.02
Liabilities Assumed on Acquisition/ (Settled on Divestiture)	(1.10)	-	(0.55)	-	-	-	-	-
Adjustment- On Account of Conversion of ABHI from Subsidiary to JV	(12.16)	-	-	-	-	-	-	-
Foreign Currency Fluctuation	-	2.17	-	1.09	-	-	-	-
Liability related to Discontinued operations	-	-	(48.04)	-	-	-	-	-
Benefits Paid	(120.21)	(4.94)	(124.06)	(4.01)	(5.62)	(0.06)	(8.86)	(0.06)
Closing Defined Benefit Obligation	1,585.84	29.60	1,530.47	32.97	33.74	0.51	35.18	0.56
<b>(ii) Reconciliation of Fair Value of the Plan Assets:</b>								
Opening Fair Value of the Plan Assets	1,659.93	-	1,581.44	-	-	-	-	-
Adjustments of:								
Return on Plan Assets	106.57	-	102.10	-	-	-	-	-
Actuarial Gain/(Loss)	1.43	-	22.37	-	-	-	-	-
Contributions by the Employer	98.82	-	125.55	-	5.62	0.06	8.86	0.06
Adjustment- On Account of Conversion of ABHI from Subsidiary to JV	(9.32)	-	-	-	-	-	-	-
Liability related to Discontinued operations	-	-	(48.04)	-	-	-	-	-
Benefits Paid	(118.21)	-	(123.49)	-	(5.62)	(0.06)	(8.86)	(0.06)
Closing Fair Value of the Plan Assets	1,739.22	-	1,659.93	-	-	-	-	-
<b>(iii) Net Liabilities/(Assets) recognised in the Balance Sheet:</b>								
Present Value of the Defined Benefit Obligation at the end of the year	1,585.84	29.60	1,530.47	32.97	33.74	0.51	35.18	0.56
Fair Value of the Plan Assets	1,739.22	-	1,659.93	-	-	-	-	-
Amount not recognised due to Asset Ceiling	(2.50)	-	(0.82)	-	-	-	-	-
Net Liabilities/(Assets) recognised in the Balance Sheet	(150.88)	29.60	(128.64)	32.97	33.74	0.51	35.18	0.56

# Notes

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(₹ in crore)

	Gratuity				Pension and Post- Retirement Medical Benefits			
	Funded		Others		Pension		Post-Retirement Medical Benefits	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>(iv) Change in Asset Ceiling</b>								
Remeasurement due to change in surplus/deficit	(2.50)	-	(0.82)	-	-	-	-	-
Balance at the end of the year	(2.50)	-	(0.82)	-	-	-	-	-
<b>(v) Amount recognised in Salary and Wages under Employee Benefits Expense in the Statement of Profit and Loss:</b>								
Current Service Cost	120.88	3.48	117.36	3.65	-	-	4.66	-
Past Service Cost	-	(1.47)	1.33	0.25	-	-	-	-
Interest on Defined Benefit Obligations (Net)	97.44	1.24	95.38	1.22	2.36	0.04	2.51	0.04
Expected Return on Plan Assets	(106.60)	-	(102.13)	-	-	-	-	-
Net Cost	111.72	3.25	111.94	5.12	2.36	0.04	7.16	0.04
Capitalised as Pre-Operative Expenses in respect of Projects and other Adjustments	(0.96)	-	(1.83)	-	-	-	-	-
Amount Recovered from Joint Venture Companies	(0.24)	-	(0.42)	-	-	-	-	-
Net Charge to the Statement of Profit and Loss *	110.52	3.25	109.69	5.12	2.36	0.04	7.16	0.04
*Charge towards Discontinued Operations included in above	-	-	2.01	-	-	-	-	-
<b>(vi) Amount recognised in Other Comprehensive Income (OCI) for the Year:</b>								
Changes in Financial Assumptions	(59.51)	(3.77)	(0.29)	(2.91)	(0.85)	(0.02)	(0.50)	0.01
Changes in Demographic Assumptions	(1.56)	-	(35.63)	-	-	-	-	-
Experience Adjustments	29.87	(0.08)	53.31	0.50	2.67	(0.01)	(1.70)	0.01
Actual return on Plan Assets less Interest on Plan Assets	(0.22)	-	(21.39)	-	-	-	-	-
Adjustment of Past Service Cost	-	-	-	-	-	-	-	-
Adjustment to recognise the asset ceiling impact	1.63	-	(1.36)	-	-	-	-	-
Less: Amount recovered from Joint Venture Companies	0.40	-	0.49	-	-	-	-	-
Less: Amount transferred to policyholders Liability	-	-	-	-	-	-	-	-
Recognised in OCI for the year	(29.39)	(3.85)	(4.87)	(2.41)	1.82	(0.03)	(2.20)	0.02
<b>(vii) Maturity Profile of Defined Benefit Obligation:</b>								
Within next 12 months (next annual reporting period)	203.03	5.39	176.10	3.36	7.31	0.06	7.84	0.06
Between 1 and 5 years	536.37	7.06	492.88	7.39	21.55	0.23	24.23	0.24
Between 6 and 9 years	617.68	13.18	567.07	12.01	12.72	0.20	16.08	0.21
10 years and above	2,106.24	35.66	1,899.59	33.35	8.78	0.33	11.75	0.39

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(₹ in crore)

	Gratuity				Pension and Post-Retirement Medical Benefits			
	Funded	Others	Funded	Others	Pension	Post-Retirement Medical Benefits	Pension	Post-Retirement Medical Benefits
	As at 31 <sup>st</sup> March 2023		As at 31 <sup>st</sup> March 2022		As at 31 <sup>st</sup> March 2023		As at 31 <sup>st</sup> March 2022	
<b>(viii) Quantitative Sensitivity Analysis for Significant Assumptions:</b>								
Increase/(Decrease) on Present Value of Defined Benefit Obligation at the end of the year								
100 bps increase in Discount Rate	(128.58)	(8.57)	(131.83)	(6.30)	(0.92)	(0.03)	(1.02)	(0.03)
100 bps decrease in Discount Rate	140.78	8.60	145.86	6.67	0.98	0.03	1.08	0.03
100 bps increase in Salary Escalation Rate	138.39	8.58	109.29	6.26	-	-	-	-
100 bps decrease in Salary Escalation Rate	(124.11)	(8.32)	(97.66)	(5.94)	-	-	-	-
Increase in Life Expectancy by 1 year	-	-	-	-	0.84	-	0.98	-
Decrease in Life Expectancy by 1 year	-	-	-	-	(0.74)	-	(0.86)	-
<b>(ix) The Major Categories of Plan Assets as a % of Total Plan:</b>								
Government of India Securities	3%	N.A.	5%	N.A.	N.A.	N.A.	N.A.	N.A.
Corporate Bonds	1%	N.A.	0%	N.A.	N.A.	N.A.	N.A.	N.A.
Insurer Managed Funds	94%	N.A.	91%	N.A.	N.A.	N.A.	N.A.	N.A.
Others	2%	N.A.	4%	N.A.	N.A.	N.A.	N.A.	N.A.
<b>Total</b>	<b>100%</b>	<b>N.A.</b>	<b>100%</b>	<b>N.A.</b>	<b>N.A.</b>	<b>N.A.</b>	<b>N.A.</b>	<b>N.A.</b>
<b>(x) Principal Actuarial Assumptions:</b>								
Discount Rate	6.85% – 7.45%	4.44% – 17.75%	5.60% – 7.25%	2.72% – 15%	7.25% – 7.45%	7.45%	6.70% – 7.05%	7.05%
Salary Escalation Rate	7.00% – 10.00%	2.50% – 11.00%	6.00% – 10.00%	2.50% – 10.00%	-	-	-	-
Mortality Tables	Indian Assured Lives (2012-14) mortality tables	GA 1983 Mortality table / UK Mortality Table AM92 [UK]	Indian Assured Lives (2012-14) mortality tables	GA 1983 Mortality table / UK Mortality Table AM92 [UK]	S1PA annuity rates adjusted suitably	S1PA annuity rates adjusted suitably	S1PA annuity rates adjusted suitably	S1PA annuity rates adjusted suitably
<b>Retirement Age:</b>								
Management	60 Yrs.	58-60 Yrs.	60 Yrs.	58-60 Yrs.	-	-	-	-
Non-Management	58 Yrs.		58 Yrs.		-	-	-	-
<b>(xi) Weighted Average Duration of Defined Benefit obligation:</b>	4 to 10 Yrs.	3-12 Yrs.	4 to 11 Yrs.	3-13 Yrs.	4 Yrs. to 5.5 Yrs.	5.3 Yrs.	5 Yrs. to 5.9 Yrs.	5.9 Yrs.

## (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 expected 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

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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 ₹ 22.63 crore (Previous Year ₹ 22.42 crore).

## (xvii) Compensated Absences:

The obligation for compensated absences is recognised in the same manner as gratuity, amounting to charge of ₹ 74.56 crore (Previous Year ₹ 86.21 crore). Compensated absences of Discontinued Operations were ₹ Nil (Previous Year ₹ 1.46 crore)

## (xviii) Other Long-term Employee Benefits:

Amount recognised as expense for other long-term employee benefits is ₹ 1.05 crore (Previous Year ₹ 0.44 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 ₹ 96.86 crore (Previous Year ₹ 83.73 crore) and amount recognised as pre-operative expenses and included in note 2.1.5 as "Contribution-Company owned Provident Fund" is ₹ 1.60 crore (Previous Year ₹ 1.02 crore)

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 2023 (31<sup>st</sup> March 2022 : Nil).

Particulars	₹ in crore	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
(a) Plan Assets at Fair Value	3,762.45	3,415.95
(b) Present Value of Defined Benefit Obligation at year end	3,744.86	3,387.36
(c) Surplus Available	17.59	28.58
(d) Liability recognised in the Balance Sheet	-	-
(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	7.25%-7.45%	6.70%-6.85%
- Discount Rate for the remaining term of maturity of Investment Portfolio	7.36%-7.95%	6.43%-8.12%
- Average Historic Yield on Investment Portfolio	7.76% - 8.29%	7.98%- 8.42%
- Guaranteed Interest Rate	8.15%	8.10%



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## (xx) Defined Contribution Plans:

Particulars	₹ in crore	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Amount recognised as an expense and included in Note 3.6 as "Contribution to Provident and Other Funds"	196.10	204.31
Amount recognised as pre-operative expense and included in Note 2.1.5 as "Contribution to Provident and Other Funds"	0.02	1.46
Total Contribution to Provident and Other Funds	196.12	205.77

Note: Contribution to Provident and Other Funds of Discontinued Operations were ₹ Nil for 31<sup>st</sup> March 2023 and ₹ 4.02 crore for 31<sup>st</sup> March 2022.

## 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 and is such that it does not hold these investments till maturity (except Financial Service business) 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.

### B. Classification and Measurement of Financial Assets and Liabilities

Particulars	₹ in crore			
	As at 31 <sup>st</sup> March 2023		As at 31 <sup>st</sup> March 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Financial Assets at Amortised Cost</b>				
Trade Receivables	5,921.92	5,921.92	5,429.36	5,429.36
Loans (including Loans related to NBFC/HFC Business)	93,213.20	93,213.20	66,201.13	66,201.13
Investments of Insurance Business	25,343.22	25,229.62	19,310.99	19,585.64
Other Investments	149.38	149.38	135.65	135.65
Cash and Bank Balances	3,713.38	3,713.38	3,252.55	3,252.55
Other Financial Assets	4,324.35	4,324.35	3,551.18	3,551.18
Re-insurance Assets	1,274.92	1,274.92	1,256.78	1,256.78
Other Investments: Fixed Deposits with financial institutions with maturity less than twelve months	119.09	119.09	337.04	337.04

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₹ in crore

Particulars	As at 31 <sup>st</sup> March 2023		As at 31 <sup>st</sup> March 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Financial Assets at Fair Value through Other Comprehensive Income</b>				
Investments of Insurance Business	12,199.58	12,199.58	11,891.30	11,891.30
Other Investments	8,830.43	8,830.43	12,337.27	12,337.27
<b>Financial Assets at Fair Value through Profit and Loss</b>				
Investments of Insurance Business (including Investments of Assets Held to Cover Linked Liabilities)	33,387.12	33,387.12	32,249.60	32,249.60
Other Investments	14,309.63	14,309.63	13,454.10	13,454.10
<b>Hedging Instruments</b>				
Derivative Assets	509.35	509.35	423.80	423.80
<b>Total</b>	<b>203,295.57</b>	<b>203,181.97</b>	<b>169,830.75</b>	<b>170,105.40</b>
<b>Financial Liabilities at Amortised Cost</b>				
Non-Current Borrowings	66,712.46	65,958.35	46,545.96	46,751.84
Current Borrowings	34,635.46	34,635.46	26,457.29	26,457.29
Lease Liabilities	952.17	952.17	882.17	882.17
Supplier's Credit	-	-	183.40	183.40
Policyholders Liabilities	69,089.93	69,089.93	60,873.38	60,873.38
Trade Payables	13,353.27	13,353.27	11,393.44	11,393.44
Other Financial Liabilities	10,131.95	10,131.95	8,435.23	8,435.23
<b>Financial Liabilities at fair value through Profit and Loss</b>				
Lease Liabilities Payable in Foreign Currency	738.47	738.47	675.37	675.37
<b>Hedging Instruments</b>				
Derivative Liabilities	125.63	125.63	159.60	159.60
<b>Total</b>	<b>195,739.34</b>	<b>194,985.23</b>	<b>155,605.84</b>	<b>155,811.72</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 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.

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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 2023</b>				
<b>Financial Assets:</b>				
<b>1) Measured at Amortised Cost</b>				
- Investments of Insurance Business	17,686.23	7,543.39	-	25,229.62
- Loans (incl. Loans related to NBFC/HFC business)	-	-	93,213.20	93,213.20
- Re-insurance Assets	-	-	1,274.92	1,274.92
- Other Investments (Non-Current): Fixed Deposits with financial institutions with maturity less than twelve months	-	268.47	-	268.47
<b>2) Measured at Fair Value through Other Comprehensive Income</b>				
- Investments of Insurance Business	5,912.60	6,286.13	0.86	12,199.58
- Other Investments in Debentures or Bonds	-	65.33	-	65.33
- Other Investments in Equity Instruments (other than Joint Ventures and Associates)	8,066.88	-	698.21	8,765.10
<b>3) Measured at Fair Value through Profit and Loss</b>				
- Investments of Insurance Business [including Investments of Assets Held to Cover Linked Liabilities]	23,329.15	10,057.97	-	33,387.12
- Other Investments in Mutual Funds, Debentures or Bonds and Private Equity Investment Funds	0.35	13,504.53	476.94	13,981.82
- Other Investments in Equity Instruments (other than Joint Ventures and Associates)	-	-	121.73	121.73
- Other Investments in Limited Liability Partnership	-	-	26.60	26.60
- Other Investments in Preference Shares	-	-	179.49	179.49
<b>4) Hedging Instruments</b>				
- Derivative Assets	-	509.35	-	509.35
<b>Financial Liabilities:</b>				
<b>1) Measured at Amortised Cost</b>				
- Non-Current Borrowings	-	23,021.12	42,937.23	65,958.35
- Policyholders Liabilities	30,507.41	-	38,582.52	69,089.93
<b>2) Hedging Instruments</b>				
- Derivative Liabilities	-	125.63	-	125.63
<b>As at 31<sup>st</sup> March 2022</b>				
<b>Financial Assets:</b>				
<b>1) Measured at Amortised Cost</b>				
- Investments of Insurance Business	12,328.52	7,257.12	-	19,585.64
- Loans (incl. Loans related to NBFC/HFC business)	-	25,584.25	40,616.88	66,201.13
- Re-insurance Assets	-	-	1,256.78	1,256.78
- Other Investments (Non-Current): Fixed Deposits with financial institutions with maturity less than twelve months	-	337.04	-	337.04
<b>2) Measured at Fair Value through Other Comprehensive Income</b>				
- Investments of Insurance Business	5,652.89	6,237.59	0.83	11,891.31
- Other Investments in Debentures or Bonds	-	87.49	-	87.49
- Other Investments in Equity Instruments (other than Joint Ventures and Associates)	11,586.40	-	663.38	12,249.78

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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]	22,182.01	10,233.08	(165.49)	32,249.60
- Other Investments in Mutual Funds, Debentures or Bonds and Private Equity Investment Funds	0.45	12,848.74	382.10	13,231.29
- Other Investments in Equity Instruments (other than Joint Ventures and Associates)	-	-	53.28	53.28
- Other Investments in Limited Liability Partnership	-	-	26.60	26.60
- Other Investments in Preference Shares	-	-	142.94	142.94
<b>4) Hedging Instruments</b>				
- Derivative Assets	-	423.80	-	423.80
<b>Financial Liabilities:</b>				
<b>1) Measured at Amortised Cost</b>				
- Non-Current Borrowings	635.78	26,286.90	19,829.16	46,751.84
- Policyholders Liabilities	30,160.19	-	30,713.19	60,873.38
<b>2) Hedging Instruments</b>				
- Derivative Liabilities	-	159.60	-	159.60

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 was 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 2023 and 31<sup>st</sup> March 2022, there was no transfer between Level 1 and Level 2 fair value measurement.

## 4.9.1 Key Inputs for Level 1 and Level 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 Investments (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 and Partnership Firms (LLP)	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 net worth, the carrying value of the shares would increase/decrease by ₹ 6.76 crore (as at 31<sup>st</sup> March 2022: decrease by ₹ 7.49 crore or increase by ₹ 7.82 crore using Weighted Average Cost of Capital (WACC) or discount rate used while all other variables were held constant).

#### 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 ₹ 2.90 crore or increase by ₹ 2.94 crore (as at 31<sup>st</sup> March 2022: decrease by ₹ 5.06 crore or increase by ₹ 5.29 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 (₹ in crore)
<b>As on 31<sup>st</sup> March 2023</b>				
Private Equity Investment Funds	Price to Book Value Method	Valuation at 10% discount compare to peer group	0.45	6.20
Private Equity Investment Funds		Valuation at par with peer group	0.50	6.90
Private Equity Investment Funds		Valuation at 10% Premium compare to peer group	0.55	7.50
<b>As on 31<sup>st</sup> March 2022</b>				
Private Equity Investment Funds	Price to Book Value Method	Valuation at 10% discount compare to peer group	0.45	6.00
Private Equity Investment Funds		Valuation at par with peer group	0.50	6.60
Private Equity Investment Funds		Valuation at 10% Premium compare to peer group	0.55	7.28

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The table summarises the valuation techniques together with the significant unobservable inputs used to calculate the fair value of the ABCL's Level 3 assets and liabilities.

Relationships between unobservable inputs have not been incorporated in this summary.

Financial Assets related to other business	Level 3 assets 31 <sup>st</sup> March 2023	Valuation Technique	Significant unobservable inputs
Equity Shares	3.09	Net worth of investee company	Instrument Price
Others	510.20	Discounted Projected Cash Flow	Expected Gross Recoveries & Discount rates

Financial Assets related to other business	Level 3 assets 31 <sup>st</sup> March 2022	Valuation Technique	Significant unobservable inputs
Equity Shares	2.35	Net worth of investee company	Instrument Price
Others	382.09	Discounted Projected Cash Flow	Expected Gross Recoveries & Discount rates

## (ii) Financial Assets related to Other Business of ABCL as at 31<sup>st</sup> March 2023

Financial Assets	31 <sup>st</sup> March 2023		31 <sup>st</sup> March 2022	
	Favourable changes (+5%)	Unfavourable changes (-5%)	Favourable changes (+5%)	Unfavourable changes (-5%)
Equity Shares	0.15	(0.15)	0.12	(0.12)
Others (Security Receipts, Alternate Funds, etc.)	25.51	(25.51)	19.10	(19.10)

**4.9.3** The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values:

Particulars	₹ in crore	
	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
<b>Opening Balances</b>	<b>2,360.42</b>	<b>2,205.35</b>
Add: Purchase of Investments during the year	336.53	149.57
Add: Fair Value gain recognised in Other Income in the Statement of Profit and Loss	(16.01)	46.90
Add: Fair value loss recognised in OCI	35.01	54.48
Less: Movement in Other Current Asset of Insurance Business	165.49	(286.09)
Add: Movement of Re-insurance Assets	18.15	442.24
Less: Sale/(Redemption) of Investments	(120.84)	(252.03)
<b>Closing Balances</b>	<b>2,778.75</b>	<b>2,360.42</b>

## 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.

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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 E-mail 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.

## 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 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 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

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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 group 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 group 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.

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 contracts 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 Group 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 favourable 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.

## Insurance Contracts Liabilities: Change in Liabilities

₹ in crore

Particulars	Year Ended 31 <sup>st</sup> March 2023				Year Ended 31 <sup>st</sup> March 2022			
	With DPF	Linked Business	Others	Total	With DPF	Linked Business	Others	Total
<b>Gross Liability at the beginning of the Year</b>	6,273.05	21,255.68	15,725.53	43,254.26	4,820.53	20,198.66	11,852.69	36,871.88
<b>Add/(Less)</b>								
Premium	1,609.96	2,503.01	9,388.32	13,501.29	1,506.70	2,664.95	5,090.14	9,261.79
Unwinding of the Discount /Interest Credited	515.22	753.83	1,316.65	2,585.70	462.82	2,666.28	1,259.69	4,388.79
Insurance Liabilities Released	(267.36)	(3,213.60)	(1,950.70)	(5,431.66)	(253.03)	(3,787.38)	(2,008.47)	(6,048.88)
Others (Expense overrun, Contribution from S/H and Profit/Loss)	(305.82)	(493.29)	(3,590.23)	(4,389.34)	(263.97)	(486.83)	(468.52)	(1,219.32)
<b>Gross Liability at the end of the Year</b>	<b>7,825.05</b>	<b>20,805.63</b>	<b>20,889.57</b>	<b>49,520.25</b>	<b>6,273.05</b>	<b>21,255.68</b>	<b>15,725.53</b>	<b>43,254.26</b>
Recoverable from Reinsurance	5.22	25.11	1,244.61	1,274.94	8.71	29.48	1,218.60	1,256.79
<b>Net Liability</b>	<b>7,819.83</b>	<b>20,780.52</b>	<b>19,644.96</b>	<b>48,245.31</b>	<b>6,264.34</b>	<b>21,226.20</b>	<b>14,506.93</b>	<b>41,997.47</b>

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## Investment Contracts Liabilities

₹ in crore

Particulars	Year Ended 31 <sup>st</sup> March 2023				Year Ended 31 <sup>st</sup> March 2022			
	With DPF	Linked Business	Others	Total	With DPF	Linked Business	Others	Total
<b>At the beginning of the Year</b>	6,715.05	9,242.17	429.17	16,386.39	5,939.40	8,150.46	293.16	14,383.02
<b>Additions</b>								
Premium	2,072.26	1,332.78	235.61	3,640.65	1,517.67	1,195.79	164.98	2,878.44
Interest and Bonus Credited to Policyholders	509.29	382.85	36.16	928.30	239.98	697.03	28.63	965.65
<b>Deductions</b>								
Withdrawals/Claims	728.79	894.68	33.24	1,656.71	1,189.17	848.70	34.15	2,072.03
Fee Income and Other Expenses	5.66	13.61	7.60	26.87	4.08	11.97	1.29	17.34
Others Profit and Loss	(87.47)	33.90	35.94	(17.63)	(211.25)	(57.60)	22.16	(246.69)
Others (includes DAC, DOF and Profit/Loss)	-	2.07	-	2.07	-	(1.95)	-	(1.95)
<b>At the end of the Year</b>	<b>8,649.62</b>	<b>10,013.53</b>	<b>624.16</b>	<b>19,287.32</b>	<b>6,715.05</b>	<b>9,242.17</b>	<b>429.17</b>	<b>16,386.39</b>

## Reinsurance Assets

₹ in crore

Particulars	Year Ended 31 <sup>st</sup> March 2023	Year ended 31 <sup>st</sup> March 2022
<b>At the beginning of the year</b>	1,256.80	814.55
Add/(Less)		
Premium	530.23	498.78
Unwinding of the Discount /Interest credited	53.89	53.22
Change in Valuation for Expected Future Benefits		
Insurance Liabilities Released	(299.23)	(690.46)
Others (Experience Variations)	(266.74)	580.70
<b>At the end of the year</b>	<b>1,274.95</b>	<b>1,256.80</b>

## Deferred Acquisition Cost

₹ in crore

Particulars	Year Ended 31 <sup>st</sup> March 2023	Year ended 31 <sup>st</sup> March 2022
<b>As at 1<sup>st</sup> April</b>	2.58	3.90
Expenses Deferred	-	-
Amortisation	(1.20)	(1.32)
<b>As at 31<sup>st</sup> March</b>	<b>1.38</b>	<b>2.58</b>

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## Insurance Contracts Liabilities: Change in Liabilities of Health Insurance Business

Particulars	₹ in crore
	Previous Year 31 <sup>st</sup> March 2022
Gross Liability at the beginning of the year	610.72
Add/(Less)	
Incurred but not reported (IBNR) Provision	(5.14)
Premium Deficiency Reserve	-
Reserve for Unexpired Risk	194.12
Freelook Reserve	(0.03)
Gross Liability	
Recoverable from Re-insurance	(35.32)
<b>Net Liability</b>	<b>764.35</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.

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.

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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.

## 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-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
<b>Insurance</b>						
With DPF	75% - 223% of IALM2012-14	75% - 223% of IALM2012-14	7.15% p.a.	7.15% p.a.	PY1 : 9% - 25% PY2 : 2% PY3+ : 1% - 2% (varying by product)	PY1 : 10% - 25% PY2 : 2% - 10% PY3+ : 1% - 2% (varying by product)
Linked Business	55% of IALM 2012-14	55% of IALM 2012-14	a) 9.0% p.a. for assets backing linked liabilities b) 6.9% p.a. for asset backing non-unit liabilities	a) 9.0% p.a. for assets backing linked liabilities b) 6.9% p.a. for asset backing non-unit liabilities	PY1 : 10%-35% PY2 : 5% - 35% PY3+: 3% -20% (varying by product and duration)	PY1 : 10%-35% PY2 : 5% - 35% PY3+: 3% -20% (varying by product and duration)
Others	20%-295.8% of IALM2012-14	20%-292.5% of IALM2012-14	6.15%-7.55% p.a.	6.70%-7.55% p.a.	PY1 : 0%-40% PY2 : 0% - 15% PY3+: 0% -12% (varying by product and duration)	PY1 : 0%-40% PY2 : 0% - 15% PY3+: 1% -12% (varying by product and duration)

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Portfolio Assumptions by Type of Business Impacting Net Liabilities	Partial Withdrawal		Renewal Per Policy Expense Assumptions		Inflation	
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
<b>Insurance</b>						
With DPF	N/A	N/A	Max 782.25 Per policy	Max 745 policy	0.05	0.05
Linked Business	0% – 3% p.a.	0% – 3% p.a.	782.25 Per policy	745 Per policy	0.05	0.05
Others	N/A	N/A	Max 782.25 Per policy (varies by product)	Max 745 Per policy (varies by product)	0.05	0.05

\*Commission scales have been allowed in accordance with the product filing with IRDA.

## 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 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%	7,780.69	41,458.92	8,649.64	10,577.39	6,227.30	36,711.55	6,715.06	9,600.79
Lapses Decreased by 10%	7,870.65	41,938.23	8,649.64	10,699.67	6,320.65	37,261.89	6,715.06	9,744.72
Mortality Increased by 10%	7,846.52	41,809.69	8,649.64	10,666.88	6,306.67	37,179.46	6,715.06	9,723.16
Mortality Decreased by 10%	7,801.51	41,569.81	8,649.64	10,605.68	6,240.18	36,787.49	6,715.06	9,620.65
Expenses Increased by 10%	7,840.83	41,779.37	8,649.64	10,659.14	6,311.48	37,207.82	6,715.06	9,730.58
Expenses Decreased by 10%	7,806.90	41,598.53	8,649.64	10,613.01	6,235.14	36,757.81	6,715.06	9,612.89
Interest Rate Increased by 100 bps	7,746.42	41,276.31	8,649.64	10,530.80	6,273.04	36,781.51	6,715.06	9,961.46
Interest Rate Decreased by 100 bps	7,909.87	42,147.24	8,649.64	10,753.00	6,273.04	37,177.20	6,715.06	9,400.52
Inflation Rate Increased by 100 bps	7,844.12	41,796.91	8,649.64	10,663.62	6,319.85	37,257.15	6,715.06	9,743.48
Inflation Rate Decreased by 100 bps	7,807.36	41,601.00	8,649.64	10,613.64	6,234.15	36,751.93	6,715.06	9,611.35

## 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. Group 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 Group to record realized or unrealised losses and increase our provisions for asset default, adversely impacting earnings.

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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. Group uses systems like MSCI Barra One to evaluate and monitor risks.

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 2023

₹ in crore							
Particulars	Infrastructure	Financial and Insurance	Government	IT Services	Manufacturing	Others	Total
<b>1 FVTOCI Financial Assets</b>							
Policyholders							
Debt	325.81	3,745.19	-	56.77	176.70	15.71	4,320.18
Government Securities	-	-	4,506.13	86.31	-	26.23	4,618.67
Others	-	-	94.48	-	-	-	94.48
Shareholders							
Debt	287.80	1,320.37	-	42.09	207.03	10.71	1,868.00
Equity	-	76.16	-	-	-	-	76.16
Government Securities	-	-	1,171.75	20.66	-	26.22	1,218.63
Others	-	-	3.49	-	-	-	3.49
<b>2 Financial Assets at FVTPL</b>							
Policyholders							
Debt	1,064.24	5,026.67	-	158.79	658.49	31.41	6,939.60
Equity	1,902.21	4,837.12	-	2,237.63	7,040.75	522.89	16,540.60
Government Securities	-	-	7,987.30	-	-	-	7,987.30
Mutual Fund Units	-	337.79	-	-	-	-	337.79
Others	-	696.12	788.88	-	-	(39.81)	1,445.19
Shareholders							
Debt	1.54	40.36	8.20	-	-	2.51	52.61
Equity	-	82.75	-	-	-	-	82.75
Mutual Fund Units	-	1.27	-	-	-	-	1.27
<b>3 Amortised Cost Financial Assets</b>							
Policyholders							
Debt	1,480.30	5,373.20	-	42.32	170.52	20.30	7,086.64
Government Securities	-	-	17,596.32	55.56	-	-	17,651.88
Others	-	10.29	417.05	-	-	-	427.34
<b>Total Credit Risk Exposure</b>	<b>5,061.90</b>	<b>21,547.29</b>	<b>32,573.60</b>	<b>2,700.13</b>	<b>8,253.49</b>	<b>616.17</b>	<b>70,752.58</b>

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As on 31<sup>st</sup> March 2022

₹ in crore

Particulars	Infrastructure	Financial and Insurance	Government	IT Services	Manufacturing	Others	Total
<b>1 FVTOCI Financial Assets</b>							
Policyholders							
Debt	318.04	3,068.82	-	32.34	244.59	161.79	3,825.59
Government Securities	-	-	4,295.73	19.85	-	27.70	4,343.28
Others	-	29.32	387.53	-	-	-	416.85
Shareholders							
Debt	293.06	1,175.25	-	16.75	261.99	92.59	1,839.64
Equity	-	92.82	-	-	-	-	92.82
Government Securities	-	-	1,266.54	-	-	27.70	1,294.25
Others	-	-	78.87	-	-	-	78.87
<b>2 Financial Assets at FVTPL</b>							
Policyholders							
Debt	1,178.97	5,288.84	-	166.93	1,028.99	126.19	7,789.92
Equity	1,599.31	3,929.01	-	2,384.42	6,641.45	400.90	14,955.08
Government Securities	-	10.55	7,001.57	-	-	-	7,012.12
Mutual Fund Units	-	598.40	-	-	-	78.30	676.70
Others	-	502.52	1,358.06	-	36.41	(165.49)	1,731.50
Shareholders							
Debt	-	25.41	-	-	-	0.45	25.86
Equity	-	9.93	-	-	-	-	9.93
Mutual Fund Units	-	28.50	-	-	-	20.01	48.51
<b>3 Amortised Cost Financial Assets</b>							
Policyholders							
Debt	1,546.62	4,161.27	-	43.44	194.50	20.28	5,966.11
Government Securities	-	-	12,335.04	30.05	-	-	12,365.09
Others	-	-	977.23	-	-	-	977.23
Shareholders							
Others	-	-	-	-	-	2.57	2.57
<b>Total Credit Risk Exposure</b>	<b>4,936.00</b>	<b>18,920.64</b>	<b>27,700.57</b>	<b>2,693.78</b>	<b>8,407.93</b>	<b>792.99</b>	<b>63,451.91</b>

## Credit exposure by credit rating

As on 31<sup>st</sup> March 2023

₹ in crore

Particulars	UNR	SOVEREIGN	AAA	AA+	AA-	AA	Others	Total
<b>1 FVOCI Financial Assets</b>								
Policyholders								
Debt	-	-	3,915.17	210.99	-	194.02	-	4,320.18
Government Securities	-	4,506.13	112.54	-	-	-	-	4,618.67
Others	-	94.48	-	-	-	-	-	94.48
Shareholders								
Debt	-	-	1,363.38	132.33	47.50	300.50	24.29	1,868.00
Equity	76.16	-	-	-	-	-	-	76.16
Government Securities	-	1,171.75	46.88	-	-	-	-	1,218.63
Others	-	3.49	-	-	-	-	-	3.49

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₹ in crore

Particulars	UNR	SOVEREIGN	AAA	AA+	AA-	AA	Others	Total
<b>2 Financial Assets at FVTPL</b>								
Policyholders								
Debt	-	-	6,186.82	454.95	-	297.83	-	6,939.60
Equity	15,910.12	-	374.86	209.70	-	45.92	-	16,540.60
Government Securities	-	7,987.30	-	-	-	-	-	7,987.30
Mutual Fund Units	337.79	-	-	-	-	-	-	337.79
Others	170.81	788.88	525.31	-	-	-	(39.81)	1,445.19
Shareholders								
Debt	-	8.20	44.41	-	-	-	-	52.61
Equity	-	-	-	51.72	-	31.03	-	82.75
Mutual Fund Units	-	-	-	-	-	-	1.27	1.27
<b>3 Amortised Cost Financial Assets</b>								
Policyholders								
Debt	-	-	6,643.54	163.66	106.63	148.96	23.83	7,086.62
Government Securities	-	17,596.32	55.56	-	-	-	-	17,651.88
Others	10.29	417.05	-	-	-	-	-	427.34
<b>Total Credit Risk Exposure</b>	<b>16,505.17</b>	<b>32,573.60</b>	<b>19,268.47</b>	<b>1,223.35</b>	<b>154.13</b>	<b>1,018.26</b>	<b>9.58</b>	<b>70,752.56</b>

As on 31<sup>st</sup> March 2022

₹ in crore

Particulars	UNR	SOVEREIGN	AAA	AA+	AA-	AA	Others	Total
<b>1 FVOCI Financial Assets</b>								
Policyholders								
Debt	-	-	3,494.73	68.00	-	254.64	8.22	3,825.59
Government Securities	-	4,295.72	47.55	-	-	-	-	4,343.27
Others	5.31	387.53	24.02	-	-	-	-	416.86
Shareholders								
Debt	-	-	1,288.45	61.99	72.83	390.01	26.36	1,839.64
Equity	92.82	-	-	-	-	-	-	92.82
Government Securities	-	1,266.54	27.70	-	-	-	-	1,294.24
Others	-	78.87	-	-	-	-	-	78.87
<b>2 Financial Assets at FVTPL</b>								
Policyholders								
Debt	-	-	6,734.46	564.46	57.72	429.40	3.87	7,789.91
Equity	14,606.70	-	314.23	16.73	-	17.42	-	14,955.08
Government Securities	-	7,001.57	10.55	-	-	-	-	7,012.12
Mutual Fund Units	598.40	-	-	-	-	-	78.30	676.70
Others	41.00	1,358.06	497.93	-	-	-	(165.49)	1,731.50
Shareholders								
Debt	-	-	25.41	-	-	-	0.45	25.86
Equity	-	-	-	5.58	-	4.36	-	9.94
Mutual Fund Units	-	-	-	-	-	-	48.51	48.51



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₹ in crore

Particulars	UNR	SOVEREIGN	AAA	AA+	AA-	AA	Others	Total
<b>3 Amortised Cost Financial Assets</b>								
Policyholders								
Debt	-	-	5,531.46	210.27	20.90	179.39	24.09	5,966.11
Government Securities	-	12,335.04	30.05	-	-	-	-	12,365.09
Others	-	977.23	-	-	-	-	2.57	979.80
<b>Total Credit Risk Exposure</b>	<b>15,344.23</b>	<b>27,700.56</b>	<b>18,026.54</b>	<b>927.03</b>	<b>151.45</b>	<b>1,275.21</b>	<b>26.88</b>	<b>63,451.91</b>

It is the Group'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 Group's rating policy. The attributable risk ratings are assessed and updated regularly.

The Group manages its product mix to ensure that there is no significant concentration of credit risk.

## 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 marked-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	-
State	-
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) recognized 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.

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ECL allowance computed, basis above, during the period under consideration is as follows:

	₹ in crore	
<b>Movement of Allowances</b>	<b>Year Ended 31<sup>st</sup> March 2023</b>	<b>Year ended 31<sup>st</sup> March 2022</b>
<b>Financial Assets</b>		
<b>As at 1<sup>st</sup> April</b>	<b>10.15</b>	<b>8.93</b>
Provided during the year	3.11	1.41
Amounts Written off	(0.79)	(0.19)
<b>As at 31<sup>st</sup> March</b>	<b>12.47</b>	<b>10.15</b>

## Liquidity Risk

Liquidity risk is the possibility that the Group will not be able to fund all cash outflow commitments as they fall due. The Group'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 Group 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 Group manages its product mix to ensure that there is no significant concentration of credit risk.

The table below summarises the expected utilisation or settlement of assets and liabilities.

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## Maturity Analysis on Expected Maturity Bases

### As on 31<sup>st</sup> March 2023

Particulars	Less Than 12 Months	1 to 5 years	More than 5 years	Total
<b>Financial Liabilities</b>				
Other Financial Liabilities	1,424.96	-	2.96	1,427.92
Lease Liability	40.45	87.87	29.15	157.47
Life Insurance Contract Liabilities and Restricted Surplus	2,079.16	14,188.58	52,822.19	69,089.93
Subordinated Liabilities	-	-	499.96	499.96
Trade and Other Payables	562.17	-	-	562.17

### As on 31<sup>st</sup> March 2022

Particulars	Less Than 12 Months	1 to 5 years	More than 5 years	Total
<b>Financial Liabilities</b>				
Other Financial Liabilities	1,492.11	-	0.61	1,492.72
Lease Liability	6.93	127.29	30.88	165.10
Life Insurance Contract Liabilities and Restricted Surplus	1,242.41	4,818.81	54,047.83	60,109.04
Subordinated Liabilities	-	-	499.74	499.74
Trade and Other Payables	491.39	-	-	491.39

## 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 Group 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 Group has investment policy in place, which deals with guidelines for asset allocation and portfolio limit structure, to ensure that assets back specific policyholders' liabilities.

The Group 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 Group'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.

## 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 Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group 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.

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₹ In crore

Market indices	Change in Interest Rate	As at 31 <sup>st</sup> March 2023		As at 31 <sup>st</sup> March 2022	
		Impact on Profit Before Tax	Impact on Equity*	Impact on Profit Before Tax	Impact on Equity
Interest Rate	25 Basis Point down	-	135.39	-	135.76
	50 Basis Point down	-	274.47	-	271.52
	25 Basis Point Up	-	(131.84)	-	(135.76)
	50 Basis Point Up	-	(260.26)	-	(271.52)

\* Shock only on Interest Rate given(FVOCI) and hence no impact on Equity considered

## Equity Price Risk

Equity market risk is the potential for financial loss arising from declines or volatility in equity market prices. The Group 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 Group 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.

₹ In crore

Market indices	Change in Interest Rate	As at 31 <sup>st</sup> March 2023		As at 31 <sup>st</sup> March 2022	
		Impact on Profit Before Tax	Impact on Equity	Impact on Profit Before Tax	Impact on Equity
BSE 100	10% rise	225.76	200.43	193.54	202.82
	10% fall	(225.76)	(200.43)	(193.54)	(202.82)

## 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 Group cannot expect to eliminate all operational risks but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Group 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 Group's strategic planning and budgeting process.

Operational risks are governed through Operational Risk Management policy. The Group maintains an operational loss database to track and mitigate risks resulting in financial losses. The Group 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 Group 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

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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 Group.

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 Group 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 Contracts

### a) Forward Rate Agreements

Particulars	₹ In crore	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
i) Total notional principal amount of forward rate agreement undertaken during the year (Instrument-wise)		
7.73% GOI 2034 (MD 19/12/2034)	-	67.10
8.13% GOI 2045 (MD 22/06/2045)	136.84	107.26
8.30% GOI 2040 (MD 02/07/2040)	187.04	50.68
8.30% GOI 2042 (MD 31/12/2042)	482.23	99.31
8.33% GOI 2036 (MD 07/06/2036)	34.82	269.73
8.83% GOI 2041 (MD 12/12/2041)	162.31	171.17
9.23% GOI 2043 (MD 23/12/2043)	245.60	71.87
8.17% GOI 2044 (MD 01/12/2044)	200.42	79.79
7.06% GOI 2046 (MD 10/10/2046)	113.36	76.43
7.72% GOI 2055 (MD 26/10/2055)	-	164.51
7.63% GOI 2059 (MD 17/06/2059)	-	68.09
6.67% GOI 2050 (MD 17/12/2050)	-	187.26
6.64% GOI 2035 (MD 16/06/2035)	-	291.70
6.76% GOI 2061 (MD 22/02/2061)	-	78.07
7.50% GOI 2034 (MD 10/08/2034)	-	47.49
6.99% GOI 2051 (MD 15/12/2051)	73.71	55.94
6.67% GOI 2035 (MD 15/12/2035)	13.40	38.22
7.54% GOI 2036 (MD 23/05/2036)	877.64	-
6.95% GOI 2061 (MD 16/12/2061)	17.40	-
7.40% GOI 2062 (MD 19/09/2062)	438.00	-
7.41% GOI 2036 (MD 19/12/2036)	465.27	-
7.36% GOI 2052 (MD 12/09/2052)	506.01	-
ii) Total notional principal amount of forward rate agreement outstanding as on end of the year (Instrument-wise)		
7.40% GOI 2035 (MD 09/09/2035)	58.86	91.24
7.62% GOI 2039 (MD 15/09/2039)	289.52	403.08
7.73% GOI 2034 (MD 19/12/2034)	141.66	251.92
7.95% GOI 2032 (MD 28/08/2032)	178.68	263.37
8.13% GOI 2045 (MD 22/06/2045)	293.45	156.61

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₹ In crore

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
8.24% GOI 2033 (MD 10/11/2033)	90.61	127.42
8.28% GOI (MD 15/02/2032)	50.21	50.21
8.30% GOI 2040 (MD 02/07/2040)	264.68	77.65
8.30% GOI 2042 (MD 31/12/2042)	654.73	267.71
8.32% GOI (MD 02/08/2032)	135.85	135.85
8.33% GOI 2036 (MD 07/06/2036)	441.95	-
8.83% GOI 2041 (MD 12/12/2041)	382.24	230.36
8.97% GOI 2030 (MD 05/12/2030)	-	26.64
9.20% GOI 2030 (MD 30/09/2030)	170.08	327.74
9.23% GOI 2043 (MD 23/12/2043)	337.19	95.73
8.17% GOI 2044 (MD 01/12/2044)	310.26	109.84
7.06% GOI 2046 (MD 10/10/2046)	214.43	113.65
7.63% GOI 2059 (MD 17/06/2059)	35.66	68.09
7.72% GOI 2055 (MD 26/10/2055)	123.27	164.51
6.67% GOI 2050 (MD 17/12/2050)	156.55	187.27
6.76% GOI 2061 (MD 22/02/2061)	32.51	78.07
6.64% GOI 2035 (MD 16/06/2035)	273.49	291.70
6.99% GOI 2051 (MD 15/12/2051)	129.65	55.94
7.50% GOI 2034 (MD 10/08/2034)	44.01	47.49
6.67% GOI 2035 (MD 15/12/2035)	51.62	38.22
6.95% GOI 2061 (MD 16/12/2061)	17.40	-
7.36% GOI 2052 (MD 12/09/2052)	506.01	-
7.54% GOI 2036 (MD 23/05/2036)	696.90	-
7.40% GOI 2062 (MD 19/09/2062)	438.00	-
7.41% GOI 2036 (MD 19/12/2036)	465.27	-

**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 2023	As at 31 <sup>st</sup> March 2022
7.40% GOI 2035 (MD 09/09/2035)	0.59	0.96
7.62% GOI 2039 (MD 15/09/2039)	(8.14)	(14.70)
7.73% GOI 2034 (MD 19/12/2034)	(1.82)	(2.27)
7.95% GOI 2032 (MD 28/08/2032)	3.85	1.01
8.13% GOI 2045 (MD 22/06/2045)	(1.20)	(3.84)
8.24% GOI 2033 (MD 10/11/2033)	2.84	2.49
8.28% GOI (MD 15/02/2032)	2.61	2.67
8.30% GOI 2040 (MD 02/07/2040)	(1.59)	(1.43)
8.30% GOI 2042 (MD 31/12/2042)	(2.97)	(6.17)
8.32% GOI (MD 02/08/2032)	4.15	3.91
8.33% GOI 2036 (MD 07/06/2036)	(4.61)	(7.61)
8.83% GOI 2041 (MD 12/12/2041)	4.58	(1.71)
8.97% GOI 2030 (MD 05/12/2030)	-	0.66
9.20% GOI 2030 (MD 30/09/2030)	1.97	4.70
9.23% GOI 2043 (MD 23/12/2043)	2.29	0.49

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₹ In crore

Hedging Instrument	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
8.17% GOI 2044 (MD 01/12/2044)	(1.94)	(3.43)
7.06% GOI 2046 (MD 10/10/2046)	(0.52)	(1.84)
7.63% GOI 2059 (MD 17/06/2059)	(0.80)	(3.27)
7.72% GOI 2055 (MD 26/10/2055)	0.01	(4.00)
6.67% GOI 2050 (MD 17/12/2050)	(1.62)	(3.92)
6.76% GOI 2061 (MD 22/02/2061)	0.50	0.33
6.64% GOI 2035 (MD 16/06/2035)	(4.95)	(6.25)
6.99% GOI 2051 (MD 15/12/2051)	2.04	(0.63)
7.50% GOI 2034 (MD 10/08/2034)	(0.01)	(0.22)
6.95% GOI 2061 (MD 16/12/2061)	0.32	-
7.40% GOI 2062 (MD 19/09/2062)	0.34	-
7.41% GOI 2036 (MD 19/12/2036)	(0.17)	-
7.36% GOI 2052 (MD 12/09/2052)	4.96	-
7.54% GOI 2036 (MD 23/05/2036)	4.02	-
6.67% GOI 2035 (MD 15/12/2035)	0.22	0.09

## c) Movement in Hedge Reserve

₹ In crore

Hedge Reserve Account	As at 31 <sup>st</sup> March 2023		
	Realised	Unrealised	Total
i) Balance at the beginning of the year	(67.14)	(25.85)	(92.99)
ii) Add: Changes in the Fair Value during the year and	5.03	(55.40)	(50.37)
iii) Less: Amounts reclassified to Revenue / Profit & Loss Account	(5.30)	-	(5.30)
<b>Balance at the end of the year</b>	<b>(56.81)</b>	<b>(81.25)</b>	<b>(138.06)</b>

₹ In crore

Hedge Reserve Account	As at 31 <sup>st</sup> March 2022		
	Realised	Unrealised	Total
i) Balance at the beginning of the year	(34.67)	(79.27)	(113.94)
ii) Add: Changes in the Fair Value during the year and	(36.49)	53.42	16.93
iii) Less: Amounts reclassified to Revenue / Profit & Loss Account	(4.02)	-	(4.02)
<b>Balance at the end of the year</b>	<b>(67.14)</b>	<b>(25.85)</b>	<b>(92.99)</b>

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
	i) Name of the Counter party	HSBC Bank, J.P.Morgan, Citi Bank, Credit Suisse, HDFC Bank, Deutsche Bank; Standard Chartered Bank, DBS, Kotak Bank and ICICI 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

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## 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

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 and 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

The NBFC and HFC by way of loan sanction letter and other loan securing documents agrees with its customers on collateral security to be provided by the customers in secured loan exposures that are subject to credit risk. Collateral security enables us to recover all or part of the outstanding exposure by liquidating the collateral asset provided, in cases where the borrower is unable or unwilling to fulfil its primary obligations.



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Collateral security accepted could be in the form of:

- a) Financial collateral in the form of pledge of equity shares, units of mutual funds, assignment of life insurance policies;
- b) Current assets in the form of inventories meant for sale or receivables arising out of the sale of finished goods;
- c) Fixed asset (in the form of immovable properties – real estate, Plant and Machinery, Equipment);
- d) Third-party obligation (in the form of Irrevocable Unconditional Guarantee issued by Bank, Third party);
- e) Risk participation from Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE); and
- f) Assignment of borrower's rights and interests under agreements with third parties.

In addition, we also stipulates escrow of cash flows and a Debt Service Reserve Account (DSRA) for project loans. Collateral serves to mitigate the inherent risk of credit loss in an exposure, by either improving recoveries in the event of a default or substituting the borrower.

As part of the assessment of a credit transaction the availability, adequacy and suitability of collateral for the transaction is evaluated and decided upon. The processes includes verification of the title to the collateral offered and valuation by technical experts where warranted. We accept as collateral only securities of good quality and have in place legally effective and enforceable documentation.

For guarantee's taken, the guarantor's creditworthiness is assessed during the credit assessment process of the transaction. We have collateral type specific haircuts in place which are reviewed at intervals as appropriate to the type of collateral.

The NBFC and HFC recognises that collateral can be a credit mitigant (alternative source of repayment), but does not replace or dilute the underwriting standards the Group adopts to underwrite credit exposures.

## 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 and 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.

NBFC & HFC manages its liquidity requirement by analysing the maturity pattern of NBFC & HFC's cash flows of financial assets and financial liabilities. The Assets-Liabilities 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 2023.

## Financial Liabilities

	₹ in crore		
As at 31st March 2023	Within 12 Months	After 12 Months	Total
Trade and Other Payables	702.72	-	702.72
Other Financial Liabilities	829.81	240.53	1,070.34
Borrowing & Debt Securities	31,641.16	63,859.30	95,500.46
<b>Total</b>	<b>33,173.69</b>	<b>64,099.83</b>	<b>97,273.52</b>

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## Financial Liabilities

₹ in crore			
As at 31st March 2022	Within 12 Months	After 12 Months	Total
Trade and Other Payables	255.03	-	255.03
Other Financial Liabilities	1,324.49	124.05	1,448.54
Borrowing and Debt Securities	21,347.02	39,894.61	61,241.63
<b>Total</b>	<b>22,926.54</b>	<b>40,018.66</b>	<b>62,945.20</b>

## 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 Group 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

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 Group, market risk primarily comprises of interest rate risk. Financial instruments affected by market risk include loans and borrowings.

The analyses exclude the impact of movements in market variables on the carrying values of gratuity, other post-retirement obligations and provisions.

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 2023 and 31<sup>st</sup> March 2022.

## 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.

To mitigate the interest rate risk, ALM policy of the respective companies stipulates interest rate sensitivity gap of all the time buckets.

## 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 Group's profitability materially.

₹ in crore					
Market indices	Change in Interest Rate	As at 31 <sup>st</sup> March 2023		As at 31 <sup>st</sup> March 2022	
		Impact on Profit Before Tax	Impact on Equity	Impact on Profit Before Tax	Impact on Equity
Interest Rate	25 Basis Point Down	111.28	82.72	62.63	46.67
	50 Basis Point Down	222.57	165.43	125.27	93.35
	25 Basis Point Up	(111.28)	(82.72)	(62.63)	(46.67)
	50 Basis Point Up	(222.57)	(165.43)	(125.27)	(93.35)

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## 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 fluctuation in foreign exchange rates primarily relates to its External Commercial Borrowings. The Group uses derivative instruments like cross currency swaps to hedge exposure to foreign currency risk.

The Group has taken foreign currency borrowings. For managing, the foreign currency risk and interest rate risk, arising from changes in applicable benchmark on such borrowings, the Group has entered into Cross Currency Swap (CCS) for loan liability covering the entire tenor of the loan along with the interest payable.

## 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.

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	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
Capital Adequacy Ratio of NBFC	16.38%	21.77%
Capital Adequacy Ratio of HFC	21.58%	23.94%

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 2023 and 31<sup>st</sup> March 2022.

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## Derivative Financial Instruments of NBFC and HFC Business

### Aditya Birla Housing Finance Limited

1 Nature and Term of Outstanding Derivative Contracts:

#### a) Cross Currency Interest Rate Swaps (CCIRS)

Particulars	₹ In crore	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
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	30 <sup>th</sup> October 2022
iv) Hedge Ratio	1:1	1:1
v) Currency Pair	USD / INR	USD/INR

#### b) Overnight Index Swaps (OIS)

Particulars	₹ In crore	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
i) Total notional principal amount of OIS agreement undertaken during the year	50.00	-
ii) Total notional principal amount of OIS agreement outstanding as on end of the year	50.00	-
iii) Maturity date of OIS	4 <sup>th</sup> October 2023	-

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 2023	As at 31 <sup>st</sup> March 2022
CCIRS	-	14.20
Overnight Index Swaps(OIS)	0.19	-

#### c) Movement in Hedge Reserve

Cash Flow Hedge Reserve Account	₹ in crore		
	Realised	Unrealised	Total
<b>As at 31<sup>st</sup> March 2023</b>			
i) Balance at the beginning of the Year	-	(6.65)	(6.65)
ii) Add: Changes in the fair value during the Year	(14.08)	(14.26)	(28.34)
iii) Less: Amounts reclassified to profit or loss	(14.08)	(20.91)	(34.99)
iv) Balance at the end of the Year	-	(0.00)	(0.00)
<b>As at 31<sup>st</sup> March 2022</b>			
i) Balance at the beginning of the Year	-	(12.05)	(12.05)
ii) Add: Changes in the fair value during the Year	22.29	17.22	39.51
iii) Less: Amounts reclassified to profit or loss	22.29	11.83	34.12
iv) Balance at the end of the Year	-	(6.65)	(6.65)

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Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
i) Name of the Counter Party	State Bank of India	State Bank of India
ii) Hedge Designation	Effective	Effective
iii) Exchange Rate (USD/INR)	70.89	70.89
iv) Interest Rate (p.a.)	7.79%	7.79%

Particulars – OIS	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
i) Name of the Counter Party	State bank of India	-
ii) Hedge Designation	Effective	-
iii) Floating rate	FBIL Mibor	-
iv) Fixed rate	6.96%	-

## 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.

Particulars	Notional Amounts	₹ in crore	
		Fair Value – Assets	Fair Value – Liabilities
<b>As at 31<sup>st</sup> March 2023</b>			
<b>Part I</b>			
(i) Cross Currency Interest Rate Swaps	931.49	-	7.15
(ii) INR Interest Rate swaps	1,000.00	0.84	6.54
(iii) Currency forward	-	-	-
<b>Total</b>	<b>1,931.49</b>	<b>0.84</b>	<b>13.69</b>
<b>Part II</b>			
(i) Cash Flow Hedging			
- Interest Rate derivatives	900.00	0.51	6.54
- Cross Currency Interest Rate Swaps	931.49	-	7.15
- Currency Forward	-	-	-
- Interest Rate derivatives	100.00	0.33	-
<b>Total</b>	<b>1,931.49</b>	<b>0.84</b>	<b>13.69</b>
<b>As at 31<sup>st</sup> March 2022</b>			
<b>Part I</b>			
(i) Cross Currency Interest Rate Swaps	1,413.68	-	77.71
(ii) INR Interest Rate swaps	250.00	0.19	0.28
(iii) Currency forward	0.08	-	0.01
<b>Total</b>	<b>1,663.76</b>	<b>0.19</b>	<b>78.00</b>
<b>Part II</b>			
(i) Cash Flow Hedging			
- Interest Rate derivatives	250.00	0.19	0.28
- Cross Currency Interest Rate Swaps	1,413.68	-	77.71
- Currency Forward	0.08	-	0.01
<b>Total</b>	<b>1,663.76</b>	<b>0.19</b>	<b>78.00</b>

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## 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 ₹ 931.49 crore. Interest on the borrowings 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 borrowings as per table below to cash outflows in INR with a notional amount of ₹ 931.49 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 2023</b>				
JPY Denominated (in JPY crore) (Maturity Range: February 2026 to March 2026)	838.94	Floating Rate Interest	519.84	Fixed Rate Interest
USD Denominated (in USD lakhs) EDC (Maturity in March 2026)	500.00	Floating Rate Interest	411.65	Fixed Rate Interest
	<b>1,338.94</b>		<b>931.49</b>	
<b>As at 31<sup>st</sup> March 2022</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
SMBC Bank (Maturity in March 2023)	3.00	Floating Rate Interest	222.78	Fixed Rate Interest
	<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.

**The company has also taken overnight index swap deals to hedge it's cashflows for underlying NCDs. The details are disclosed in the table below:**

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Interest Rate Swaps		
Borrowing Amount	100.00	-
Interest Rate Type	Floating rate interest	-
Notional Amount of Swap	100.00	-
Interest Rate Swap Type	Fixed rate interest	-

The hedge ineffectiveness can arise mainly if there is a change in the credit risk of the Company or the counterparty.

# Notes

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The impact of the hedging instruments on the balance sheet is, as follows:

₹ in crore

Particulars	Notional Amounts	Carrying Amount	Line item in the Statement of Financial position	Change in Fair Value Used for Measuring Ineffectiveness for the Year
As at 31 <sup>st</sup> March 2023				
Cross Currency Interest Rate Swaps	931.49	(7.15)	Derivative financial instruments	44.75
Currency Forward	-	-	Derivative financial instruments	β
Interest Rate Swaps	1,000.00	(5.71)	Derivative financial instruments	(5.73)
<b>Total</b>	<b>1,931.49</b>	<b>(12.86)</b>		<b>39.02</b>

₹ in crore

Particulars	Notional Amount	Accumulated fair value adjustment - Liability	Line item in the Statement of Financial Position	Change in Fair Value used for measuring ineffectiveness for the year
Fixed Rate NCD	900.00	(5.75)	Derivative financial instruments	5.79
<b>Total</b>	<b>900.00</b>	<b>(5.75)</b>		<b>5.79</b>

₹ in crore

Particulars	Notional Amounts	Carrying Amount	Line item in the Statement of Financial position	Change in Fair Value Used for Measuring Ineffectiveness for the Year
As at 31 <sup>st</sup> March 2022				
Cross Currency Interest Rate Swaps	1,463.68	(77.71)	Derivative financial instruments	(35.19)
Currency Forward	0.08	(0.01)	Derivative financial instruments	0.01
Interest Rate Swaps	250.00	(0.09)	Derivative financial instruments	(0.09)
<b>Total</b>	<b>1,713.76</b>	<b>(77.80)</b>		<b>(35.27)</b>

₹ in crore

Particulars	Notional Amount	Accumulated fair value adjustment - Liability	Line item in the Statement of Financial Position	Change in Fair Value used for measuring ineffectiveness for the year
Fixed Rate NCD	250.00	(0.03)	Derivative financial instruments	(0.03)
<b>Total</b>	<b>250.00</b>	<b>(0.03)</b>		<b>(0.03)</b>

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2023

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 end of the Year
As at 31 <sup>st</sup> March 2023		
Foreign Currency denominated Floating Rate Borrowings	(41.51)	(2.46)
Debt Securities (NCDs)	-	0.21
<b>Total</b>	<b>(41.51)</b>	<b>(2.25)</b>
As at 31 <sup>st</sup> March 2022		
Foreign Currency denominated Floating Rate Borrowings	54.48	(5.70)
<b>Total</b>	<b>54.48</b>	<b>(5.70)</b>

The effect of the Cash Flow Hedge in the Statement of Profit and Loss and Other Comprehensive Income is as follows:

₹ in crore		
Particulars	Total Hedging Gain / (Loss) Recognised in OCI	Ineffectiveness Recognised in Profit or Loss
As at 31 <sup>st</sup> March 2023		
Foreign Currency denominated Floating Rate Borrowings	3.45	-
Debt Securities (NCDs)	-	0.04
<b>Total</b>	<b>3.45</b>	<b>0.04</b>
As at 31 <sup>st</sup> March 2022		
Foreign Currency denominated Floating Rate Borrowings	19.30	-
<b>Total</b>	<b>19.30</b>	<b>-</b>

## Note c) : Movements in cash flow hedging reserve

₹ in crore		
Particulars	Cash Flow Hedging Reserve	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>As at 1<sup>st</sup> April</b>	<b>(5.70)</b>	<b>(25.00)</b>
Add/Less: Changes in Fair Value	4.61	25.79
Add/Less: Deferred Tax	(1.16)	(6.49)
<b>As at 31<sup>st</sup> March</b>	<b>(2.25)</b>	<b>(5.70)</b>

The effect of the fair value hedge in the statement of profit or loss is, as follows:

Particulars	Hedge ineffectiveness recognised in statement of profit and loss		Line in the statement of profit and loss that includes hedge ineffectiveness
	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022	
Interest rate swaps	(0.16)	(0.13)	Net gain on fair value changes



# Notes

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**Note d) : The following table shows the maturity profile of hedging derivatives based on their notional amounts.**

₹ in crore

Particulars	0 to 12 Months	1 to 5 Years	Total
<b>As at 31<sup>st</sup> March 2023</b>			
(i) Cross Currency Interest Rate Swaps	-	931.49	931.49
(ii) Currency Forward	-	-	-
(iii) Interest Rate Swaps	400.00	600.00	1,000.00
<b>Total</b>	<b>400.00</b>	<b>1,531.49</b>	<b>1,931.49</b>
<b>As at 31<sup>st</sup> March 2022</b>			
(i) Cross Currency Interest Rate Swaps	1,413.68	-	1,413.68
(ii) Currency Forward	0.08	-	0.08
(iii) Interest Rate Swaps	-	250.00	250.00
<b>Total</b>	<b>1,413.76</b>	<b>250.00</b>	<b>1,663.76</b>

## Note:

The Group, its associates and joint ventures have a process whereby periodically all long-term contracts are assessed for material foreseeable losses. At the year end, the Group, its associates and joint ventures did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses needed to be provided as required under any law/accounting standards.

## 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 is given below)
- The details of the ECL calculations for Stage 1, Stage 2 and Stage 3 assets (Note 'Probability of Default', 'Exposure at Default' and 'Loss Given Default' is given below)

### Definition of Default

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.

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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.

## 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 lender 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.

# Notes

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- 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.

## **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.

## **C. 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

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The sources of risks which the Group is exposed to and their management are given below:

Risks	Exposure Arising From	Measurement	Management
<b>Market Risk:</b>			
- Foreign Exchange Risk	Committed commercial transactions, Financial Assets and Liabilities not denominated in INR	Cash Flow Forecasting, Sensitivity Analysis	Forward foreign exchange contracts, forward currency options and principal only / currency swaps
- 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 and Duration Management for Mutual Fund Schemes
- Equity Price Risk	Investments (other than Subsidiaries, Joint Ventures and Associates which are carried at cost)	Financial Performance of the Investee Companies 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
-Commodity Price Risks	Movement in prices of commodities mainly Imported Thermal Coal and Pet Coke	Sensitivity Analysis, Commodity Price Tracking	Commodity Fixed Prices Swaps/Options
<b>Credit Risk</b>	Trade Receivables, Investments, Derivative Financial Instruments, ICDS	Ageing Analysis, Credit Rating, Counter party Credit Evaluation	Diversification of mutual fund investments and portfolio credit monitoring, credit limit and credit worthiness monitoring, criteria based approval process
<b>Liquidity Risk</b>	Borrowings and Other Liabilities	Rolling Cash Flow Forecasts, Long Range Business Forecast	Adequate unused credit lines and borrowing facilities, sufficient cash and marketable securities

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.

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/joint ventures.

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 2023 are not denominated in Indian Rupees. The sensitivities do not take into account the Group'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.

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## Effect as 31<sup>st</sup> March 2023

	USD	EUR	GBP	JPY	CAD	CNY/CNH	SEK	AUD	CHF	Others*	Total
<b>Effect of 5% Strengthening of INR</b>											
On Profit \$	59.30	25.33	(2.17)	(4.37)	(2.04)	(0.25)	-	35.81	0.01	0.15	111.77
On Equity \$	(5.11)	(2.71)	(2.26)	0.02	-	-	-	1.63	(0.10)	0.00	(8.53)
<b>Effect of 5% Diminishing of INR</b>											
On Profit \$	(59.30)	(25.33)	2.17	4.37	2.04	0.25	-	(35.81)	(0.01)	(0.15)	(111.77)
On Equity \$	5.11	2.71	2.26	(0.02)	-	-	-	(1.63)	0.10	(0.00)	8.53

\* Others represents currency in Bangladeshi Taka, Kuwaiti Dinar, Sri Lankan Rupees, Mozambique New Metical, Omani Rial, Philippines Peso, Tanzanian Shilingi, etc.

## Effect as 31<sup>st</sup> March 2022

	USD	EUR	GBP	JPY	CAD	CNY/CNH	SEK	AUD	CHF	Others*	Total
<b>Effect of 5% Strengthening of INR</b>											
On Profit \$	(36.07)	20.85	(1.91)	35.23	(2.04)	0.00	33.01	0.17	0.02	0.01	49.27
On Equity \$	(4.15)	(0.46)	(1.22)	-	-	-	1.24	-	(0.10)	0.01	(4.68)
<b>Effect of 5% Diminishing of INR</b>											
On Profit \$	36.07	(20.85)	1.91	(35.23)	2.04	(0.00)	(33.01)	(0.17)	(0.02)	(0.01)	(49.27)
On Equity \$	4.15	0.46	1.22	-	-	-	(1.24)	-	0.10	(0.01)	4.68

\* Others represents currency in Bangladeshi Taka, Kuwaiti Dinar, Sri Lankan Rupees, Mozambique New Metical, Omani Rial, Philippines Peso, Tanzanian Shilingi, etc.  
\$ sensitivity on profit represents changes in FVTPL items and Equity represents changes in FVTOCI items.

## (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 Group reports periodically to its Risk Management Committee, the foreign exchange risks and compliance of the policies to manage its foreign exchange risk.

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.

# Notes

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## (a) Cash Flow Hedge

Details of Foreign Exchange Forward Contracts and Interest Rate and Cross Currency Swap Outstanding as on 31<sup>st</sup> March 2023

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)	
		Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
<b>Foreign Exchange Risk</b>									
<b>1) Foreign exchange forward contracts Outstanding as on 31<sup>st</sup> March 2023</b>									
a	USD	11.39	1.93	82.48	83.22	939.12	160.62	8.00	0.32
b	EUR	0.25	5.81	87.40	87.41	21.85	507.85	0.76	(17.47)
c	JPY	-	89.36	-	0.64	-	56.79	-	0.42
d	AUD	0.57	-	57.40	-	32.72	-	(0.05)	-
e	GBP	-	0.45	-	101.00	-	45.45	-	1.40
<b>2) Cross Currency Interest Rate Swaps Outstanding as on 31<sup>st</sup> March 2023</b>									
a	USD	0.01	-	75.18	-	0.66	-	2.05	-

Details of Foreign Exchange Forward Contracts and Interest Rate and Cross Currency Swap Outstanding as on 31<sup>st</sup> March 2022

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)	
		Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
<b>Foreign Exchange Risk</b>									
<b>1) Foreign exchange forward contracts Outstanding as on 31<sup>st</sup> March 2022</b>									
a	USD	1.08	1.07	73.48	76.99	79.71	82.38	0.43	(0.14)
b	EUR	0.16	0.27	87.88	87.44	14.06	23.61	(0.53)	(0.53)
c	AUD	0.44	-	58.34	-	25.67	-	0.12	-
d	GBP	-	0.24	-	105.92	-	25.42	-	(0.62)
<b>2) Cross Currency Interest Rate Swaps Outstanding as on 31<sup>st</sup> March 2022</b>									
a	USD *	0.01	-	76.68	-	0.60	-	0.54	1.31

\* It has been repaid on 31<sup>st</sup> August 2021

## Foreign currency cash flows:

Particulars	As at	Average Exchange Rate (USD/INR)	Nominal Foreign Currency USD crore	Fair Value Assets (Liabilities) (₹ in crore)
Buy Currency: (USD)				
-for Foreign Currency Bonds	31 <sup>st</sup> March 2023	72.50	20.00	30.27
Buy Currency : (USD)				
-for Foreign Currency Bonds	31 <sup>st</sup> March 2022	72.50	20.00	(0.92)

## 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)
0 to 2 years	31 <sup>st</sup> March 2023	-	-	-
2 to 5 years	31 <sup>st</sup> March 2023	3.32%	5.00	0.90
0 to 2 years	31 <sup>st</sup> March 2022	1.04%	4.00	(0.34)
2 to 5 years	31 <sup>st</sup> March 2022	-	-	-

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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)
0 to 2 years	31 <sup>st</sup> March 2023	5.19%	73.55	14.00	(87.13)
0 to 2 years	31 <sup>st</sup> March 2022	-	-	-	-

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 2023	-	-	-	-
2 to 5 years	31 <sup>st</sup> March 2022	5.19%	73.55	14.00	0.91

## Currency Options:

Particulars	As at	Average Exchange Rate (USD/INR)	Nominal Amount USD crore	Fair Value Assets/ (Liabilities) (₹ in crore)
0 to 2 years	31 <sup>st</sup> March 2023	72.52	20.00	440.94
0 to 2 years	31 <sup>st</sup> March 2022	72.52	20.00	396.68

\*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 foreign exchange forward contracts and interest rates swaps contracts designated under cash flows hedges:

Particulars	As at 31 <sup>st</sup> March 2023		As at 31 <sup>st</sup> March 2022	
	Effective Hedge (OCI)	Ineffective Hedge (Profit and Loss)	Effective Hedge (OCI)	Ineffective Hedge (Profit and Loss)
Gain/(Loss)	(126.39)	-	(2.26)	-

₹ in crore

### (b) Hedge of net investments in foreign operations:

Derivative asset as at 31<sup>st</sup> March 2023 includes forward contracts of AED 1,054.06 million (31<sup>st</sup> March 2022: AED 661.13 million) which has been designated as a hedge of the net investment in the Ultratech's subsidiary UltraTech Cement Middle East Investments Limited (UCMEIL). This derivative is being used to hedge the Group's exposure to AED foreign exchange risk on these investments. Gains or losses on the retranslation of these derivatives are transferred to OCI to offset any gains or losses on translation of the net investments in the subsidiaries. There is no ineffectiveness during the year ended 31<sup>st</sup> March 2023.

There is an economic relationship between the hedged item and the hedging instrument as the net investment creates a translation risk that will match the foreign exchange risk on the forward contracts.

Particulars	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
Currency exchange risk hedged	AED to INR	AED to INR
Nominal amount of hedging instruments	AED 1,056.09 Mn	AED 661.13 Mn
Maturity date	March 2024 to March 2033	March 2023
Carrying value of hedging instruments (Derivative Assets)	₹ 2.21 cr	₹ 9.19 cr
Change in the fair value of the hedging instrument during the year	₹ 2.21 cr	₹ 9.19 cr
Fair value gain on effective hedge	₹ 2.21 cr	₹ 9.19 cr

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## (c) Fair Value Hedge

Details of Foreign Exchange Forward Contracts Outstanding as on 31<sup>st</sup> March 2023

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	
a	USD	15.40	1.32	83.24	83.18	1,281.84	110.16	(4.44)	1.20	05-04-2023 to 29-12-2023
b	EUR	3.08	1.37	88.84	89.18	273.36	122.52	0.91	(6.45)	28-04-2023 to 07-02-2024
c	CHF	-	0.01	-	89.62	-	0.46	-	0.00	28-04-2023
d	AUD	5.51	-	56.46	-	311.12	-	-	3.85	05-04-2023 to 07-03-2024
e	CNY/RMB/CNH	0.22	0.78	12.03	12.13	2.66	9.50	(0.03)	0.12	28-04-2023 to 29-12-2023
f	GBP	-	0.22	-	98.13	-	21.25	(0.97)	-	27-04-2023 to 28-11-2023

Details of Foreign Exchange Forward Contracts Outstanding as on 31<sup>st</sup> March 2022

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	
a	USD	30.41	0.40	76.71	75.96	2,332.72	30.36	(4.59)	12.56	05-04-2022 to 30-09-2022
b	EUR	2.79	1.34	89.79	86.98	250.32	116.94	0.42	1.02	25-04-2022 to 27-09-2022
c	CHF	-	0.03	-	83.26	-	2.86	-	-	30-06-2022
d	JPY	0.50	-	0.66	-	0.33	-	-	0.02	31-05-2022
e	AUD	5.03	-	57.08	-	287.09	(0.00)	0.00	(3.79)	08-04-2022 to 24-03-2023
f	CNY/RMB/CNH	0.48	0.07	11.95	11.95	5.73	0.84	(0.00)	(0.01)	29-04-2022
g	GBP	-	0.19	-	104.50	-	20.24	0.81	-	25-04-2022 to 27-09-2022

## (c) Fair Value Hedge of Interest rate outstanding on Receive Floating and Pay Fix contracts:

Particulars	As at	Average contracted fixed interest rate	Nominal Amount	Fair Value Assets (Liabilities)
				₹ in crore
0 to 6 years	31 <sup>st</sup> March 2023	6.99%	250	(2.25)
0 to 6 years	31 <sup>st</sup> March 2022	-	-	-

## 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:

Particulars	Total Borrowings	Floating Rate Borrowings	Fixed Rate Borrowings	Non-Interest Bearing Borrowings
				₹ in crore
INR	13,462.07	3,287.02	9,816.27	358.78
USD	4,437.24	1,150.44	3,286.80	-
<b>Total as at 31<sup>st</sup> March 2023</b>	<b>17,899.31</b>	<b>4,437.46</b>	<b>13,103.07</b>	<b>358.78</b>
INR	12,392.10	1,877.74	10,126.41	387.95
USD	3,335.29	303.59	3,031.70	-
<b>Total as at 31<sup>st</sup> March 2022</b>	<b>15,727.39</b>	<b>2,181.33</b>	<b>13,158.11</b>	<b>387.95</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%):

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).

Particulars	As at 31 <sup>st</sup> March 2023		As at 31 <sup>st</sup> March 2022	
	Impact On		Impact On	
	Profit Before Tax	Equity	Profit Before Tax	Equity
INR	32.87	24.60	(18.78)	(12.22)
USD	11.50	8.61	(3.04)	(1.98)

Note: If the rate is decreased by 100 bps the Profit Before Tax will increase by an equal amount.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate borrowings, which is monitored on continuous basis. For foreign currency 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 Group constantly monitors the credit markets and rebalances its financing strategies to achieve an optimal maturity profile and financing cost.

### 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 2023, would increase/decrease by ₹ 400.29 crore (for the year ended 31<sup>st</sup> March 2022 by ₹ 579.20 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 2023 is ₹ 5,564.90 crore (excluding ₹ 357.02 crore of Insurance and NBFC/HFC Business) {31<sup>st</sup> March 2022 : ₹ 5,050.47 crore (excluding ₹ 371.89 crore of Insurance and NBFC/HFC Business).

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.

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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.

As per policy receivables are classified into different buckets based on the overdue period ranging from 4 months to one year to more than two years. There are different provisioning norms for each bucket which are ranging from 10% to 100%.

## **Movement of Loss Allowance:**

Particulars	₹ in crore	
	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
<b>Provision at the beginning of the year:</b>	<b>201.81</b>	<b>222.58</b>
Add: Provided during the Year	13.32	13.50
Less: Utilised during the Year	(59.12)	(10.96)
Less: Written Back during the Year	(3.89)	(26.22)
Effect of Foreign Conversion	5.20	2.91
<b>Provision at the end of the year:</b>	<b>157.32</b>	<b>201.81</b>

## **b. Investments, Derivative Instruments, Cash and Cash Equivalents and Bank Deposits:**

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.

Investments of surplus funds are made only with approved Financial Institutions/Counterparties. 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 and NBFC/HFC Business) as on 31<sup>st</sup> March 2023 is ₹ 18,082.04 crore (31<sup>st</sup> March 2022 ₹ 23,251.83 crore).

## **Financial Guarantees:**

The Group has given corporate guarantees of ₹ 1.70 crore (previous year ₹ 1.70 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. 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 and long range business forecasts on the basis of expected cash flows.

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The table below provides details of financial liabilities and financial assets as on the reporting date.

	₹ in crore			
As at 31 <sup>st</sup> March 2023	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)*	6,812.27	5,908.53	6,556.69	19,277.49
Trade Payables	12,088.46	-	-	12,088.46
Interest Accrued but not Due on Borrowings	370.85	-	-	370.85
Other Financial Liabilities (excluding Derivative Liabilities)	6,282.58	26.02	-	6,308.59
Lease Liabilities *	229.85	765.17	759.79	1,754.81
Deferred Premium Payable *	47.68	191.00	143.44	382.12
Derivative Liabilities	111.93	-	-	111.93
<b>Liquid Financial Assets</b>				
Surplus Investments in Mutual Funds, Bonds, Fixed Deposits with Corporates and Banks and Larsen & Toubro Shares.	10,476.53	364.67	80.45	10,921.65

\* Contractual amount

	₹ in crore			
As at 31 <sup>st</sup> March 2022	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)*	7,028.72	5,430.36	4,190.45	16,649.53
Trade Payables	10,638.57	-	-	10,638.57
Supplier's Credit	183.40	-	-	183.40
Interest Accrued but not Due on Borrowings	314.84	-	-	314.84
Other Financial Liabilities (excluding Derivative Liabilities)	4,927.62	48.06	2.44	4,978.12
Lease Liabilities *	193.96	725.35	854.64	1,773.95
Deferred Premium Payable *	47.95	190.94	191.20	430.09
Derivative Liabilities	22.88	-	-	22.88
<b>Liquid Financial Assets</b>				
Surplus Investments in Mutual Funds, Bonds, Fixed Deposits with Corporates and Banks and Larsen & Toubro Shares.	10,154.58	888.38	384.88	11,427.84

\* 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 the 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.

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## 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.

Particulars	₹ in crore	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022,
Total Debt (Bank and Other Borrowings)	17,899.31	15,727.39
Less: Liquid Investments (Mutual Funds, Bonds, Fixed Deposits with Corporates and Banks and Larsen & Toubro Shares)	10,921.65	11,427.84
Net Debt	6,977.66	4,299.55
Owner's Equity	78,741.99	75,698.23
<b>Net Debt to Equity (In times)</b>	<b>0.09</b>	<b>0.06</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, Outside liabilities to Net Worth etc., which is maintained by the Group.

## 4.12 ADDITIONAL INFORMATION DETAILS

### 4.12.1 Government Grants (Ind AS 20)

- The Company has outstanding interest-free loans from State Government repayable in full in next one to five years. Company has done the initial recognition of loan at fair value Using prevailing market interest rate for an equivalent loan. The difference of between contractual Value and fair value of loan is the government grant which will be recognised in the Statement of Profit and Loss over the remaining period of loan.
- Other Operating Revenue (Note 3.1) includes incentives against capital investments received by UltraTech Cement Limited ('UltraTech') amounting to ₹ 356.71 crore (Previous Year ₹ 456.43 crore) under the State Investment Promotion Scheme.
- Repairs to plant and machinery are net of subsidy received by UltraTech [under State Investment Promotion Scheme] ₹ 1.29 crore (Previous Year ₹ 0.97 crore).
- Cost of materials consumed includes grants towards royalty expense of UltraTech amounting to ₹Nil (Previous Year ₹ 13.26 crore).
- 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 ₹50.26 crore (Previous Year ₹ 74.44 crore) has been recognised as an income by UltraTech. Every year, change in fair value is accounted for as an interest expense.

**4.12.2** 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.

**4.12.3** In terms of a Scheme of Arrangement between Jaiprakash Associates Limited (JAL); Jaypee Cement Corporation Limited (JCCL), Ultratech ("The Parties") and their respective shareholders and creditors, sanctioned by the National Company Law Tribunal, Mumbai and Allahabad bench, together with necessary approvals from the stock exchanges, Securities and Exchange Board of India (SEBI), and the Competition Commission of India; the Company had on 27<sup>th</sup> June 2017, issued 1,000 Series A Redeemable

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Preference Shares of ₹ 1,00,000 each aggregating to ₹ 1,000 crore to JAL (Series A RPS) for a period of 5 years or such longer period as may be agreed by the Parties (the "Term"). The Series A RPS were held in escrow until satisfaction of certain conditions precedent in relation to the Dalla Super Plant and mines situated in the state of Uttar Pradesh (Earlier known as JP Super), to be redeemed post the expiry of the Term as per the agreement between The Parties.

Upon expiry of the Term, Ultratech offered redemption of the Series A RPS within the stipulated number of days, post adjustment of certain costs pertaining to the conditions precedent, as per the terms of the agreement entered into between The Parties.

Redemption of the Series A RPS was subject to issuance of a joint notice to the escrow agent. The Series A RPS could not be redeemed due to inaction on the part of JAL in signing the joint instruction notice. This matter has since been referred to arbitration and the arbitration proceedings are pending. Ultratech has classified the Series A RPS to Other Financial Liabilities as Liability for Capital Goods.

**4.12.4** The Board of Directors of UTCL at the meeting held on 28<sup>th</sup> April 2023 approved a Scheme of Amalgamation of UltraTech Nathdwara Cement Limited (UNCL) (a wholly-owned subsidiary of the Company) and its wholly-owned subsidiaries viz. Swiss Merchandise Infrastructure Limited (Swiss) and Merit Plaza Limited (Merit) with the Ultratech. The Appointed Date of the Scheme is 1<sup>st</sup> April 2023. In terms of the Scheme, the entire equity shares of UNCL, Swiss and Merit will be cancelled without issue and allotment of any new shares in lieu thereof. The Scheme is subject to necessary statutory and regulatory approvals, including sanction by the Hon'ble National Company Law Tribunal under Sections 230 and 232 of the Companies Act, 2013.

**4.12.5 Disclosure Related to investment in Aditya Birla Health Insurance Co. Limited (ABHI)**

ABHI has made a preferential allotment of 50,707,454 equity shares of ₹ 10 each to Platinum Jasmine A 2018 Trust, acting through its trustee, Platinum Owl C 2018 RSC Limited, being a wholly-owned subsidiary of Abu Dhabi Investment Authority ("ADIA"), on 21<sup>st</sup> October 2022 for an aggregate consideration of ₹ 664.27 crore. Pursuant to such issuance of the equity shares, ADIA owns 9.99% stake in ABHI.

W.e.f. 21<sup>st</sup> October 2022, ABCL holds 45.91% stake in ABHI. Consequently, ABHI ceased to be a subsidiary and has been accounted as a joint venture. This has resulted in fair value gain of ₹ 2,754.27 crore representing difference between fair value of retained interest in ABHI and derecognition of net assets of ABHI in accordance with 'Ind AS 110 - Consolidated Financial Statements'.

W.e.f. 21<sup>st</sup> October 2022, the ABCL has applied the equity method to account for its investment in ABHI.

**4.12.6** ABCL's Board of Directors of the Company at its meeting held on 27<sup>th</sup> March 2023, has approved the sale of its entire stake of 50.002% of the issued and paid-up share capital of Aditya Birla Insurance Brokers Limited to Edme Services Private Limited, part of the Samara Capital Group and an affiliate of Samara Alternate Investment Fund. The Company has filed an application dated 20<sup>th</sup> April 2023 with Insurance Regulatory and Development Authority of India ("IRDAI"), seeking approval of the proposed transaction.

The proposed transaction is subject to receipt of the approval of IRDAI and other regulatory / statutory approvals and satisfaction of other conditions under the Share Purchase Agreement. Upon completion of the proposed transaction, ABIBL shall cease to be a subsidiary of the ABCL.

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**4.13** 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 2023, which are as under:

Name of the Company	Abbreviation	Country of Incorporation	Grasim's Ownership Interest %	
			31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
<b>Subsidiaries:</b>				
ABNL Investments Limited	ABIL	India	100.00	100.00
Samruddhi Swastik Trading And Investments Limited	SSTIL	India	100.00	100.00
Grasim Business Services Private Limited (w.e.f. 4 <sup>th</sup> January 2023)	GBSPL	India	100.00	-
Aditya Birla Solar Limited	ABSL	India	100.00	100.00
Aditya Birla Renewables Limited	ABREL	India	100.00	100.00
Aditya Birla Renewables SPV1 Limited (74% of ABREL and 26% of UTCL)	ABRSPV1	India	88.90	88.90
Aditya Birla Renewables Subsidiary Limited (74% of ABREL)	ABRSL	India	74.00	74.00
Aditya Birla Renewable Energy Limited (74% of ABREL and 26% of UTCL)	ABReEL	India	88.90	88.90
Aditya Birla Renewable Solar Limited (74% of ABREL)	ABReSL	India	74.00	74.00
ABReL SPV2 Limited (100% of ABREL)	ABRSPV2	India	100.00	100.00
Aditya Birla Renewables Utkal Limited (74% of ABREL)	ABRUL	India	74.00	74.00
ABReL Solar Power Limited (26% of Grasim & 74 % of ABREL)	ASPL	India	100.00	100.00
ABReL Renewables EPC Limited (100% of ABREL)	ABRELEPC	India	100.00	100.00
ABReL Century Energy Limited (74% of ABREL)	ABRELCEPC	India	74.00	74.00
ABReL (MP) Renewables Limited (w.e.f. 16 <sup>th</sup> June 2022) (74% of ABREL and 26% of UTCL)	ABRELMP	India	88.90	-
ABReL Green Energy Limited (w.e.f. 22 <sup>nd</sup> June 2022) (74% of ABREL and 26% of UTCL)	ABRELG	India	88.90	-
ABReL EPCCO Services Limited (w.e.f. 4 <sup>th</sup> April 2022)(100% of ABREL)	ABREPCCO	India	100.00	-
ABREL EPC Limited (w.e.f. 13 <sup>th</sup> June 2022) (100% of ABREL)	ABREEPCL	India	100.00	-
ABReL (RJ) Projects Limited (w.e.f. 11 <sup>th</sup> November 2022)(100% of ABREL)	ABRELRJ	India	100.00	-
ABReL (Odisha) SPV Limited (w.e.f. 15 <sup>th</sup> June 2022) (74% of ABREL and 26% of UTCL)	ABRLO	India	88.90	-
Waacox Energy Private Limited (100% of ABREL)	WEPL	India	100.00	100.00
Aditya Birla Capital Limited	ABCL	India	54.15	54.18
Aditya Birla PE Advisors Private Limited (100% of ABCL)	ABPEAPL	India	54.15	54.18
Aditya Birla Capital Technology Services Limited (100% of ABCL) (formerly known as Aditya Birla MyUniverse Limited)	ABCTSL	India	54.15	54.18
Aditya Birla Trustee Company Private Limited (100% of ABCL)	ABTCPL	India	54.15	54.18
ABCAP Trustee Company Private Limited (100% of ABCL) (strike off w.e.f. 21 <sup>st</sup> January 2023)	ABCTPL	India	-	54.18
Aditya Birla Money Limited (73.60% of ABCL)	ABML	India	39.85	39.93
Aditya Birla Financial Shared Services Limited (100% of ABCL)	ABFSSL	India	54.15	54.18
Aditya Birla Finance Limited (100% of ABCL)	ABFL	India	54.15	54.18
Aditya Birla Insurance Brokers Limited (50.002% of ABCL)	ABIBL	India	27.07	27.09
Aditya Birla Housing Finance Limited (100% of ABCL)	ABHFL	India	54.15	54.18
Aditya Birla Money Mart Limited (100% of ABCL)	ABMML	India	54.15	54.18
Aditya Birla Money Insurance Advisory Services Limited (100% of ABMML)	ABMIASL	India	54.15	54.18
Aditya Birla Sun Life Insurance Company Limited (51% of ABCL)	ABSLI	India	27.62	27.63
Aditya Birla Sun Life Pension Management Limited (100% of ABSLI)	ABSPML	India	27.62	27.63
Aditya Birla Health Insurance Co. Limited (51% of ABCL) (Up to 20 <sup>th</sup> October 2022)	ABHICL	India	-	27.63
Aditya Birla ARC Limited(100% of ABCL)	ABARC	India	54.15	54.18
Aditya Birla Stressed Asset AMC Private Limited (100% of ABCL)	ABSA	India	54.15	54.18

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Name of the Company	Abbreviation	Country of Incorporation	Grasim's Ownership Interest %	
			31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
ABARC-AST-001-Trust (100% of ABCL)	ABARCT	India	54.15	54.18
ABARC-AST-008-Trust (100% of ABCL)		India	54.15	54.18
ABARC-AST-010-Trust (100% of ABCL) (w.e.f. 23 <sup>rd</sup> June 2022)		India	54.15	-
Aditya Birla Special Situation Fund -1 (100% of ABCL)	ABSSF	India	54.15	54.18
Aditya Birla Capital Digital Limited (100% of ABCL) (w.e.f. 23 <sup>rd</sup> March 2023)	ABCDL	India	54.15	-
UltraTech Cement Limited (UTCL)	UltraTech	India	57.27	57.27
Dakshin Cements Limited (100% of UTCL) (struck off w.e.f. 9 <sup>th</sup> April 2021)	DCL	India	-	-
UltraTech Cement Lanka Private Limited (80% of UTCL)	UTCLPL	Sri Lanka	45.82	45.82
Harish Cement Limited (100% of UTCL)	HCL	India	57.27	57.27
PT UltraTech Mining Indonesia (Liquidated w.e.f. 14 <sup>th</sup> June 2022)	PUMI	Indonesia	-	45.82
PT UltraTech Investments Indonesia (Liquidated w.e.f. 14 <sup>th</sup> June 2022)	PTUII	Indonesia	-	57.27
UltraTech Cement Middle East Investments Limited (100% of UTCL)	UCMEIL	UAE	57.27	57.27
Star Cement Co. LLC, Dubai (100% of UCMEIL)	SCCLD	UAE	57.27	57.27
Star Cement Co. LLC, Ras-Al-Khaimah (100% of UCMEIL)	SCCLRAK	UAE	57.27	57.27
Al Nakhla Crusher LLC, Fujairah (100% of UCMEIL)	ANCL	UAE	57.27	57.27
<b>Subsidiaries:</b>				
Arabian Cement Industry LLC, Abu Dhabi (100% of UCMEIL)	ACIL	UAE	57.27	57.27
UltraTech Cement Bahrain Company WLL, Bahrain (formerly known as Arabian Gulf Cement Co WLL) (100% of UCMEIL)	UTCBC	Bahrain	57.27	57.27
Bhagwati Lime Stone Company Private Limited (100% of UTCL)	BLCPL	India	57.27	57.27
Gotan Limestone Khanij Udyog Private Limited (100% of UTCL)	GKU	India	57.27	57.27
PT UltraTech Cement Indonesia (Liquidated w.e.f. 14 <sup>th</sup> June 2022)	PTUCI	Indonesia	-	56.70
PT UltraTech Mining Sumatera (Liquidated w.e.f. 14 <sup>th</sup> June 2022)	PTUMS	Indonesia	-	57.27
UltraTech Nathdwara Cement Limited (100% of UTCL)	UNCL	India	57.27	57.27
Smooth Energy Private Limited (struck off w.e.f. 26 <sup>th</sup> October 2021)	SEPL	India	-	-
Bahar Ready Mix Concrete Limited (struck off w.e.f. 2 <sup>nd</sup> November 2021)	BRMCL	India	-	-
Merit Plaza Limited (100% of UNCL)	MPL	India	57.27	57.27
Swiss Mercandise Infrastructure Limited (100% of UNCL)	SMIL	India	57.27	57.27
Krishna Holdings PTE Limited (Liquidated w.e.f. 24 <sup>th</sup> November 2022)	KHPL	Singapore	-	57.27
Bhumi Resources PTE Limited (100% of UNCL)	BHUMI	Singapore	57.27	57.27
Murari Holdings Limited (Struck off w.e.f. 30 <sup>th</sup> September 2022)	MUHL	British Virgin Islands	-	57.27
Mukundan Holdings Limited (Struck off w.e.f. 27 <sup>th</sup> April 2022)	MHL	British Virgin Islands	-	57.27
Star Super Cement Industries LLC (51% by MUHL and 49% by MHL)	SSCILLC	UAE	57.27	57.27
Binani Cement (Tanzania) Limited (100% of SSCILLC)	BCTL	Tanzania	57.27	57.27
BC Tradelink Limited, Tanzania (100% of SSCILLC)	BCTL	Tanzania	57.27	57.27
PT Anggana Energy Resources (Anggana), Indonesia (100% of BHUMI)	PTAER	Indonesia	57.27	57.27
Binani Cement (Uganda) Limited (100% of SSCILLC)	BCUL	Uganda	57.27	57.27
3B Binani Glassfibre Sarl (3B) (upto 31 <sup>st</sup> March 2022) (100% of UNCL)	3B	Luxembourg	-	-
Project Bird Holding ll Sarl (merged with 3B w.e.f. 12 <sup>th</sup> April 2021) (100% of 3B)	PBHIS	Luxembourg	-	-
3B-Fibreglass Srl (upto 31 <sup>st</sup> March 2022)(100% of 3B)	3BFS	Belgium	-	-
3B-FibreGlass Norway as (upto 31 <sup>st</sup> March 2022) (100% of PBHIS)	3BFN	Norway	-	-
Tunfib Sarl (upto 31 <sup>st</sup> March 2022) (67% of 3B)	TS	Tunisia	-	-
Goa Glass Fibre Limited (upto 31 <sup>st</sup> March 2022) (100% of 3B)	GGFL	India	-	-
Duqm Cement project International, LLC, Oman (w.e.f. 29 <sup>th</sup> January 2023)	DCPI	Oman	40.09	-

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2023

Name of the Company	Abbreviation	Country of Incorporation	Grasim's Ownership Interest %	
			31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
<b>Joint Venture Companies (JVs):</b>				
AV Group NB Inc.	AVNB	Canada	45.00	45.00
BirLa Jingwei Fibres Company 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 (47.37% of UTCL)	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 Composites Limited	ABPCL	India	51.00	51.00
Aditya Birla Health Insurance Co. Limited (45.91% of ABCL) (w.e.f. 21 <sup>st</sup> October 2022)	ABHICL	India	24.86	-
Aditya Birla Sun Life Trustee Private Limited (50.85% of ABCL)	ABSTPL	India	27.54	27.55
Aditya Birla Wellness Private Limited (51% of ABCL)	ABWPL	India	27.62	27.63
BirLa Advanced Knits Private Limited	BAKPL	India	50.00	50.00
<b>Associates:</b>				
Aditya Birla Science & Technology Co. Private Limited	ABSTCL	India	49.50	49.50
Madanpur (North) Coal Company Private Limited (11.17% of UTCL)	MCCPL	India	6.40	6.40
Aditya Birla Sun Life AMC Limited (50.01% of ABCL)	ABSAMC	India	27.08	27.10
Aditya Birla Sun Life AMC (Mauritius) Limited. (100% Subsidiary of ABSAMC)	ABSAMCM	Mauritius	27.08	27.10
Aditya Birla Sun Life AMC Limited, Dubai (100% Subsidiary of ABSAMC)	ABSAMCD	UAE	27.08	27.10
Aditya Birla Sun Life AMC Pte. Limited, Singapore (100% Subsidiary of ABSAMC)	ABSAMCS	Singapore	27.08	27.10
Renew Surya Uday Private Limited (W.e.f. 25 <sup>th</sup> November 2021)	RUSPL	India	26.00	26.00
Aditya Birla Idea Payment Bank (under liquidation w.e.f. 18 <sup>th</sup> September 2019)	ABIPB	India	-	-
Ras Al Khaimah Co. for White Cement & Construction Materials P.S.C U.A.E (w.e.f. 15 <sup>th</sup> April 2022)	RAKW	UAE	17.06	-
Modern Block Factory Establishment (100% of RAKW)(w.e.f. 15 <sup>th</sup> April 2022)	MBFE	UAE	17.06	-
Ras Al Khaimah Lime Co, Noora LLC (100% of RAKW) (w.e.f. 15 <sup>th</sup> April 2022)	RAKLC	UAE	17.06	-
Greenyana Sunstream Private Limited- w.e.f. 26 <sup>th</sup> May 2022	GSPL	India	26.00	-



# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2023

## 4.14 ADDITIONAL INFORMATION AS REQUIRED BY PARAGRAPH 2 OF THE GENERAL INSTRUCTION FOR PREPARATION OF CFS AS PER SCHEDULE III OF THE COMPANIES ACT, 2013

Year ended 31<sup>st</sup> March 2023

₹ 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 (TCI) #	
		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 TCI	Amount (₹ in crore)
<b>A</b>	<b>Parent</b>								
	Grasim Industries Limited	37.53%	46,126.14	19.17%	2,123.73	96.64%	(3,074.01)	-12.03%	(950.28)
<b>B</b>	<b>Subsidiaries</b>								
	<b>Indian</b>								
1	UltraTech Cement Limited (incl. Subsidiaries)	43.57%	53,556.51	45.76%	5,069.87	-0.27%	8.66	64.31%	5,078.53
2	Aditya Birla Capital Limited (incl. Subsidiaries)	27.94%	34,344.36	39.25%	4,347.78	3.08%	(97.97)	53.81%	4,249.81
4	Samruddhi Swastik Trading and Investment Limited	0.05%	61.93	0.01%	1.28	0.00%	-	0.02%	1.28
5	ABNL Investments Limited	0.08%	103.17	-0.07%	(7.47)	-0.04%	1.40	-0.08%	(6.07)
6	Aditya Birla Renewables Limited (incl. Subsidiaries)	0.70%	864.08	-0.24%	(26.15)	-0.10%	3.25	-0.29%	(22.90)
7	Aditya Birla Solar Limited	0.09%	115.76	0.11%	12.21	0.00%	0.02	0.15%	12.23
8	Grasim Business Services Pvt Ltd	0.00%	0.07	0.00%	(0.03)	0.00%	-	0.00%	(0.03)
	<b>Subtotal (B)</b>	<b>72.45%</b>	<b>89,045.88</b>	<b>84.83%</b>	<b>9,397.49</b>	<b>2.66%</b>	<b>(84.64)</b>	<b>117.92%</b>	<b>9,312.85</b>
<b>C</b>	<b>Associates</b>								
	<b>Indian</b>								
1	Aditya Birla Science & Technology Company Private Limited	0.03%	36.91	0.07%	8.28	0.00%	0.13	0.11%	8.41
2	Madanpur (North) Coal Company Limited	0.00%	0.88	0.00%	-	0.00%	-	0.00%	-
3	Renew Surya Uday Pvt Ltd	0.03%	31.05	0.01%	1.07	0.00%	-	0.01%	1.07
4	Greenyana Sunstream Private Limited	0.00%	5.99	0.00%	(0.28)	0.00%	-	0.00%	(0.28)
5	Aditya Birla Sun Life AMC Limited	4.67%	5,742.46	2.58%	285.94	-0.09%	2.75	3.66%	288.69
	<b>Foreign</b>								
1	Ras Al Khaimah Co. for White Cement & Construction Materials P.S.C U.A.E (RAKW)	0.66%	816.23	0.03%	3.52	0.78%	(24.87)	-0.27%	(21.35)
	<b>Subtotal (C)</b>	<b>5.40%</b>	<b>6,633.52</b>	<b>2.69%</b>	<b>298.53</b>	<b>0.69%</b>	<b>(21.99)</b>	<b>3.50%</b>	<b>276.54</b>

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2023

₹ 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 (TCI) #	
		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 TCI	Amount (₹ in crore)
<b>D</b>	<b>Joint Ventures</b>								
	<b>Indian</b>								
1	Bhubaneswari Coal Mining Limited	0.16%	201.18	0.30%	33.41	0.00%	(0.12)	0.42%	33.29
2	Aditya Birla Wellness Private Limited	0.01%	11.80	0.01%	1.01	0.00%	0.06	0.01%	1.07
3	Aditya Birla Sun Life Trustee Company Private Limited	0.00%	0.72	0.00%	0.06	0.00%	-	0.00%	0.06
4	Bhaskarpara Coal Company Limited	0.01%	6.55	0.00%	0.01	0.00%	-	0.00%	0.01
5	Aditya Birla Power Composites Private Limited	0.01%	7.59	-0.09%	(10.42)	0.00%	-	-0.13%	(10.42)
6	Aditya Birla Health Insurance Co. Limited	2.47%	3,032.67	-0.24%	(26.74)	-0.21%	6.74	-0.25%	(20.00)
7	Birla Advanced Knits Pvt Ltd	0.02%	23.03	-0.02%	(1.84)	0.00%	-	-0.02%	(1.84)
	<b>Foreign</b>								
1	AV Group NB Inc.	0.51%	626.77	-1.03%	(114.26)	0.37%	(11.67)	-1.59%	(125.93)
2	Birla Jingwei Fibres Company Limited	0.04%	54.05	-0.11%	(12.32)	0.01%	(0.20)	-0.16%	(12.52)
3	Aditya Birla Elyaf Sanayi Ve Ticaret Anonim Sirketi	0.00%	0.57	0.00%	0.04	0.00%	(0.06)	0.00%	(0.02)
4	Aditya Group AB	0.34%	418.39	0.37%	41.51	-0.19%	5.94	0.60%	47.45
5	AV Terrace Bay Inc.	0.00%	-	(0.00)	(0.03)	0.02%	(0.59)	-0.01%	(0.62)
	<b>Subtotal (D)</b>	<b>3.57%</b>	<b>4,383.32</b>	<b>-0.81%</b>	<b>(89.57)</b>	<b>0.00%</b>	<b>0.10</b>	<b>-1.13%</b>	<b>(89.47)</b>
	<b>Consolidation Adjustments (E)</b>	<b>-18.95%</b>	<b>(23,276.04)</b>	<b>-5.89%</b>	<b>(651.98)</b>	<b>0.01%</b>	<b>(0.24)</b>	<b>-8.26%</b>	<b>(652.22)</b>
	<b>TOTAL (A+B+C+D+E)</b>	<b>100.00%</b>	<b>122,912.82</b>	<b>100.00%</b>	<b>11,078.20</b>	<b>100.00%</b>	<b>(3,180.78)</b>	<b>100.00%</b>	<b>7,897.42</b>

# Before Non-Controlling Interest

## Year ended 31<sup>st</sup> March 2022

₹ 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 (TCI) #	
		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 TCI	Amount (₹ in crore)
<b>A</b>	<b>Parent</b>								
	Grasim Industries Limited	41.16%	47,815.69	27.23%	3,051.27	98.12%	3,219.07	43.28%	6,270.34
<b>B</b>	<b>Subsidiaries</b>								
	<b>Indian</b>								
1	UltraTech Cement Limited (incl. Subsidiaries)	43.40%	50,424.79	65.45%	7,334.24	1.46%	47.83	50.96%	7,382.07
2	Aditya Birla Capital Limited (incl. Subsidiaries)	28.41%	32,999.85	8.87%	993.50	-0.67%	(21.98)	6.71%	971.52
3	Samruddhi Swastik Trading and Investment Limited	0.05%	60.65	0.01%	1.32	0.00%	-	0.01%	1.32

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2023

₹ 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 (TCI) #	
		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 TCI	Amount (₹ in crore)
4	ABNL Investments Limited	0.09%	109.88	0.01%	0.64	0.04%	1.35	0.01%	1.99
5	Aditya Birla Renewables Limited (incl. Subsidiaries)	0.36%	416.25	0.06%	6.32	0.09%	2.91	0.06%	9.23
6	Aditya Birla Solar Limited	0.09%	103.53	0.08%	8.57	0.00%	(0.00)	0.06%	8.57
	<b>Subtotal (B)</b>	<b>72.40%</b>	<b>84,114.95</b>	<b>74.46%</b>	<b>8,344.60</b>	<b>0.92%</b>	<b>30.11</b>	<b>57.81%</b>	<b>8,374.71</b>
<b>C</b>	<b>Associates</b>								
	<b>Indian</b>								
1	Aditya Birla Science & Technology Company Private Limited	0.02%	28.50	0.04%	4.46	0.00%	0.00	0.03%	4.46
2	Madanpur (North) Coal Company Limited	0.00%	0.88	0.00%	0.01	0.00%	-	0.00%	0.01
3	Renew Surya Uday Pvt Ltd	0.01%	15.47	0.00%	0.16	0.00%	-	0.00%	0.16
4	Aditya Birla Sun Life AMC Limited (Refer Note 2.40 (A))	4.82%	5,595.15	2.92%	327.32	0.04%	1.32	2.27%	328.64
5	Waacox Energy Private Limited (Upto 4 <sup>th</sup> July 2021)	0.00%	-	0.00%	0.33	0.00%	-	0.00%	0.33
	<b>Subtotal (C)</b>	<b>4.85%</b>	<b>5,640.00</b>	<b>2.97%</b>	<b>332.28</b>	<b>0.04%</b>	<b>1.32</b>	<b>2.30%</b>	<b>333.60</b>
<b>D</b>	<b>Joint Ventures</b>								
	<b>Indian</b>								
1	Bhubaneswari Coal Mining Limited	0.14%	167.89	0.15%	17.12	0.00%	0.03	0.12%	17.15
2	Aditya Birla Wellness Private Limited	0.01%	10.73	0.01%	1.08	0.00%	0.03	0.01%	1.11
3	Aditya Birla Sun Life Trustee Company Private Limited	0.00%	0.66	0.00%	0.03	0.00%	-	0.00%	0.03
4	Bhaskarpara Coal Company Limited	0.01%	6.54	0.00%	0.01	0.00%	-	0.00%	0.01
5	Aditya Birla Power Composites Private Limited	0.02%	18.01	-0.01%	(1.63)	0.00%	-	-0.01%	(1.63)
6	Birla Advanced Knits Pvt. Ltd.	0.01%	14.87	0.00%	(0.13)	0.00%	-	0.00%	(0.13)
	<b>Foreign</b>								
1	AV Group NB Inc.	0.65%	752.69	0.06%	6.33	0.84%	27.66	0.23%	33.99
2	Birla Jingwei Fibres Company Limited	0.06%	66.57	0.10%	10.67	0.12%	4.02	0.10%	14.69
3	Aditya Birla Elyaf Sanayi Ve Ticaret Anonim Sirketi	0.00%	0.64	0.00%	0.08	-0.01%	(0.20)	0.00%	(0.12)
4	Aditya Group AB	0.32%	370.95	0.28%	30.90	-0.10%	(3.39)	0.19%	27.51
5	AV Terrace Bay Inc.	0.00%	0.62	-0.15%	(16.41)	0.07%	2.14	-0.10%	(14.27)
	<b>Subtotal (D)</b>	<b>1.21%</b>	<b>1,410.17</b>	<b>0.43%</b>	<b>48.05</b>	<b>0.92%</b>	<b>30.29</b>	<b>0.54%</b>	<b>78.34</b>
	<b>Consolidation Adjustments (E)</b>	<b>-19.63%</b>	<b>(22,806.10)</b>	<b>-5.09%</b>	<b>(569.91)</b>	<b>0.00%</b>	<b>0.01</b>	<b>-3.93%</b>	<b>(569.90)</b>
	<b>TOTAL (A+B+C+D+E)</b>	<b>100.00%</b>	<b>116,174.71</b>	<b>100.00%</b>	<b>11,206.29</b>	<b>100.00%</b>	<b>3,280.80</b>	<b>100.00%</b>	<b>14,487.09</b>

# Before Non-Controlling Interest

\$ 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.

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2023

## 4.15 DISTRIBUTION MADE AND PROPOSED (IND AS 1):

₹ in crore

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Cash Dividend Declared and Paid on Equity Shares :</b>	658.32	592.26
Final dividend for the Year ended on 31 <sup>st</sup> March 2022: ₹ 5 per share and Special Dividend of ₹ 5 per share of face value of ₹ 2 each (31 <sup>st</sup> March 2021: ₹ 5 per share and Special Dividend ₹ 4 per share of face value of ₹ 2 each)		
<b>Proposed Dividend on Equity Shares # :</b>	658.46	658.32
Final dividend for the Year ended on 31 <sup>st</sup> March 2023: ₹ 10 per share of face value of ₹ 2 each (31 <sup>st</sup> March 2022: ₹ 5 per share and Special Dividend ₹ 5 per share of face value of ₹ 2 each)		

# Proposed dividends on equity shares are subject to approval of Annual General Meeting, and are not recognised as a liability as at 31<sup>st</sup> March.

## 4.16 OTHER STATUTORY INFORMATION

- (i) Disclosure related to relationship of the Company with a company which is Struck off under Section 248 of the Companies Act, 2013 or Section 530 of Companies Act, 1956 as at 31<sup>st</sup> March 2023 are as follows:

₹ in crore

Sr. No.	Name of struck off Company	Nature of Transactions with struck-off Company	Relationship with Struck off Company, if any	Balance as at 31 <sup>st</sup> March 2023	Balance as at 31 <sup>st</sup> March 2022
1	Greenhandle Products Private Limited	Purchase of Goods and services	Not Related	-	-
2	Bluepeter Shipping Private Limited	Purchase of Goods and services	Not Related	-	-
3	KRM Construction India Private Limited	Receivables	Not Related	-0.01	-
4	Antriksh Buildhomes Private Limited	Receivables	Not Related	-	-
5	LKPRO Constructions (OPC) Private Limited	Receivables	Not Related	0.01	-
6	Pnahir Multiservices Private Limited	Receivables	Not Related	-	-
7	Chemene Bombay Private Limited { Opening Balance: ₹ (37,436); Closing Balance: ₹ (1,208)}	Receivables	Not Related	-	-
8	Virtuous Infotech Private Limited	Receivables	Not Related	0.12	-
9	Yogiraj Readymix & Developers Private Limited { Closing Balance: ₹ (18,716) }	Receivables	Not Related	β	0.09
10	Shruthi Homes And Paving Blocks Private Limited { Opening Balance: ₹ 21,344}	Payables	Not Related	-	β
11	Shree Mechno Fab Infra Private Limited	Payables	Not Related	-0.01	-0.02
12	Prabhunath Engicon Contractors Private Limited	Payables	Not Related	-0.08	-0.07
13	Lemison Laundry Equipment Private Limited	Payables	Not Related	-	-
14	Shree Mechno Fab Infra Private Limited	Payables	Not Related	-	-
15	Prabhunath Engicon Contractors Private Limited	Payables	Not Related	-0.15	-0.11
16	Maark Vision Architects Private Limited	Loan to Customer	Not Related	3.23	3.25
17	Ceeplast Trading Company Private Limited	AMC Charges	Not Related	-	-
18	Chaturbhuj Securities Private Limited	AMC Charges	Not Related	-	-
19	Doniv Enterprises Private Ltd	AMC Charges	Not Related	-	-
20	Orion Media Private Limited	AMC Charges	Not Related	-	-
21	Pusha Steels Limited	AMC Charges	Not Related	-	-
22	Gurukul Commosales Private Limited	AMC Charges	Not Related	-	-
23	Savinan Enterprises Private Limited	Commission Charges	Not Related	β	-
24	Emirate Fashions Private Limited	Loan given	Not Related	0.10	-
25	Chennai School Of Ship Management Private Limited	Loan given	Not Related	0.81	-

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2023

₹ in crore

Sr. No.	Name of struck off Company	Nature of Transactions with struck-off Company	Relationship with Struck off Company, if any	Balance as at 31 <sup>st</sup> March 2023	Balance as at 31 <sup>st</sup> March 2022
26	Uttam Consultancy Private Limited	Loan given	Not Related	6.59	-
27	Maxin Hydro Dynamic India Private Limited	Loan given	Not Related	-	-
28	Thanco Natural Foods Private Limited	Loan given	Not Related	-	-
29	Bee Luxe Private Limited	Loan given	Not Related	-	-
30	Alaric Healthcare Private Limited	Loan given	Not Related	-	-
31	Rainbow Automotive Private Limited	Payable towards distribution fees	Not Related	-	-
32	Vintage Motors Private Limited	Payable towards distribution fees	Not Related	β	-
33	The Riders Zone Private Limited	Payable towards distribution fees	Not Related	β	-
34	Dimple Motors Private Limited	Payable towards distribution fees	Not Related	0.01	-
35	Aligarh Locks Private Limited	Receivable	Not Related	-	0.03
36	Atharv Associates Private Limited	Payable	Not Related	-	β
37	Columbia Asia Neighborhood Hospitals Private Limited	Payable	Not Related	-	0.01
38	Debnath Engineering Enterprises Private Limited	Payable	Not Related	-	β
39	GAAP Solutions Private Limited	Payable	Not Related	-	0.07
40	GBS Associates Private Limited	Payable	Not Related	-	β
41	Hariom Enterprises Private Limited	Payable	Not Related	-	β
42	Jayalakshmi Constructions Private Limited	Payable	Not Related	-	β
43	Keller Ground Engineering India Private Limited	Payable	Not Related	-	0.01
44	Lintas India Limited	Payable	Not Related	-	0.13
45	Mahalaxmi Enterprises Private Limited	Payable	Not Related	-	β
46	Pragati Enterprises Private Limited	Payable	Not Related	-	β
47	Sahayata Trademart Private Limited	Payable	Not Related	-	β
48	Sika (India) Limited	Payable	Not Related	-	β
49	Micro Focus Limited	Payable	Not Related	-	-
50	Perfect Services Private Limited	Payable	Not Related	-	-
51	Ceeplast Trading Company Private Limited	Receivable	Not Related	-	β
52	Chaturbhuj Securities Private Limited	Receivable	Not Related	-	β
53	Doniv Enterprises Private Limited	Receivable	Not Related	-	β
54	Orion Media Private Limited	Receivable	Not Related	-	β
55	Pusha Steels Limited	Receivable	Not Related	-	β
56	Gurukul Commosales Private Limited	Receivable	Not Related	-	β
57	Emirate Fashions Private Limited	Receivable	Not Related	-	0.10
58	Maxin Hydro Dynamic India Private Limited	Receivable	Not Related	-	0.04
59	Thanco Natural Foods Private Limited	Receivable	Not Related	-	0.20
60	Bee Luxe Private Limited	Receivable	Not Related	-	0.09
61	Alaric Healthcare Private Limited	Receivable	Not Related	-	0.08
62	Rainbow Automotive Private Limited	Payable	Not Related	-	β
63	Vintage Motors Private Limited	Payable	Not Related	-	β
64	The Riders Zone Private Limited	Payable	Not Related	-	β
65	Dimple Motors Private Limited	Payable	Not Related	-	β
66	Sandhya Hotels Private Limited	Receivable	Not Related	-	5.24

Note: Figures of ₹ 50,000 or less have been denoted by β.

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2023

- (ii) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- (iii) As on 31<sup>st</sup> March 2023 there is no unutilised amounts in respect of any issue of securities and long term borrowings from banks and financial institutions. The borrowed funds have been utilised for the specific purpose for which the funds were raised.
- (iv) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- (v) The Company has not traded or invested in Crypto Currency or Virtual Currency during the financial year.
- (vi) The Company has not any such transaction which is not recorded in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961)
- (vii) The Company is in compliance with the number of layers prescribed under Clause (87) of Section 2 of the Companies Act read with the Companies (Restriction on number of Layers) Rules, 2017.
- (viii) The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries."
- (ix) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries"

## 4.17 AUTHORISATION OF FINANCIAL STATEMENTS:

The Consolidated Financial Statements for the year ended on 31<sup>st</sup> March 2023 were approved by the Board of Directors on 26<sup>th</sup> May 2023.

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: 26<sup>th</sup> May 2023

**For KKC & Associates LLP**

Chartered Accountants  
Firm Registration No.: 105146W/W100621

**Gautam Shah**

Partner  
Membership No.: 117348

For and on behalf of the Board of Directors of

**GRASIM INDUSTRIES LIMITED**

CIN-L17124MP1947PLC000410

**Harikrishna Agarwal**

Managing Director  
DIN: 09288720

**N. Mohan Raj**

Independent Director  
DIN: 00181969

**Dr. Santrupt Misra**

Non-Executive Director  
DIN: 00013625

**Pavan K. Jain**

Chief Financial Officer

**Sailesh Kumar Daga**

Company Secretary  
Membership No.: F 4164

Mumbai  
Dated: 26<sup>th</sup> May 2023

# Independent Auditor's Report

To the Members of  
**Grasim Industries Limited**

## **REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS**

### **Opinion**

We have audited the accompanying consolidated 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 31<sup>st</sup> March 2022, 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 financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated 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 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 31<sup>st</sup> March 2022, their consolidated profit including other comprehensive income, 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 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 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 financial statements.

### **Emphasis of Matters**

- i. The statutory auditors of UltraTech Cement Limited ("UltraTech"), a subsidiary company, without modifying their opinion on the audited consolidated financial statements of UltraTech have drawn attention to the following (refer note 4.1.2(a) of the consolidated financial statements):
  - a. In terms of the Orders dated 31<sup>st</sup> August 2016 (Penalty of ₹ 1,449.51 Crores) and 19 January 2017 (Penalty of ₹ 68.30 Crores) of the Competition Commission of India ('CCI') against which UltraTech had filed appeal. Upon the National Company Law Appellate Tribunal ("NCLAT") disallowing its appeal against the CCI order dated 31<sup>st</sup> August 2016, UltraTech has filed an appeal before the Hon'ble Supreme Court of India, which has by its order dated 5<sup>th</sup> October 2018, granted a stay against the NCLAT order. Consequently, UltraTech has deposited an amount of ₹ 144.95 Crores equivalent to 10% of the penalty of ₹ 1,449.51 Crores recorded as asset. UltraTech, backed by legal opinions, believes that it has a good case in both the matters basis which no provision has been recognized in the books of account.
  - b. Statutory auditors of UltraTech Nathdwara Cement Limited ("UNCL"), a wholly owned subsidiary of UltraTech, one of the joint auditors of UltraTech has audited the financial statements and without modifying their opinion on the audited consolidated financial statements of UNCL for the year ended 31<sup>st</sup> March 2022 reported that the Order dated 31<sup>st</sup> August 2016 (penalty of ₹ 167.32 Crores) was passed by the Competition Commission of India ('CCI') against which UNCL had filed appeal. Upon the NCLAT disallowing its appeal against the CCI order dated 31<sup>st</sup> August 2016, UNCL filed an appeal before the Hon'ble Supreme Court of India, which has by its order dated 5<sup>th</sup> October 2018, granted a stay against the NCLAT order. Consequently, UNCL has deposited an amount of ₹ 16.73 Crores equivalent to 10% of the penalty of ₹ 167.32 Crores recorded as asset in the consolidated annual financial statements. Based on the legal opinion obtained by UltraTech on a similar matter, UNCL believes that it has a good case in this matter basis which, no provision has been recognised in the books of accounts of UNCL.
- ii. The statutory auditors of Aditya Birla Capital Limited ("ABCL"), a subsidiary company, without modifying their opinion on the audited consolidated financial statements of ABCL, have stated that the extent to which the COVID-19 pandemic will impact the estimation of the carrying

value of certain assets and liabilities and the financial performance of the Group, joint venture and associate companies, is dependent on future developments, which are highly uncertain (refer note 4.12.3 of the consolidated financial statements). Further, the statutory auditors of ABCL have stated that the statutory joint auditors of Aditya Birla Finance Limited have also drawn attention to a note in the financial statements on the same matter, vide their report dated 11<sup>th</sup> May 2022.

Further, the statutory auditors of ABCL, without modifying their opinion on the audited consolidated financial statements of ABCL have stated that:

- a. The statutory joint auditors of Aditya Birla Sun Life Insurance Company Limited ("ABSLICL"), have drawn attention to the following note in the financial statements, without modifying their opinion, which describes the uncertainties arising from the COVID 19 pandemic:

'For the year ended 31<sup>st</sup> March, 2022, ABSLICL has assessed the impact of COVID-19 Pandemic (COVID-19) on its operations as well its financial statements, including but not limited to the areas of valuation of investment assets, valuation of policy liabilities and solvency. Based on the assessment, ABSLICL is carrying a provision (net of reinsurance) of ₹ 60 Crores for COVID-19 related non reported claims & IBNR as at 31<sup>st</sup> March 2022, which is included in the policyholder liabilities. Further, there have been no material changes in the controls or processes followed in the financial statement closing process of ABSLICL. The impact of COVID-19 in the future may be different from that estimated as at the date of approval of these financial results and ABSLICL will continue to closely monitor any material changes to future economic condition.'

- b. The statutory joint auditors of Aditya Birla Health Insurance Company Limited ('ABHICL') have drawn attention to the following note in the financial statements, without modifying their opinion, which describes the uncertainties arising from the COVID 19 pandemic:

'ABHICL has considered the possible effects that may arise out of still unfolding COVID-19 including but not limited to its assessment of various elements of the Financial Statement. ABHICL is well-positioned to manage the COVID-19 impact given its focus on digital, customer experience, and health-first model. ABHICL has launched various COVID-19 related products and benefits and enabled digital journeys to enable revenue. On customer and wellness management, various initiatives such as healthcare at home, fitness at home, tele-medicines, digital servicing, etc to improve overall customer experience and health

outcomes. ABHICL will continue to closely monitor any impact on revenue due to regional or local lockdown as well as COVID-19 related claims. Institute of Chartered Accountants of India (ICAI) has issued an advisory on "Impact of Corona Virus on Financial Reporting" to be considered for Financial Reporting. The impact of COVID-19 has been assessed on different components of Financial Statements specifically those required under the Guidance.

- Pursuant to such assessment, there are no indicators of impairment to Non-Financial Assets and Financial Assets as at Reporting Date
- An assessment was also carried out of the Investment portfolio considering the impact on the economic and credit environment of the economy and there is no additional impairment required specific due to COVID-19 event.
- There is no change in the discount rate emanating from the impact of COVID-19 on our lease/defined benefit plan other than what has already been factored in.

ABHICL remains comfortable on Solvency and there is no indication or reason to believe that there is any uncertainty in continuing as a Going Concern in light of COVID-19's impact on business.'

Our opinion is not modified in respect of the matters stated in paragraphs (i) and (ii) above.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended 31 March 2022. These matters were addressed in the context of our audit of the consolidated 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 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 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 financial statements.



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**Key audit matters****Assessment of impairment of Goodwill and Other Intangibles**

As disclosed in note 2.2 and 2.3 of consolidated financial statements, the Group has goodwill of ₹ 20,058.50 Crores and other intangible assets of ₹ 8,895.41 Crores as at 31<sup>st</sup> March 2022 which represents goodwill/intangibles assets acquired through various business combinations and allocated to cash generating units ("CGU").

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.

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 relate.

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:

- projected future cash inflows
- expected growth rate, discount rate, terminal growth rate
- benchmarking of price and market multiples

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**How our audit addressed the key audit matter**

Our audit procedures included the following:

- 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 Goodwill and Other Intangibles.
- Obtained an understanding of the process followed by the management in determining the CGU to which goodwill/intangible assets are allocated and determination of recoverable amounts of CGU.
- Evaluated the competence, capabilities and independence of the specialist engaged by the Company and reviewed the valuation reports issued by such specialist.
- Evaluated the model used in determining the value in use of each CGU.
- Engaged valuation expert to assist in evaluating the key assumptions of the valuations.
- Tested the arithmetical accuracy of the computation of recoverable amounts of each CGU.
- Assessed the disclosures provided by the Group in relation to its annual impairment test in note 2.2.1 to consolidated financial statements.

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**KAM reported in standalone financial statements of the Holding Company**

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**Key audit matters****Regulations – Litigation pertaining to matters related to direct tax and Competition Commission of India (CCI)**

As disclosed in note 4.1 of the consolidated financial statements, the Company has pending litigations with regards to direct tax matter relating to demerger of financial services business amounting to ₹ 8,044.82 Crore (including interest of ₹ 3,151.38 Crore upto 31<sup>st</sup> March 2022) and on the same matter, DCIT has issued the draft order dated 30<sup>th</sup> September 2021 under section 143(3) read with section 144(C)(1) of the Act for the assessment year 2018-19 and imposed capital gain tax on the value of shares, without considering that the shares were issued to the shareholders pursuant to the scheme of arrangement and no consideration was received by the Company, which could be subjected to tax. Based on the draft Order, demand is estimated at ₹ 8,831.90 Crore (including interest and excluding any penalty proceedings) and order issued by the Competition Commission of India ("CCI") on the Viscose Staple Fiber ("VSF") business of the Company amounting to ₹ 301.61 Crore detailed as under:

- The Company's tax positions has been challenged by the tax authorities for Demand of dividend distribution tax and the capital gain on the value of shares transferred 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 / share transferred 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.

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**How our audit addressed the key audit matter**

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 (including filling made to these 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/confirmation, as applicable has been 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.

Key audit matters	How our audit addressed the key audit matter
<p><b>Discontinued operation of Fertilizer Business:</b></p> <p>As disclosed in note 4.4 of the consolidated financial statements, The Fertilizer business of the Company has been transferred to Indo Rama India Private Limited on a slump sale basis under a Scheme of Arrangement under sections 230-232 of the Companies Act, 2013. Accordingly, the Company's Fertilizer business was classified as discontinued operation since the quarter ended 31 December 2020.</p> <p>As the requisite approvals from the Shareholders and Creditors of the Company, National Company Law Tribunal ("NCLT") and the Ministry of Petroleum and Natural Gas ("MoPNG"), GAIL and UPSIDA has been received, 1<sup>st</sup> January 2022 is considered as the completion date for transfer.</p> <p>Purchase consideration of the transaction is ₹ 1,866.94 Crores.</p> <p>As this is a significant transaction during the current financial year, it is evaluated as a key audit matter, considering its magnitude, the compliances required with relevant statutes, specific disclosure requirements under the reporting framework, all of which require significant auditor attention.</p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> <li>• Tested the design, implementation and operating effectiveness of the Company's controls over computation of profit on disposal and the relevant disclosures of discontinuing operations in the Company's financial statements.</li> <li>• Obtained and tested Company's computation of profit after tax and the other tax impacts relating to the transaction.</li> <li>• Obtained and tested Company's evaluation applied in determining the accounting treatment and agreed with underlying supporting documents.</li> <li>• Examined the agreement executed to transfer of Fertiliser business and verified the minutes of the respective meetings of the Board of Directors and shareholders of the Company and relevant approvals from regulatory authorities relating to this transaction.</li> </ul> <p>Tested the completeness and accuracy of disclosures made by the management in the financial statements as required by Ind AS 105 pertaining to the aforesaid transaction.</p>

## KAM as reported by the auditors of UltraTech

Key audit matters	How our audit addressed the key audit matter
<p><b>Revenue recognition – Discounts, incentives and rebates</b></p> <p>Revenue is measured net of discounts, incentives, rebates etc. given to the customers on the UltraTech's sales.</p> <p>UltraTech's presence across different marketing regions within the country and the competitive business environment makes the assessment of various types 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 the 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 tested the operating effectiveness of UltraTech's internal controls over the provisions, approvals and disbursements of discounts, incentives and rebates.</li> <li>• Assessed the 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>

Key audit matters	How our audit addressed the key audit matter
<p><b>Regulations - Litigations and claims</b></p> <p>UltraTech operates in various States within India and is exposed to different Central and State/Local laws, regulations and interpretations thereof. Due to a complex 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>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>	<p>The procedures performed by the auditors, as reported by them, included the following:</p> <ul style="list-style-type: none"> <li>• Understood the processes, evaluated the design and implementation of controls and tested the operating effectiveness of the UltraTech's controls over the recording and re-assessment of uncertain legal positions, claims (including claims receivable) and contingent liabilities.</li> <li>• Gained an understanding of outstanding litigations against the UltraTech from the UltraTech's inhouse legal counsel and other key managerial personnel who have knowledge of these matters.</li> <li>• Read the correspondence between the UltraTech and the various indirect tax/legal authorities and the legal opinions of external legal advisors, where applicable, for significant matters.</li> <li>• Tested the completeness of the litigations and claims by examining, on a sample basis, the UltraTech's legal expenses and minutes of the board meetings.</li> <li>• Challenged the UltraTech's estimate of the possible outcome of the disputed cases based on applicable indirect tax laws and legal precedence by involving our tax specialists.</li> <li>• Assessed the adequacy of the UltraTech's disclosures in respect of contingent liabilities for indirect tax and legal matters.</li> </ul>

**Recognition and measurement of Income Taxes**

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.

The determination of provision for income tax (including Minimum Alternate Tax) and deferred taxes including write backs of provisions involves significant judgements and estimates and interpreting the prevailing tax laws and rules.

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.

Considering the complexity and significant level of estimation and judgement, this is a key audit matter.

The procedures performed by the auditors, as reported by them, included the following:

- Audit procedures to test uncertain tax positions included understanding processes, evaluation of design and implementation of controls and testing of operating effectiveness of the UltraTech's controls over provision for taxation, assessment of uncertain tax positions and disclosure of contingencies.
- Read and analysed select key correspondences, external legal opinions/ consultations obtained by the UltraTech for key tax matters.
- Critically challenged the key assumptions made by the UltraTech in estimating current and deferred taxes by involving our tax specialists.
- Challenged the UltraTech's estimate of the possible outcome of the disputed tax cases by considering legal precedence and other judicial rulings by involving our tax specialists.
- Assessed the adequacy of the UltraTech's disclosures for income taxes in the consolidated financial statements.

Key audit matters	How our audit addressed the key audit matter
<p><b>Impairment of testing of goodwill</b></p> <p>ABCL Group has goodwill of ₹ 570.03 Crore as of 31 March 2022 which represents goodwill acquired through various business combinations and allocated to Cash Generating Units ("CGU").</p> <p>As per ABCL's Group policy, a CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication of the unit may be impaired.</p> <p>Impairment of goodwill is determined by assessing the recoverable amount of each CGU to which these assets relate.</p> <p>The statutory auditors of ABCL have identified the annual impairment assessment as a key audit matter because of its complexity, being an area of estimate and judgment, exposed to significant changes in external business environment and is based on following key assumptions like:</p> <ul style="list-style-type: none"> <li>• projected future cash inflows;</li> <li>• expected growth rate, discount rate, terminal growth rate; and</li> <li>• price and market multiples.</li> </ul>	<p>The procedures performed by the auditors, as reported by them, included the following:</p> <p><b>Design and Controls</b></p> <ul style="list-style-type: none"> <li>• Tested the design and the operating effectiveness of internal controls over the impairment assessment process including valuation methodology used in impairment assessment on the carrying value of goodwill; and</li> <li>• Obtained an understanding of the process followed by the Grasim Industries Limited in determining the CGU to which goodwill is allocated and determination of recoverable amount of each CGU.</li> </ul> <p><b>Substantive procedures</b></p> <ul style="list-style-type: none"> <li>• Compared Grasim Industries Limited's assumptions to externally sourced/available data in relation to key inputs such as long-term growth rates and discount rates;</li> <li>• Assessed the forecasted cash flows based on our understanding of the business;</li> <li>• Assessed historical forecasting accuracy, by comparing previously forecasted cash flows to actual results achieved;</li> <li>• Involved valuation specialists to test and evaluated Grasim Industries Limited's key assumptions used in the valuation methodology;</li> <li>• Performed sensitivity analysis in relation to the key assumptions; and</li> <li>• Tested the arithmetical accuracy of computation of recoverable amounts of each CGU.</li> <li>• Assessed the completeness and accuracy of the financial statements disclosures as per applicable Ind AS.</li> </ul>
<p><b>First year audit transition</b></p> <p>A first year audit engagement involves zero basing of key audit considerations like understanding Group specific risks, controls, policies and processes in order to develop an audit strategy and audit plan.</p> <p>We identified the following matters, being directly impacted by first year audit considerations, which has an encompassing and pervasive impact on timing and extent of our audit work-</p> <ol style="list-style-type: none"> <li>1. Understanding of the Group's business and in particular those of key subsidiaries, associates and joint ventures;</li> <li>2. Scoping of companies to enable us to obtain sufficient coverage and understanding on the Group's consolidated significant account balances;</li> <li>3. Evaluation of the accounting policies;</li> <li>4. Understand the application of internal controls by the Group; and</li> <li>5. Understand and evaluate the financial reporting process for preparation of consolidated financial statements.</li> </ol>	<p>The procedures performed by the auditors, as reported by them, included the following:</p> <ul style="list-style-type: none"> <li>• Engaged with those charged with governance in the Group;</li> <li>• Obtained an understanding of the businesses, its processes and internal controls, including financial reporting;</li> <li>• Evaluated internal control design and IT systems;</li> <li>• Evaluated the selection and consistent application of accounting policies;</li> <li>• Held inquiries with previous statutory auditor of the Company and auditors of key subsidiaries, associates and joint ventures (component auditors) on significant accounting and auditing matters; and</li> <li>• Performed procedures as per the requirements of SA 600 – Using the work of another auditor, issued by ICAI.</li> </ul> <p>Based upon the knowledge gained through these procedures, we planned our risk assessment and determined the scope and coverage for the audit.</p>

Key audit matters	How our audit addressed the key audit matter
<p><b>The statutory joint auditors of Aditya Birla Health Insurance Company Limited ('ABHICL'), a subsidiary of the ABCL, have reported a key audit matter on IT systems and Controls:</b></p> <p>ABHICL operates and is dependent on technology considering significant number of transactions that are processed daily across multiple and discrete Information Technology ('IT') systems, some of which are integrated. The audit approach relies extensively on several reports generated by interface of these IT systems and in-built automated controls therein.</p> <p>The major IT systems concerning the financial reporting process include:</p> <ul style="list-style-type: none"> <li>• Core Policy administration system</li> <li>• Distribution Management system</li> <li>• SAP Investment Module</li> <li>• SAP Core Accounting system</li> <li>• Interface/interplay of one or more of above systems and/or workflows in building up or generating required reports</li> </ul> <p>IT general and application controls are critical to ensure that changes to applications and underlying data are made in an appropriate manner. Adequate controls contribute to mitigating the risk of potential fraud or errors as a result of changes to the applications and data.</p> <p>Management of the ABHICL continuously works on the process of implementing several remediation activities, including 'Mission Transformation'(which aims at integrating all the possible business functions for seamless transition/recording of data, less manual intervention and automation based reporting framework) that are expected to contribute to reducing the risk over IT applications in the financial reporting process, which includes implementation of preventive and detective</p> <p>controls across critical applications and infrastructure, as also integration of the systems to the best possible extent.</p> <p>Due to the pervasive nature, in our preliminary risk assessment, we planned our audit by assessing the risk of a material misstatement arising from the technology as</p> <p>significant for the audit, hence identified as Key Audit Matter.</p>	<p>The procedures performed by the auditors, as reported by them, included the following:</p> <p>In course of audit, our focus was on user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems. We performed a range of audit procedures, which included:</p> <ul style="list-style-type: none"> <li>• Review of the report of IS testing pertaining to IT systems general controls including access rights over applications, operating systems and databases relied upon for financial reporting.</li> <li>• Obtaining suitable representations from the management about satisfactory operations of controls built in the systems.</li> <li>• Deployed our internal experts to carry out IT general Controls testing and identifying gaps, if any.</li> </ul> <p>Our audit tests were designed to cover the following:</p> <ul style="list-style-type: none"> <li>• understanding the Company's IT control environment and key changes in the course of our audit that were considered relevant to the financial reporting;</li> <li>• reviewed the workflow of core transactions as captured by or integrated with the IT systems;</li> <li>• selectively tested key automated and manual business cycle controls including logic for system generated reports relevant to the financial reporting;</li> <li>• selectively recomputing workings of several data processing results critical to be used in the financial reporting;</li> <li>• Evaluating the design, implementation and operating effectiveness of the significant accounts related IT automated controls which are relevant to the accuracy of system calculation, and the consistency of data transmission.</li> <li>• Testing of the system generated reports and accounting entries manually for core financial reporting matters (i.e. verification around the computer system)</li> <li>• Selectively re-evaluating masters updating interface with resultant reports;</li> <li>• Selective testing of the interface of policy admin system with other allied IT systems.</li> </ul>

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**Key audit matters****How our audit addressed the key audit matter**

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**The statutory joint auditors of Aditya Birla Finance Limited ('ABFL') have reported the following key audit matters:****(a) Allowances for Expected Credit Losses ("ECL")**

As at 31 March 2022, the carrying value of loan assets measured at amortised cost, aggregated ₹ 5,360,746.02 lakh (net of allowance of expected credit loss ₹ 107,482.53 lakh) constituting approximately 94% of the ABFL's total assets. Significant judgement is used in classifying these loan assets and applying appropriate measurement principles. ECL on such loan assets measured at amortised cost is a critical estimate involving greater level of management judgement.

As part of our risk assessment, we determined that the allowance for ECL on loan assets has a high degree of estimation uncertainty, with a potential range of reasonable outcomes for the financial statements. The elements of estimating ECL which involved increased level of audit focus are the following:

- Qualitative and quantitative factors used in staging the loan assets measured at amortised cost.
- Basis used for estimating Probabilities of Default ("PD"), Loss Given Default ("LGD") and Exposure at Default ("EAD") at product level with past trends;
- Judgements used in projecting economic scenarios and probability weights applied to reflect future economic conditions; and
- Adjustments to model driven ECL results to address emerging trends

The procedures performed by the auditors, as reported by them, included the following:

We have examined the policies approved by the Board of Directors of the Company that articulate the objectives of managing each portfolio and their business models. We have also 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.

Additionally, we have 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 have been approved by the Audit Committee of the Board of Directors. Our audit procedures related to the allowance for ECL included the following, among others:

- Testing the design and operating effectiveness of the following:
    - 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.
    - 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 - accuracy of the computation of the ECL estimate including reasonableness of the methodology used to determine macro- economic overlays and adjustments to the output of the ECL Model.
  - Test of details on a sample in respect of the following:
    - we tested accuracy and completeness of the input data such as ratings and period of default and other related information used in estimating the PD;
    - completeness and accuracy of the staging of the loans and the underlying data based on which the ECL estimates have been computed.
    - we evaluated reasonableness of LGD estimates by comparing actual recoveries post the loan asset becoming credit impaired with estimates of LGD; and
    - we 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.
  - We also evaluated 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.
  - We also assessed the disclosures made in relation to the ECL allowance to confirm compliance with the provisions of Ind AS 107.
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Key audit matters	How our audit addressed the key audit matter
<p><b>The statutory joint auditors of Aditya Birla Finance Limited ('ABFL') have reported the following key audit matters:</b></p>	
<p><b>(b) Information Technology and General Controls</b></p>	
<p>ABFL is dependent on its Information Technology ("IT") systems due to the significant number of transactions that are processed daily across such multiple and discrete IT systems.</p>	<p>The procedures performed by the auditors, as reported by them, included the following:</p>
<p>Also, IT application controls are critical to ensure that changes to applications and underlying data are made in an appropriate manner and under controlled environments.</p>	<p>With the assistance of our IT specialists, we obtained an understanding of the ABFL's IT applications, databases and operating systems relevant to financial reporting and the control environment. For these elements of the IT infrastructure the areas of our focus</p>
<p>Appropriate controls contribute to mitigating the risk of potential fraud or errors as a result of changes to applications and data.</p>	<p>included access security (including controls over privileged access), program change controls, database management and network operations.</p>
<p>On account of the pervasive use of its IT systems, the testing of the general computer controls of the key IT systems used in financial reporting was considered to be a Key Audit Matter.</p>	<p>In particular:</p> <ul style="list-style-type: none"> <li>• we tested the design, implementation and operating effectiveness of the Company's general IT controls over the key IT systems relevant to financial reporting. This included evaluation of Company's controls over segregation of duties and access rights being provisioned / modified based on duly approved requests, access for exit cases being revoked in a timely manner and access of all users being recertified during the period of audit;</li> </ul>
	<p>We also tested key automated business cycle controls and logic for the reports generated through the IT infrastructure that were relevant for financial reporting or were used in the exercise of internal financial controls with reference to financial statements. Our tests included testing of the compensating controls or alternate procedures to assess whether there were any unaddressed IT risks that would materially impact the financial statements.</p>

Key audit matters	How our audit addressed the key audit matter
<p><b>The auditors of Aditya Birla Housing Finance Limited ('ABHFL') have reported the following key audit matters:</b></p> <p><b>(a) Provisioning based on Expected Credit Loss model (ECL) under IND AS 109 and testing of Impairment of assets, more particularly the Loan Book of ABHFL</b></p>	
<p><b>Subjective estimates:</b></p>	
<p>Under Ind AS 109, "Financial Instruments", allowance for loan losses are determined using expected credit loss ('ECL') estimation model. The estimation of ECL on financial instruments involves significant judgement and estimates and therefore increased levels of audit focus in the ABHFL's estimation of ECLs are as under</p>	<p>The procedures performed by the auditors, as reported by them, included the following:</p>
<ul style="list-style-type: none"> <li>• Data inputs -The application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model.</li> <li>• Model estimations -Inherently judgmental models are used to estimate ECL which involves determining Probabilities of Default ("PD"), Loss Given Default ("LGD"), and Exposures at Default ("EAD"). The PD and the LGD are the key drivers of estimation complexity in the ECL and as a result are considered the most significant judgmental aspect of the Company's modelling approach.</li> <li>• Economic scenarios -Ind AS 109 requires the Company to measure ECLs on an unbiased forward-looking basis reflecting a range of future economic indicators. Significant management judgement is applied in determining the economic scenarios used and the probability weights applied to them.</li> </ul>	<p>Our key audit procedures included:</p>
<p>The effect of these matters is that, as part of our risk assessment, we determined that the impairment of loans and advances to customers, involving estimations and judgements, with a potential range of reasonable outcomes greater than our materiality for the Standalone Ind AS Financial Statements as a whole.</p>	<p>Review of Policy/procedures &amp; design/controls</p>
	<ul style="list-style-type: none"> <li>• Minutely going through the Board approved Policy and approach note concerning the assessment of credit and other risks and ascertainment/ageing of 'default' by the borrowers and procedures in relation to stages and ECL computation.</li> <li>• Testing key controls relating to selection and implementation of material macro-economic variables and the controls over the scenario selection and application of probability weights.</li> <li>• Assessing the design, implementation and operating effectiveness of key internal financial controls including monitoring process of overdue loans (including those which became overdue after the reporting date), measurement of provision, stage-wise classification of loans, identification of NPA accounts, assessing the reliability of management information.</li> <li>• Understanding management's approach, interpretation, systems and controls implemented in relation to probability of default and stage-wise bifurcation of product-wise portfolios for timely ascertainment of stress and early warning signals.</li> <li>• Testing of review controls over measurement of provisions and disclosures in the Standalone Ind AS Financial Statements.</li> <li>• Involvement of Information system resource to obtain comfort over data integrity and process of report generation through interface of various systems.</li> <li>• Understanding of models and general economic indicator criteria used for regression testing over data of the loan book.</li> </ul>
	<p>Substantive verification</p>
	<ul style="list-style-type: none"> <li>• Sample testing over key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data and reasonableness of economic forecasts, weights, and model assumptions applied.</li> <li>• Model calculations testing through selective re-performance, wherever possible.</li> <li>• Assessing disclosures-Assessed whether the disclosures on key judgements, assumptions and quantitative data with respect to impairment of loans (including restructuring related disclosures) in the Standalone Ind AS Financial Statements are appropriate and sufficient as also aligned to regulatory requirements.</li> </ul>



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**Key audit matters**

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**How our audit addressed the key audit matter**

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**The auditors of Aditya Birla Housing Finance Limited ('ABHFL') have reported the following key audit matters:****(b) Information Technology IT systems and controls**

ABHFL's financial reporting processes are dependent on technology considering significant number of transactions that are processed daily across multiple and discrete Information Technology ('IT') systems. The Financial accounting system of the ABHFL is interfaced with several other IT systems including Loan Management & Originating systems and several other systemic workflows.

IT general and application controls are critical to ensure that changes to applications and underlying data are made in an appropriate manner. Adequate controls contribute to mitigating the risk of potential fraud or errors as a result of changes to the applications and data. These includes implementation of preventive and detective controls across critical applications and infrastructure.

Due to the pervasive nature of role of information technology systems in financial reporting, in our preliminary risk assessment, we planned our audit by assessing the risk of a material misstatement arising from the technology as significant for the audit, hence the Key Audit Matter.

The procedures performed by the auditors, as reported by them, included the following:

In course of audit, our focus was on user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems. We performed a range of audit procedures, which included:

- Review of the report of IS Audit carried in earlier year(s) by an independent firm of Chartered Accountants pertaining to IT systems general controls including access rights over applications, operating systems and databases relied upon for financial reporting.
- Deployed our internal experts to carry out IT general and specific application Controls testing and identifying gaps, if any.
- Our other processes include:
  - selectively recomputing interest calculations and maturity date
  - Selectively re-evaluating masters updation, interface with resultant reports like LTV Report, SUD Report, Portfolio movement Report, etc.;
  - Selective testing of the interface of SAP FA module with other IT systems like Loan Management System and other workflows.
  - Testing of the system generated reports and accounting entries manually for core financial reporting matters (i.e. verification around the computer system)
  - Evaluating the design, implementation and operating effectiveness of the significant accounts-related IT automated controls which are relevant to the accuracy of system calculation, and the consistency of data transmission.
  - Other areas that were independently assessed included password policies, system configurations, system interface controls, controls over changes to applications and databases

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**The auditors of Aditya Birla Money Limited ('ABML') have reported a key audit matter on Information Technology and General Controls**

The financial accounting and reporting systems of the ABML are fundamentally reliant on IT systems and IT controls to process significant transaction volumes.

Due to the complexity, large volume of transactions processed daily and reliance on automated and IT dependent manual controls, matter pertaining to adequacy and effectiveness of IT control environment is considered as a Key Audit Matter.

Our areas of audit focus included user access

management, developer access to the production environment and changes to the IT environment. These are key to ensuring, IT dependent and application-based

controls are operating effectively.

The procedures performed by the auditors, as reported by them, included the following:

We understood and assessed the overall IT control environment and the controls in place which included controls over access to systems and data, as well as system changes.

Tested the design and operating effectiveness of IT access controls over the information systems that are important to financial reporting and various interfaces, configuration and other identified application controls.

Tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorised.

Tested ABML's periodic review of access rights. We also inspected requests of changes to systems for appropriate approval and authorization. In addition to the above, we tested the design and operating effectiveness of certain automated and IT dependent manual controls that were considered as key internal controls over financial reporting.

Tested the design and operating effectiveness compensating controls in case deficiencies were identified and, where necessary, extended the scope of our substantive audit procedures.

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Key audit matters	How our audit addressed the key audit matter
<p><b>The statutory joint auditors of Aditya Birla Sun Life Insurance Company Limited ('ABSLICL') have reported a key audit matter on Information Technology Systems</b></p> <p>The Company is dependent on its Information Technology ("IT") systems due to the significant number of transactions that are processed daily across such multiple and discrete IT systems. Also, IT application controls are critical to ensure that changes to applications and underlying data are made in an appropriate manner and under controlled environments. Appropriate controls contribute to mitigating the risk of potential fraud or errors as a result of changes to applications and data. On account of the pervasive use of its IT systems, the testing of the general computer controls of the IT systems used in financial reporting was considered to be 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>• With the assistance of our IT specialists, we obtained an understanding of the Company's IT applications, databases and operating systems relevant to financial reporting and the control environment. For these elements of the IT infrastructure the areas of our focus included access security (including controls over privileged access), program change controls, database management and network operations. In particular: <ul style="list-style-type: none"> <li>– We tested the design, implementation, and operating effectiveness of the Company's general IT controls over the IT systems relevant to financial reporting. This included evaluation of Company's controls over segregation of duties and access rights being provisioned / modified based on duly approved requests, access for exit cases being revoked in a timely manner and access of all users being recertified during the period of audit.</li> <li>– We also tested key automated business cycle controls and logic for the reports generated through the IT infrastructure that were relevant for financial reporting or were used in the exercise of internal financial controls with reference to financial statements. Our tests included testing of the compensating controls or alternate procedures to assess whether there were any unaddressed IT risks that would materially impact the Financial Statements.</li> </ul> </li> </ul>
<p><b>The auditors of Aditya Birla Sun Life AMC Limited ('ABSLAMCL') have reported a key audit matter on Revenue from Asset Management and Advisory Fees and Management Fees from Portfolio Management and Other Services</b></p> <p>Revenue from operations is the most significant balance in the Statement of Profit and Loss. It majorly comprises of:</p> <ul style="list-style-type: none"> <li>• Asset Management and Advisory Fees amounting to ₹ 1,249.66 Crore.</li> <li>• Management Fees from Portfolio Management and Other Service amounting to ₹ 43.31 Crore.</li> </ul> <p>The Asset Management and Advisory Fees is based on certain percentage of the applicable daily Assets Under Management ('AUM') in accordance with guideline prescribed under SEBI (Mutual Fund Regulations, 1996 as amended from time to time. There are inherent risks in computing such revenue streams including computation of applicable AUM and manual input of key contractual terms, which could result in errors. Considering the complexity in contractual terms involving multiple schemes, it requires monitoring to ensure completeness.</p> <p>Accordingly, we have considered revenue from asset management and advisory fees and management fees from portfolio management and other services as a key audit matter. Any discrepancy in such computation could give rise to a material misstatement in the financial statements.</p>	<p>The procedures performed by the auditors, as reported by them, included the following:</p> <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Obtained and read the accounting policy for revenue recognition.</li> <li>• Obtained an understanding of the significant revenue items and identified where there is a higher risk of error due to manual processes, complex contractual terms, and areas of judgement.</li> <li>• Test checked the design and operating effectiveness of key controls in place across the Company over recognition of Management Fees.</li> <li>• Obtained and assessed independent assurance reports for the relevant controls at the third- party administrators.</li> <li>• Obtained and read the investment management fee report, issued by statutory auditors of mutual fund schemes and reconciled the certified amounts with the accounting records of the Company.</li> <li>• On a sample basis, obtained and tested arithmetical accuracy of revenue calculation and the reconciliation with the accounting records.</li> <li>• On sample basis, verified the input of contractual terms with rates approved by the management.</li> <li>• On a sample basis, checked the receipts of such income in bank statements.</li> <li>• Re-calculated Management Fees from Portfolio Management and Other Services in respect of certain sample contracts and compared with the actual fees charged ABSLAMCL for such contracts.</li> <li>• Evaluated the disclosure relating to management fee income earned by ABSLAMCL.</li> </ul>

### **Information Other than the Consolidated Financial Statements and Auditor's Report Thereon**

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 financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 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 Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated 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 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 financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated 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 Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 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 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 financial statements, including the disclosures, and whether the consolidated 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 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 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 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 financial statements for the financial year ended 31<sup>st</sup> March 2022 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 Matters

- a. We did not audit the financial statements and other financial information, in respect of six subsidiaries whose consolidated or standalone financial statements as applicable, include total assets of ₹ 248,962.11 Crores as at 31<sup>st</sup> March 2022 and total revenues of ₹ 22,458.45 Crores and net cash outflows of ₹ 731.37 Crores for the year ended on that date. These financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. The consolidated financial statements also include the Group's share of net loss after tax of ₹ 55.17 Crores for the year ended 31<sup>st</sup> March 2022, as considered in the consolidated financial statements, in respect of 2 associates and 6 joint ventures, whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the consolidated 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 associates, is based solely on the reports 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 financial statements include unaudited financial statements and other unaudited financial information in respect of Seventeen step down subsidiaries, whose financial statements and other financial information reflect total assets of ₹ 70.69 Crores as at 31<sup>st</sup> March 2022, total revenues of ₹ Nil and net cash outflows of ₹ 0.14 Crores 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 financial statements

also include the Group's share of net profit of ₹ 41.49 Crores for the year ended 31<sup>st</sup> March 2022, as considered in the consolidated financial statements, in respect of two joint ventures, , one associate and an associate of one of the subsidiaries, 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 on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters covered in paragraph (a) and (b) above 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.

c. The statutory auditors of ABCL, a subsidiary company, without modifying their opinion on the audited consolidated financial statements have reported in Other Matter section the following:

1. 'The auditors of Aditya Birla Health Insurance Company Limited ('ABHICL'), a subsidiary, have reported that the actuarial valuation of liabilities in respect of Incurred But Not Reported (IBNR) and Incurred But Not Enough Reported (IBNER) included under claims outstanding and Premium Deficiency Reserve (PDR) as at 31 March 2022 have been duly certified by the Appointed Actuary of the Company. The Appointed Actuary has also certified that the assumptions considered for such valuation are in accordance with the guidelines and norms prescribed by the IRDAI and the Institute of Actuaries of India. We have relied upon such certifications of the said Appointed Actuary.'
2. 'The auditors of Aditya Birla Sun Life Insurance Company Limited ('ABSLICL'), a subsidiary, have reported that determination of the following as at/for the year ended 31<sup>st</sup> March 2022, 31<sup>st</sup> March 2021 is the responsibility of the ABSLICL's Appointed Actuary (the "Appointed Actuary")

We have relied upon Appointed Actuary's certificate for forming our opinion on the below mentioned item:

- (i) The actuarial valuation of liabilities for life policies in force and for policies in respect of which

premium has been discontinued but liability exists. The actuarial valuation of these liabilities has been duly certified by the Appointed Actuary and in his opinion, 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;

We have relied on approach note duly certified and the representations by the Appointed Actuary for forming our opinion on the below mentioned items:

- (ii) Adjustments and disclosures made in accordance with the 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 Cost and Deferred Origination Fees on Investment Contracts;
  - c. Grossing up and Classification of the Reinsurance Assets;
  - d. Liability Adequacy test as at the reporting dates'

Based on the conclusion drawn by the statutory auditors of ABCL, our opinion is not modified in respect of the above matters.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 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 the subsidiary companies, associate companies and joint ventures, as noted in the 'Other Matter' paragraph we give in the "Annexure A" a statement on the matters specified in paragraph 3(xxi) of the Order.
2. 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/the other auditors whose report 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 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 financial statements;
- (d) In our opinion, the aforesaid consolidated 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 31<sup>st</sup> March 2022 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 companies, its associates and joint ventures, incorporated in India, is disqualified as on 31<sup>st</sup> March 2022 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 consolidated financial statements of the Holding Company and its subsidiary companies, associate companies and joint ventures, incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" 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 31<sup>st</sup> March 2022 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 financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, its associates and joint ventures in its consolidated financial statements – Refer Note 4.1 to the consolidated 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 31<sup>st</sup> March 2022;
- 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 31<sup>st</sup> March 2022.
- iv. a) The respective managements of the Holding Company and its subsidiaries, associate and joint ventures which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, associates and joint ventures respectively that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- b) The respective managements of the Holding Company and its subsidiaries, associates and joint ventures which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other

auditors of such subsidiaries, associates and joint ventures respectively that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the respective Holding Company or any of such subsidiaries from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

- c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances performed by us and those performed by the auditors of the subsidiaries which are companies incorporated in India whose

financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

- v. The final dividend paid by the Holding Company and its subsidiaries incorporated in India during the year in respect of dividend declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

As stated in note 4.15 to the consolidated financial statements, the respective Board of Directors of the Holding Company and its subsidiaries incorporated in India have proposed final dividend for the year which is subject to the approval of the members of the respective companies at the respective ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

For **BSR & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

**Vikas R Kasat**

Partner

Membership No: 105317

UDIN: 22105317AJMQJV5041

Mumbai

Date: 24 May 2022

For **SRBC & COLLP**

Chartered Accountants

Firm's Registration No: 324982E/E300003

**Jayesh Gandhi**

Partner

Membership No: 037924

UDIN: 22037924AJMJAO3638

Mumbai

Date: 24 May 2022

# Annexure A

## to the Independent Auditors' report of even date on the Consolidated Financial Statements of Grasim Industries Limited

### (Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Qualifications or adverse remarks as reported by the auditors of ABCL as required under clause (xxi) of CARO are as under:

Sr. No.	Name of the entities	CIN	Holding company/ subsidiary/ associate/ joint venture	Clause number of the CARO report which is qualified or is adverse
1	Aditya Birla Insurance Brokers Limited	U99999GJ2001PLC062239	Subsidiary	Clause iii (e)
2	Aditya Birla Sun Life Pension Management Limited	U66000MH2015PLC260801	Subsidiary	Clause xvii
3	Aditya Birla ARC Limited	U65999MH2017PLC292331	Subsidiary	Clause iii (c) and xvii
4	Aditya Birla Finance Limited	U61190GJ1997PLC062406	Subsidiary	Clause ii(b), iii(c) and iii (d)
5	Aditya Birla PE Advisors Private Limited	U74140MH2008PTC179360	Subsidiary	Clause xvii
6	Aditya Birla Housing Finance Limited	U65922GJ2009PLC083779	Subsidiary	Clause iii (c) and (d)
7	Aditya Birla Money Limited	L65993GJ1995PLC064810	Subsidiary	Clause vii (a)

As reported by auditors of UltraTech, the above does not include comments, if any, in respect of the following entities as the CARO report relating to them has not been issued by its auditor till the date of UltraTech auditor's report:

Name of the entities	CIN	Subsidiary/ JV/ Associate
Dakshin Cements Ltd. (struck off w.e.f. 9 April 2021)	U26940TG1993PLC016002	Subsidiary
Swiss Merchandise Infrastructure Limited	U45400WB2010PLC154432	Subsidiary
Merit Plaza Limited	U70109WB2010PLC155943	Subsidiary
Bahar Ready Mix Concrete Limited (struck off w.e.f. 2 November 2021)	U45400WB2010PLC155265	Subsidiary
Smooth Energy Private Limited (struck off w.e.f. 26 October 2021)	U72200WB1996PTC171627	Subsidiary
Madanpur (North) Coal Company Private Limited	U10101CT2007PTC020161	Associate

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

**Vikas R Kasat**

Partner

Membership No: 105317

UDIN: 22105317AJMJV5041

Mumbai

Date: 24 May 2022

For **S R B C & CO LLP**

Chartered Accountants

Firm's Registration No: 324982E/E300003

**Jayesh Gandhi**

Partner

Membership No: 037924

UDIN: 22037924AJMJA03638

Mumbai

Date: 24 May 2022



# Annexure B

## to the Independent Auditor's Report of even date on the Consolidated 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 financial statements of Grasim Industries Limited as of and for the year ended 31<sup>st</sup> March 2022, 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 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 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 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 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

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

**Vikas R Kasat**

Partner

Membership No: 105317

UDIN: 22105317AJMJV5041

Mumbai

Date: 24 May 2022

as at 31<sup>st</sup> March 2022, 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 6 subsidiary companies, 1 associate company and 2 joint ventures, 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 **S R B C & CO LLP**

Chartered Accountants

Firm's Registration No: 324982E/E300003

**Jayesh Gandhi**

Partner

Membership No: 037924

UDIN: 22037924AJMJA03638

Mumbai

Date: 24 May 2022

# Consolidated Balance Sheet

as at 31<sup>st</sup> March 2022

₹ in Crore

	Note No.	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	2.1	58,148.57	53,767.33
Capital Work-in-Progress	2.1	6,572.18	5,719.43
Investment Property	2.1	14.81	15.24
Goodwill	2.2	20,058.50	20,013.86
Other Intangible Assets	2.3	8,895.41	9,254.48
Intangible Assets Under Development	2.3	42.94	49.26
Right of Use Assets	2.4	1,878.83	1,971.89
Equity Accounted Investees	2.5	7,050.17	6,837.66
Financial Assets			
Investments			
- Investments of Insurance Business	2.6	30,952.64	25,046.58
- Other Investments	2.7	13,881.17	10,592.62
Asset Held to Cover Linked Liabilities of Life Insurance Business	2.8	26,137.33	23,251.20
Loans	2.9	51,954.12	45,278.32
Other Financial Assets	2.10	2,458.00	1,734.80
Deferred Tax Assets (Net)	2.11	246.04	205.44
Non-Current Tax Assets (Net)		989.16	683.73
Other Non-Current Assets	2.12	3,347.27	2,857.13
<b>Total - Non-Current Assets</b>		<b>232,627.14</b>	<b>207,278.97</b>
<b>Current Assets</b>			
Inventories	2.13	9,536.42	6,196.96
Financial Assets			
Investments			
- Investments of Insurance Business	2.14	2,339.22	2,088.62
- Other Investments	2.15	12,382.87	15,482.11
Asset Held to Cover Linked Liabilities of Life Insurance Business	2.16	4,022.72	4,717.99
Trade Receivables	2.17	5,429.36	4,341.78
Cash and Cash Equivalents	2.18	2,240.70	2,988.74
Bank Balances other than Cash and Cash Equivalents	2.19	1,011.85	2,348.63
Loans	2.20	14,247.01	14,652.05
Other Financial Assets	2.21	2,773.76	2,735.40
Current Tax Assets (Net)		0.11	0.12
Other Current Assets	2.22	2,774.14	2,404.03
<b>Total - Current Assets</b>		<b>56,758.16</b>	<b>57,956.43</b>
Non-Current Assets/ Disposal Group Held for Sale	4.4	9.53	2,318.81
<b>TOTAL ASSETS</b>		<b>289,394.83</b>	<b>267,554.21</b>

# Consolidated Balance Sheet (Contd.)

as at 31<sup>st</sup> March 2022

₹ in Crore

	Note No.	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2021
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	2.23	131.67	131.62
Other Equity	2.24	75,566.56	65,362.44
Equity Attributable to Owners of the Company		<b>75,698.23</b>	<b>65,494.06</b>
Non-Controlling Interest		40,476.48	37,067.54
<b>Total Equity</b>		<b>116,174.71</b>	<b>102,561.60</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Financial Liabilities			
Borrowings	2.25	46,545.96	52,488.25
Lease Liabilities	2.4	1,319.38	1,447.48
Policyholder's Liabilities	2.26	57,705.64	48,991.25
Other Financial Liabilities	2.27	428.74	544.41
Provisions	2.28	732.94	465.02
Deferred Tax Liabilities (Net)	2.29	8,526.67	8,456.65
Other Non-Current Liabilities	2.30	76.32	91.75
<b>Total - Non-Current Liabilities</b>		<b>115,335.65</b>	<b>112,484.81</b>
<b>Current Liabilities</b>			
Financial Liabilities			
Borrowings	2.31	26,457.29	24,920.96
Lease Liabilities	2.4	238.16	221.13
Supplier's Credit	2.32	183.40	-
Policyholder's Liabilities	2.33	3,167.74	3,485.22
Trade Payables	2.34		
- Total Outstanding Dues of Micro Enterprises and Small Enterprises		244.28	165.25
- Total Outstanding Dues of Creditors other than Micro Enterprises and Small Enterprises		11,149.16	7,751.59
Other Financial Liabilities	2.35	8,166.09	7,360.04
Other Current Liabilities	2.36	6,445.02	5,691.58
Provisions	2.37	815.74	1,082.86
Current Tax Liabilities (Net)		1,017.59	1,243.21
<b>Total - Current Liabilities</b>		<b>57,884.47</b>	<b>51,921.84</b>
Liabilities directly associated with Non-Current Assets Held for Sale	4.4	-	585.96
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>289,394.83</b>	<b>267,554.21</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 **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

For and on behalf of the Board of Directors of  
**GRASIM INDUSTRIES LIMITED**  
CIN-L17124MP1947PLC000410

**Vikas R Kasat**  
Partner  
Membership No.: 105317

**Jayesh Gandhi**  
Partner  
Membership No.: 037924

**Harikrishna Agarwal**  
Managing Director  
DIN: 09288720

**Dr. Sanrupt Misra**  
Non-Executive Director  
DIN: 00013625

Mumbai  
Dated: 24<sup>th</sup> May 2022

**Ashish Adukia**  
Chief Financial Officer

**Sailesh Kumar Daga**  
Company Secretary  
Membership No.: F4164

Mumbai  
Dated: 24<sup>th</sup> May 2022

# Consolidated Statement of Profit and Loss

for the year ended 31<sup>st</sup> March 2022

₹ in Crore

	Note No.	Year Ended 31 <sup>st</sup> March 2022	Year Ended 31 <sup>st</sup> March 2021
<b>Continuing Operations</b>			
<b>INCOME</b>			
Revenue from Contract with Customers	3.1	95,701.13	76,404.29
Other Income	3.2	821.34	1,045.48
<b>Total Income (I)</b>		<b>96,522.47</b>	<b>77,449.77</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	3.3	16,889.60	11,006.75
Purchases of Stock-in-Trade	3.4	1,404.56	898.44
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	3.5	(921.74)	724.03
Employee Benefits Expense	3.6	6,327.71	5,534.74
Power and Fuel		15,520.70	10,363.78
Freight and Handling Expenses		12,584.10	10,381.83
Change in Valuation of Liability in respect of Insurance Policies		4,240.83	4,374.84
Benefits Paid - Insurance Business		6,702.55	4,456.77
Finance Cost relating to NBFC/HFC's Business	3.7	3,480.30	3,914.60
Other Finance Costs	3.8	1,295.70	1,808.88
Depreciation and Amortisation Expenses	3.9	4,161.07	4,033.40
Other Expenses	3.10	12,521.45	10,027.77
<b>Total Expenses (II)</b>		<b>84,206.83</b>	<b>67,525.83</b>
<b>Profit from Continuing Operations Before Share in Profit of Equity Accounted Investees, Exceptional Items and Tax</b>		<b>12,315.64</b>	<b>9,923.94</b>
Share in Profit of Equity Accounted Investees	2.39	380.33	189.22
<b>Profit from Continuing Operations Before Tax and Exceptional Items</b>		<b>12,695.97</b>	<b>10,113.16</b>
Exceptional Items	3.11	(69.11)	(341.73)
<b>Profit from Continuing Operations Before Tax</b>		<b>12,626.86</b>	<b>9,771.43</b>
Tax Expense of Continuing Operations (Net)	3.12		
Current Tax		1,954.40	1,959.40
Deferred Tax		(18.09)	1,062.79
<b>Total Tax Expense</b>		<b>1,936.31</b>	<b>3,022.19</b>
<b>Profit for the Year from Continuing Operations (III)</b>		<b>10,690.55</b>	<b>6,749.24</b>
<b>Discontinued Operations</b>			
Profit Before Tax from Discontinued Operations	4.4	352.52	162.79
Exceptional Items	3.11	670.71	166.50
Tax Expenses of Discontinued Operations		(440.07)	(66.10)
Less: Reversal / (Provision) of Impairment of Assets Classified as Held for Sale		(67.42)	(25.73)
<b>Profit for the Year from Discontinued Operations (IV)</b>		<b>515.74</b>	<b>237.46</b>
<b>Profit for the Year (V = III + IV)</b>		<b>11,206.29</b>	<b>6,986.70</b>
<b>Other Comprehensive Income</b>			
A (i) Items that will not be reclassified to Profit or Loss		3,442.16	5,083.21
(ii) Income tax relating to items that will not be reclassified to Profit or Loss		(221.77)	(387.07)
B (i) Items that will be reclassified to Profit or Loss		63.88	163.53
(ii) Income tax relating to items that will be reclassified to Profit or Loss		(3.47)	(18.75)
<b>Other Comprehensive Income for the Year (VI)</b>		<b>3,280.80</b>	<b>4,840.92</b>
<b>Total Comprehensive Income for the Year (V + VI)</b>		<b>14,487.09</b>	<b>11,827.62</b>

# Consolidated Statement of Profit and Loss (Contd.)

for the year ended 31<sup>st</sup> March 2022

₹ in Crore

	Note No.	Year Ended 31 <sup>st</sup> March 2022	Year Ended 31 <sup>st</sup> March 2021
<b>Profit from Continuing Operations Attributable to:</b>			
Owners of the Company		7,102.37	4,128.41
Non-Controlling Interest		3,588.18	2,620.83
		<b>10,690.55</b>	<b>6,749.24</b>
<b>Profit Attributable to:</b>			
Owners of the Company		7,549.78	4,304.82
Non-Controlling Interest		3,656.51	2,681.88
		<b>11,206.29</b>	<b>6,986.70</b>
<b>Other Comprehensive Income Attributable to:</b>			
Owners of the Company		3,281.85	4,780.54
Non-Controlling Interest		(1.05)	60.38
		<b>3,280.80</b>	<b>4,840.92</b>
<b>Total Comprehensive Income Attributable to:</b>			
Owners of the Company		10,831.63	9,085.36
Non-Controlling Interest		3,655.46	2,742.26
		<b>14,487.09</b>	<b>11,827.62</b>
<b>Earnings Per Equity Share (Face Value ₹ 2 each) - Continuing Operations</b>			
	3.14		
Basic (₹)		108.16	62.88
Diluted (₹)		108.00	62.82
<b>Earnings Per Equity Share (Face Value ₹ 2 each) - Discontinued Operations</b>			
	3.14		
Basic (₹)		6.82	2.69
Diluted (₹)		6.80	2.68
<b>Earnings Per Equity Share (Face Value ₹ 2 each) - Continuing &amp; Discontinued Operations</b>			
	3.14		
Basic (₹)		114.98	65.57
Diluted (₹)		114.80	65.50

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

For **S R B C & CO LLP**

Chartered Accountants

Firm Registration No.: 324982E/E300003

For and on behalf of the Board of Directors of

**GRASIM INDUSTRIES LIMITED**

CIN-L17124MP1947PLC000410

**Vikas R Kasat**

Partner

Membership No.: 105317

Mumbai

Dated: 24<sup>th</sup> May 2022

**Jayesh Gandhi**

Partner

Membership No.: 037924

**Harikrishna Agarwal**

Managing Director

DIN: 09288720

**Ashish Adukia**

Chief Financial Officer

Mumbai

Dated: 24<sup>th</sup> May 2022

**Dr. Santrupt Misra**

Non-Executive Director

DIN: 00013625

**Sailesh Kumar Daga**

Company Secretary

Membership No.: F4164

# Consolidated Statement of Changes in Equity

for the year ended 31<sup>st</sup> March 2022

## A. EQUITY SHARE CAPITAL Year Ended 31st March, 2022

	₹ in Crore	
Balance as at 1st April, 2021		Balance as at 31 <sup>st</sup> March, 2022
131.62	0.05	131.67
<b>Year Ended 31st March, 2021</b>		
Balance as at 1st April, 2020		Balance as at 31 <sup>st</sup> March, 2021
131.57	0.05	131.62

## B. OTHER EQUITY

### For the year ended 31st March, 2022

	₹ in Crore																
	Attributable to Owners of the Company												Non-Controlling Interest	Total			
	Equity Component of Other Financial Instruments	Capital Reserve	Legal Reserve	Securities Premium	General Reserve	Debt Redemption Reserve	Special Reserve	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	Total
Opening Balance as at 1 <sup>st</sup> April, 2021	3.00	146.31	0.54	27,201.51	32,663.01	1,45.92	393.45	(152.93)	6,021.21	274.49	15.84	(1,628.09)	(16.84)	295.02	65,362.44	37,067.54	102,429.98
Profit for the Year	-	-	-	-	-	-	-	-	7,549.78	-	-	-	-	-	7,549.78	3,656.51	11,206.29
Other Comprehensive Income for the Year (Note 3.13)	-	-	-	-	-	-	-	-	23.18	-	(15.39)	3,195.61	23.65	54.80	3,281.85	(1.05)	3,280.80
<b>Total Comprehensive Income for the Year</b>	-	-	-	-	-	-	-	-	<b>7,572.96</b>	-	<b>(15.39)</b>	<b>3,195.61</b>	<b>23.65</b>	<b>54.80</b>	<b>10,831.63</b>	<b>3,655.46</b>	<b>14,487.09</b>
Purchase of Treasury Shares	-	-	-	-	-	-	-	(114.17)	-	-	-	-	-	-	(114.17)	(38.97)	(153.14)
Issue of Treasury Shares	-	-	-	-	-	-	-	27.80	-	-	-	-	-	-	27.80	6.15	33.95
Transfer from Retained Earnings to General Reserve	-	-	-	-	2,752.48	-	-	-	(2,752.48)	-	-	-	-	-	-	-	-
Transfer from Retained Earnings to Special Reserve Fund	-	-	-	-	-	-	190.75	-	(190.75)	-	-	-	-	-	-	-	-
Transfer from Debenture Redemption Reserve to Retained Earnings	-	-	-	-	-	(110.60)	-	-	110.60	-	-	-	-	-	-	-	-
Employee Stock Options Exercised	-	-	-	28.08	-	-	-	-	-	(35.97)	-	-	-	-	(7.89)	8.02	0.13
Employee Stock Options Granted (Net of Lapses)	-	-	-	-	-	-	-	-	-	70.91	-	-	-	-	70.91	11.07	81.98
Transfer to General Reserve on account of Lapse of Vested Options	-	-	-	-	4.12	-	-	-	-	(7.60)	-	-	-	-	(3.48)	3.48	-
Dividend Paid	-	-	-	-	-	-	-	-	(592.26)	-	-	-	-	-	(592.26)	-	(592.26)

# Consolidated Statement of Changes in Equity (contd.)

for the year ended 31<sup>st</sup> March 2022

Component of Other Financial Instruments	Attributable to Owners of the Company											Non-Controlling Interest	Total				
	Reserves and Surplus						Other Comprehensive Income (OCI)										
	Capital Reserve	Legal Reserve	Securities Premium	General Reserve	Debt Redemption Reserve	Special Reserve	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 Paid to Non-Controlling Interest by a Subsidiary Company	-	-	-	-	-	-	-	-	-	-	-	-	-	(473.29)	(473.29)		
Issue of Equity Shares to Non-Controlling Interest by a Subsidiary Company	-	-	-	-	-	-	-	-	-	-	-	-	-	222.61	222.61		
Stake Dilution in Subsidiary Companies	-	-	-	-	-	-	(14.82)	-	-	-	-	-	-	14.82	-		
Realised Gain / (Loss) on Sale of Equity Instrument at FYTOCI Transferred to Retained Earnings	-	-	-	-	-	-	(1.37)	-	-	-	1.37	-	-	-	-		
Other movements during the Year	-	(0.23)	-	-	-	-	6.63	-	-	-	-	-	-	(0.41)	5.99		
<b>Closing Balance as at 31<sup>st</sup> March, 2022</b>	<b>3.00</b>	<b>146.31</b>	<b>0.31</b>	<b>27,229.59</b>	<b>35,419.61</b>	<b>35.32</b>	<b>584.20</b>	<b>(239.30)</b>	<b>10,159.72</b>	<b>301.83</b>	<b>0.45</b>	<b>1,568.89</b>	<b>6.81</b>	<b>349.82</b>	<b>75,566.56</b>	<b>40,476.48</b>	<b>116,043.04</b>
<p>⊗ Represents remeasurement of Defined Benefit Plan</p> <p><b>For the year ended 31st March, 2021</b></p>																	
Component of Other Financial Instruments	Attributable to Owners of the Company											Non-Controlling Interest	Total				
	Reserves and Surplus						Other Comprehensive Income (OCI)										
	Capital Reserve	Legal Reserve	Securities Premium	General Reserve	Debt Redemption Reserve	Special Reserve	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		
Opening Balance as at 1 <sup>st</sup> April, 2020	3.00	146.55	0.69	27,170.25	30,075.73	141.79	286.46	(160.03)	4,605.56	263.39	6.91	(6,180.97)	(83.21)	224.60	56,500.72	34,304.79	90,805.51
Profit for the Year	-	-	-	-	-	-	-	-	4,304.82	-	-	-	-	-	4,304.82	2,681.88	6,986.70
Other Comprehensive Income for the Year (Note 3.13)	-	-	-	-	-	-	-	-	⊗81.96	-	8.93	4,552.87	66.36	70.42	4,780.54	60.38	4,840.92
<b>Total Comprehensive Income for the Year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,386.78</b>	<b>-</b>	<b>8.93</b>	<b>4,552.87</b>	<b>66.36</b>	<b>70.42</b>	<b>9,085.36</b>	<b>2,742.26</b>	<b>11,827.62</b>
Issue of Treasury Shares Held by ESOP Trust	-	-	-	-	-	-	7.10	-	-	-	-	-	-	-	7.10	2.90	10.00
Transfer from Retained Earnings to General Reserve	-	-	-	2,581.87	-	-	-	-	(2,581.87)	-	-	-	-	-	-	-	-
Transfer from Retained Earnings to Special Reserve Fund	-	-	-	-	-	-	107.14	-	(107.14)	-	-	-	-	-	-	-	-
Transfer from Retained Earnings to Debt Redemption Reserve	-	-	-	-	-	4.15	-	-	(11.50)	-	-	-	-	-	(7.35)	7.35	-



# Consolidated Statement of Changes in Equity (Contd.)

for the year ended 31<sup>st</sup> March 2022

₹ in Crore

	Attributable to Owners of the Company												Non-Controlling Interest	Total				
	Equity Component of Other Financial Instruments						Reserves and Surplus								Other Comprehensive Income (OCI)			
	Capital Reserve	Legal Reserve	Securities Premium	General Reserve	Debt Redemption Reserve	Special Reserve	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	Total		
Employee Stock Options Exercised	-	-	33.08	-	-	-	-	(26.09)	-	-	-	-	-	6.99	12.45	19.44		
Employee Stock Options Granted (Net of Lapses)	-	-	-	-	-	-	-	39.34	-	-	-	-	-	39.34	-	39.34		
Transfer to General Reserve on account of Lapse of Vested Options	-	-	-	1.25	-	-	-	(2.15)	-	-	-	-	-	(0.90)	0.90	-		
Dividend Paid	-	-	-	-	-	-	(262.65)	-	-	-	-	-	-	(262.65)	-	(262.65)		
Dividend Paid to Non-Controlling Interest by a Subsidiary Company	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(171.53)	(171.53)		
Issue of Equity Shares to Non-Controlling Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	158.24	158.24		
Stake Dilution in Subsidiary Companies	(0.24)	-	(1.82)	-	(0.02)	(0.15)	(7.97)	-	-	0.01	0.01	-	-	(10.18)	10.18	-		
Other Movement during the Year	-	-	(0.15)	4.16	-	-	-	-	-	-	-	-	-	4.01	-	4.01		
<b>Closing Balance as at 31<sup>st</sup> March, 2021</b>	<b>3.00</b>	<b>146.31</b>	<b>0.54</b>	<b>27,201.51</b>	<b>32,663.01</b>	<b>145.92</b>	<b>393.45</b>	<b>(152.99)</b>	<b>6,021.21</b>	<b>274.49</b>	<b>15.84</b>	<b>(1,628.09)</b>	<b>(16.84)</b>	<b>295.02</b>	<b>65,362.44</b>	<b>37,067.54</b>	<b>102,429.98</b>	

© 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.: 101248/W-100022

For **S R B C & Co LLP**

Chartered Accountants

Firm Registration No.: 324982E/E300003

For and on behalf of the Board of Directors of

**GRASIM INDUSTRIES LIMITED**

CIN-L17124MP1947PLC000410

**Vikas R Kasat**

Partner

Membership No.: 105317

**Jayesh Gandhi**

Partner

Membership No.: 037924

**Harikrishna Agarwal**

Managing Director

DIN: 09288720

**Dr. Santrupt Misra**

Non-Executive Director

DIN: 00013625

**Sailesh Kumar Daga**

Company Secretary

Membership No.: F4164

**Ashish Adukia**

Chief Financial Officer

Mumbai

Dated: 24<sup>th</sup> May 2022

Dated: 24<sup>th</sup> May 2022

# Consolidated Statement of Cash Flows

for the year ended 31<sup>st</sup> March 2022

₹ in Crore

Particulars	Year Ended 31 <sup>st</sup> March 2022	Year Ended 31 <sup>st</sup> March 2021
<b>A. Cash Flow from Operating Activities</b>		
Profit Before Tax after Exceptional Items and before Share in Profit/(Loss) of Equity Accounted Investees	12,246.53	9,582.21
<b>Adjustments for Continuing Operations:</b>		
Exceptional Items	69.11	314.31
Depreciation and Amortisation	4,161.07	4,033.40
Finance Costs	1,295.70	1,808.88
Interest Income	(219.62)	(150.57)
Dividend Income	(31.28)	(13.89)
Employee Stock Options and Stock Appreciation Rights Expenses	66.65	39.22
Allowance for Credit Losses on Advances/Debts (Net)	(15.97)	7.34
Changes in Valuation of Liabilities in respect of Insurance Policies in force	4,240.83	4,374.83
Impairment on Financial Instruments including Loss on Derecognition of Financial Assets at Amortised Cost (Expected Credit Loss)	731.33	772.36
Excess Provision Written Back (Net)	(145.51)	(92.62)
Loss on Sale of Property, Plant and Equipment (Net)	7.71	8.20
Profit on Sale of Investments (Net)	(220.44)	(205.91)
Unrealised Gain and Fair Value Adjustments on Investments measured at Fair Value through Profit and Loss (Net)	(640.06)	(1,117.38)
Unrealised Exchange (Gain)/Loss	(55.77)	(12.85)
Gain on control establishment on Associate	(7.88)	-
Fair Value Adjustments to Borrowings	(74.44)	(48.83)
Other Non-Cash Items	-	0.84
Operating Profit Before Working Capital Changes	<b>21,407.96</b>	<b>19,299.54</b>
<b>Adjustments for:</b>		
Trade Receivables	(1,074.49)	(4.20)
Loans of Financing Business	(7,100.48)	(2,237.61)
Financial and Other Assets	(1,322.62)	(809.68)
Inventories	(3,340.81)	555.42
Trade Payables and Other Liabilities	4,830.48	4,385.21
Investments of Life Insurance Policyholders	(3,396.75)	(4,269.65)
<b>Cash Generated from Operations</b>	<b>10,003.29</b>	<b>16,919.03</b>
Direct Taxes Paid (Net of Refund)	(2,965.64)	(1,843.95)
<b>Net Cash from Operating Activities</b>	<b>7,037.65</b>	<b>15,075.08</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Property, Plant and Equipment and other Intangible Assets	(8,587.68)	(3,648.56)
Proceeds from Disposal of Property, Plant and Equipment	82.56	98.34
Acquisition of Equity Shares in Subsidiaries	(41.60)	-
Investments in Joint Ventures and Associates	(35.16)	(17.55)
Sale of Mutual Fund Units, Shares and Bonds (Non-Current)	14,386.13	5,617.01
Purchase of Mutual Fund Units, Shares and Bonds (Non-Current)	(6,613.64)	(12,808.56)
Proceeds from (Purchase)/Sale of Investments and Shareholders' Investment of Life Insurance Business (Current) {Net}	(4,176.52)	3,374.29
Purchase of Other Non-Current Investments	(64.77)	(121.25)
Redemption/(Investment) in Other Bank Deposits	1,264.97	(1,711.90)
Expenditure for Cost of Assets Transferred	(94.57)	(209.51)

# Consolidated Statement of Cash Flows (contd.)

for the year ended 31<sup>st</sup> March 2022

₹ in Crore

Particulars	Year Ended 31 <sup>st</sup> March 2022	Year Ended 31 <sup>st</sup> March 2021
Loans and Advances given to Other companies	(16.75)	-
Receipt against Loans and Advances given to Other Companies	12.55	-
Loans and Advances Given to Joint Ventures and Associates	(5.00)	(4.20)
Receipt Against Loans and Advances Given to Associates	7.20	6.40
Interest Received	191.18	110.71
Dividend Received	147.92	85.29
<b>Net Cash Used in Investing Activities</b>	<b>(3,543.18)</b>	<b>(9,229.49)</b>
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from Issue of Share Capital under ESOP Scheme	8.95	12.60
Treasury Shares Acquired by ESOP Trust	(153.14)	-
Proceeds from Issue of Treasury Shares	19.15	10.09
Equity Infusion by Minority Shareholders in Subsidiary Companies	229.78	166.82
Transaction Cost on Cancellation of Equity Shares of a Subsidiary Company and Share Issue Expenses	-	(0.34)
Proceeds from Non-Current Borrowings	15,178.98	15,895.19
Repayment of Non-Current Borrowings	(21,014.15)	(20,737.89)
Proceeds/(Repayments) of Current Borrowings (Net)	1,544.38	(785.05)
Proceeds of Supplier's Credit	183.40	-
Proceeds from Inter-Corporate Loans	60.93	71.42
Repayment of Inter-Corporate Loans	(50.43)	(70.32)
Repayment of Lease Liabilities (including Interest)	(352.93)	(300.90)
Interest and Finance Charges Paid	(1,322.55)	(1,831.46)
Dividend Paid	(1,065.50)	(433.61)
<b>Net Cash Used in Financing Activities</b>	<b>(6,733.13)</b>	<b>(8,003.45)</b>
<b>D. Net Increase/(Decrease) in Cash and Cash Equivalents from Continuing Operations</b>	<b>(3,238.67)</b>	<b>(2,157.86)</b>
<b>E. Net Cash Flow Transferred from Discontinued Operations to Continuing Operations</b>	<b>2,491.02</b>	<b>2,082.92</b>
<b>F. Cash and Cash Equivalents as at the beginning of the Year from Continuing Operations</b>	<b>2,988.74</b>	<b>3,063.35</b>
<b>G. Add: Cash and Cash Equivalents Received on acquisition of controlling Stake in Waacox</b>	<b>0.08</b>	<b>-</b>
<b>H. Add: Effect of Exchange Rate on Consolidation of Foreign Subsidiaries</b>	<b>(0.47)</b>	<b>0.33</b>
<b>Cash and Cash Equivalents at the end of the Year from Continuing Operations</b>	<b>2,240.70</b>	<b>2,988.74</b>
<b>I. Cash Flow from Discontinued Operations</b>		
Opening Cash and Cash Equivalents	-	31.12
Cash Flows from Operating Activities	(217.33)	1,398.26
Cash Flows from/(Used in) Investing Activities	(48.93)	686.46
Cash Flows Used in Financing Activities	901.48	(32.27)
Proceeds from Divestment of Fertiliser Business	1,855.80	-
<b>Net Increase in Cash and Cash Equivalents from Discontinuing Operations</b>	<b>2,491.02</b>	<b>2,083.57</b>
Net Cash Flow Transferred from Discontinued Operations to Continuing Operations	(2,491.02)	(2,082.92)
<b>Cash and Cash Equivalents from Discontinued Operations</b>	<b>-</b>	<b>0.65</b>
<b>Less: Reclassified to Assets Held for Sale</b>	<b>-</b>	<b>(0.65)</b>
<b>Cash and Cash Equivalents at the end of the Year from Discontinued Operations</b>	<b>-</b>	<b>-</b>
<b>J. Cash and Cash Equivalents at the end of the Year</b>	<b>2,240.70</b>	<b>2,988.74</b>

# Consolidated Statement of Cash Flows (Contd.)

for the year ended 31<sup>st</sup> March 2022

## Notes:

- Statement of Cash Flows has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS) -7 "Statement of Cash Flows" prescribed under the Companies Act (Indian Accounting Standards) 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 Creditors for Capital Expenditure.
- Changes in Liabilities arising from Financing Activities:

₹ in Crore

Particulars	As at 1 <sup>st</sup> April, 2021	Cash Flows	Debt Issuance Cost	Non-Cash Changes	
				Fair Value Adjustments (including Foreign Exchange Rate Movements)	As at 31 <sup>st</sup> March, 2022
Total Borrowing	77,409.21	(4,280.29)	(8.13)	(117.54)	73,003.25

₹ in Crore

Particulars	As at 1 <sup>st</sup> April, 2020	Cash Flows	Debt Issuance Cost	Non-Cash Changes	
				Fair Value Adjustments (including Foreign Exchange Rate Movements)	As at 31 <sup>st</sup> March, 2021
Total Borrowing (Including Book Over Draft)	83,265.35	(5,626.65)	(4.37)	(225.12)	77,409.21

- Refer Note 2.4.I.B for cash outflows for lease liabilities.

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

For **S R B C & CO LLP**

Chartered Accountants

Firm Registration No.: 324982E/E300003

For and on behalf of the Board of Directors of

**GRASIM INDUSTRIES LIMITED**

CIN-L17124MP1947PLC000410

**Vikas R Kasat**

Partner

Membership No.: 105317

**Jayesh Gandhi**

Partner

Membership No.: 037924

**Harikrishna Agarwal**

Managing Director

DIN: 09288720

**Dr. Santrupt Misra**

Non-Executive Director

DIN: 00013625

Mumbai

Dated: 24<sup>th</sup> May 2022

**Ashish Adukia**

Chief Financial Officer

Mumbai

Dated: 24<sup>th</sup> May 2022

**Sailesh Kumar Daga**

Company Secretary

Membership No.: F4164

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

## 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 BSE Limited, India, and the National Stock Exchange of India Limited, 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 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 PRINCIPLES OF CONSOLIDATION:

The Consolidated Financial Statements (CFS) comprises 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.

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## **(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.

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, form part of 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, 2022.

**1.4** The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together 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.

## **1.5 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, upto 2 decimal places except otherwise indicated.

## **1.6 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

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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 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.

## **1.7 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.



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## 1.8 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.

## 1.9 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".

## 1.10 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 Assets	Estimated Useful Life of the Assets
1.	Plant and Machinery - Continuous Process Plant	25 years
2.	Reactors	3 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 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



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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.

## B. Assets where useful life differs from Schedule II:

S.No	Nature of the Assets	Useful Life as Prescribed by Schedule II of 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)	7.5 - 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 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.

### 1.11 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.

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.

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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)	5 - 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

### 1.12 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:

- The technical feasibility of completing the asset so that it can be made available for use or sell.
- The Group has intention to complete the asset and use or sell it.
- In case of intention to sale, the Group has the ability to sell the asset.
- The future economic benefits are probable.
- 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.

### 1.13 Discontinued Operations and Non-Current Assets (or Disposal Groups) Classified as Held for Sale:

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.

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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.

Non-current assets and disposal groups are classified as held for sale if their carrying amount is intended to be recovered principally through a sale (rather than through continuing use) when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset (or disposal group) and the sale is highly probable and is expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

## 1.14 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. 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.

## 1.15 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.

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Proceeds, in respect of sale of raw materials/stores, are credited to the respective heads.

## 1.16 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.

## 1.17 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.

## 1.18 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.

## 1.19 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.

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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 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.

## 1.20 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.

## 1.21 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 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.

## 1.22 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;

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- 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 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.

## 1.23 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 Statement of Profit and Loss.

## 1.24 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 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



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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 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.

## 1.25 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.

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.

## 1.26 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 marketplace (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 instrument 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 Instrument 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 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 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



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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 receivable;
- 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.

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

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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 unlikelihood 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 Statement of Profit and Loss. A favorable change for such assets creates an impairment gain.

## **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.

## **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

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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 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 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.

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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.

## 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 and 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 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

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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.

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 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.

## 1.27 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

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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 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)** 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 Service 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 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**

Reinsurance 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:



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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 good or service 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

## 1.28 Leases:

The Group assesses whether a contract contains a lease, at the inception of the 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

- the contract involves the use of identified asset;
- the Company has substantially all of the economic benefits from the use of the asset through the period of lease and;
- the Company has the right to direct the use of the asset.

### As a lessee

The Group 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

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.

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## **Covid-19 related Rent Concessions**

The amendments provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under Ind AS 116 if the change were not a lease modification. The amendments are applicable for annual reporting periods beginning on or after the 1 April 2020.

## **Short-term leases and leases of low-value assets**

The Group 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.

### **As a lessor:**

The Group 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

## **1.29 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.

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 Management

prudence considering the facts and evidences available, in respect of such claims.

### **Reinsurance Claims:**

Reinsurance claims are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

## **1.30 Acquisition Costs:**

Acquisition costs are costs that vary with and are primarily related to acquisition of insurance contracts. Acquisition costs mainly consists 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. Claw-back of the first year commission paid, if any, in future is accounted in the year in which it is recovered.

## **1.31 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.

## **1.32 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.

## **1.33 Re-insurance Assets:**

Reinsurance Asset, being net contractual rights receivable under re-insurance contract, has been recognised on the basis of Actuarial valuation.



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## 1.34 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 costs are recognized in the Statement of Profit and Loss in the period in which they are incurred.

## 1.35 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.

## 1.36 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.

## 1.37 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 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.

### 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

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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.

## 1.38 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.

## 1.39 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.

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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.

## **1.40 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 assets to which they relate. The unwinding of the discount is shown as a finance cost in the Statement of Profit and Loss.

## **1.41 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 has 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.

## **1.42 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.

## **1.43 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.

## 1.44 Significant Accounting Judgements, Estimates and Assumptions:

The preparation of financial statements, in conformity, with the Ind AS requires the 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 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 Composites 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, the Group needs to jointly decide with other shareholders of the respective entity on certain relevant activities. 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
2. The Company holds more than half of the equity shareholding in the Aditya Birla Power Composites Limited. However, as per the shareholders' agreement, the Company needs to jointly decide with other shareholders of the respective entity on certain relevant activities. Hence, these entities have been consolidated as per equity method of accounting: Aditya Birla Power Composites 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.

### (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

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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. Estimation of uncertainties relating to global health pandemic from COVID-19:**

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, intangibles, investments and other assets. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Company has used internal and external sources of information. The Company has reviewed the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

**ii. 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.

**iii. Useful Lives of Property, Plant and Equipment & 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.

**iv. 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.

**v. 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.

**vi. 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.

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**vii. Recognition and Measurement of Provisions and Contingencies:**

Key assumptions about the likelihood and magnitude of an outflow of resources.

**viii. 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.

**ix. 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 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.

**x. Disposal Groups:**

The Company has used comparable market multiple approach to assess the fair value of the disposal group of assets / liability.

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.

**xi. 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.

**xii. 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.

**xiii. 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



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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.

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.

#### xiv. 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.

#### xv. Business Combination:

For the purpose of accounting of business combination, 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.

##### (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.

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

**(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.

**1.45 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.



# Notes

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		Gross Block				Accumulated Depreciation				Net Block	
		As at 1 <sup>st</sup> April 2021	As at 31 <sup>st</sup> March 2022	As at 1 <sup>st</sup> April 2021	For the Year	Classified as Discontinued Operation (Note 4.4)	Translation Difference Add/(Less)	Deductions/ Adjustments/ Held for Disposal	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2022	
		As at 1 <sup>st</sup> April 2021	As at 31 <sup>st</sup> March 2022	As at 1 <sup>st</sup> April 2021	For the Year	Classified as Discontinued Operation (Note 4.4)	Translation Difference Add/(Less)	Deductions/ Adjustments/ Held for Disposal	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2022	
<b>TANGIBLE ASSETS*</b>											
Freehold Land		7,421.34	8,073.32	-	-	-	-	-	-	8,073.32	
Leasehold Land		1,126.65	1,178.64	179.58	59.42	-	-	0.32	238.68	939.96	
Leasehold Improvements		35.09	43.64	18.76	6.99	-	-	9.93	15.82	27.82	
Buildings		7,528.48	8,436.20	1,476.07	325.05	(0.36)	0.54	8.07	1,793.95	6,642.25	
Plant and Equipment		50,227.82	55,841.04	12,118.93	2,668.14	(0.11)	6.09	79.59	14,713.68	41,127.36	
- Own		174.64	24.41	70.26	10.91	-	-	-	81.17	117.88	
- Given on Lease		213.23	30.65	140.57	26.92	-	0.21	12.16	155.54	74.93	
Furniture and Fixtures		304.26	93.46	172.87	47.63	-	0.05	36.52	184.03	162.80	
Vehicles		490.25	183.51	287.55	84.06	(0.03)	(0.32)	20.01	351.31	299.72	
Office Equipment		7.41	7.41	7.04	-	-	-	-	7.04	0.37	
Salt Pans, Reservoir and Condensers		979.30	34.86	269.51	59.74	-	-	0.60	328.65	682.16	
Railway Sidings		68,508.47	77,204.44	14,741.14	3,288.86	(0.50)	6.57	167.20	17,869.87	58,148.57	
<b>Total Tangible Assets</b>											
Capital Work-in-Progress (including Pre-Operative Expenses)										6,572.18	
<b>Total PPE</b>										<b>64,720.75</b>	
<b>TANGIBLE ASSETS*</b>											
Freehold Land		7,419.14	7,421.34	-	-	-	-	-	-	7,421.34	
Leasehold Land		992.93	1,126.65	125.17	54.41	-	-	-	179.58	947.07	
Leasehold Improvements		296.7	350.9	14.82	7.31	-	-	3.37	18.76	16.34	
Buildings		7,419.44	7,528.48	1,180.58	307.84	6.35	(2.76)	3.24	1,476.07	6,052.41	
Plant and Equipment		49,873.87	50,227.82	9,787.20	2,619.28	124.52	(234.1)	139.61	12,118.93	38,108.89	
- Own		174.64	24.41	59.23	11.03	-	-	-	70.26	104.38	
- Given on Lease		211.39	30.65	119.75	26.39	0.80	(0.31)	4.46	140.57	72.66	
Furniture and Fixtures		299.80	93.46	148.52	46.28	0.80	(0.33)	20.80	172.87	131.39	
Vehicles		447.92	183.51	223.29	76.88	1.51	(0.09)	11.02	287.55	202.70	
Office Equipment		7.41	7.41	7.04	-	-	-	-	7.04	0.37	
Salt Pans, Reservoir and Condensers		926.37	34.86	213.17	56.34	-	-	-	269.51	709.79	
Railway Sidings		67,802.58	77,204.44	11,878.76	3,205.76	133.98	(26.90)	182.50	14,741.14	53,767.33	
<b>Total Tangible Assets</b>										<b>57,194.3</b>	
Capital Work-in-Progress (including Pre-Operative Expenses)										<b>59,486.76</b>	

\* Net Block of Tangible Assets amounting to ₹ 7,605.69 Crore (Previous Year ₹ 23,636.35 Crore) is pledged as security against the secured borrowings. (Note 2.25)  
 @ Gross Block of Tangible Assets includes Land which the Group is in the process of getting registered in its name, which is currently under dispute, but the Management expects a favourable outcome in this matter.  
 ^ Includes depreciation of ₹ 25.55 Crore of Fertiliser business for the period before classified as discontinued operations.  
 Additions for the year ended 31<sup>st</sup> March 2022 includes addition on account of business combination. (Refer note 4.3)

# Notes

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## Notes:

₹ in Crore

	<b>As at 31<sup>st</sup> March, 2022</b>	<b>As at 31<sup>st</sup> March, 2021</b>
2.1.1 The title of immovable assets are in the process of being transferred in the name of the Company/ Subsidiaries (Gross Block):	3,025.56	4,353.61
2.1.2 Property, Plant and Equipment includes assets not owned by the Group (Gross Block)	528.28	543.54
2.1.3 Property, Plant and Equipment includes assets held on Co-ownership with other Companies (the Group's share)		
Buildings	78.47	78.47
Plant and Equipment	0.40	0.40
Furniture and Fixtures	2.17	2.17
Vehicles	0.07	0.07
Office Equipment	2.21	2.21
	<b>83.32</b>	<b>83.32</b>
2.1.4 Buildings include (Gross Block):		
- Cost of Debentures and Shares in a Company entitling the right of exclusive occupancy and use of certain premises	50.64	50.64
- 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	21.08	-
Salaries, Wages and Bonus	127.48	48.57
Contribution to Provident and Other Funds	2.48	1.65
Contribution to Gratuity Fund	0.41	0.56
Expenses on Employee Stock Options Scheme	0.33	0.23
Rent and Hire Charges	1.39	0.68
Power and Fuel	7.23	0.56
Insurance	2.39	3.44
Depreciation on PPE	8.19	0.83
Depreciation on RoU	3.79	5.88
Borrowing Costs	158.24	82.59
Consumption of Stores, Spare Parts and Components, Packing Materials, etc.	1.60	1.60
Repairs and Maintenance	6.01	1.76
Other Expenses	113.13	59.67
	<b>453.75</b>	<b>208.02</b>
Add: Pre-Operative Expenditure incurred upto Previous Year	432.81	231.94
Less: Trial-Run Production Transferred to Inventory	2.18	-
Less: Sale of Trial Run Production	24.99	-
Less: Capitalised/Charged during the Year	409.88	7.15
<b>Total Pre-Operative Expenses Pending Allocation</b>	<b>449.51</b>	<b>432.81</b>

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## 2.1.6 Capital-Work-in Progress (CWIP)

### CWIP ageing schedule

As at 31st March, 2022

₹ in Crore

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	5,507.14	505.31	322.92	184.14	6,519.51
Projects temporarily suspended	-	-	-	52.67	52.67
<b>Total</b>	<b>5,507.14</b>	<b>505.31</b>	<b>322.92</b>	<b>236.81</b>	<b>6,572.18</b>

As at 31st March, 2021

₹ in Crore

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	2,476.75	2,104.19	985.69	81.92	5,648.55
Projects temporarily suspended	0.30	2.22	14.26	54.10	70.88
<b>Total</b>	<b>2,477.05</b>	<b>2,106.41</b>	<b>999.95</b>	<b>136.02</b>	<b>5,719.43</b>

## 2.1 (B) INVESTMENT PROPERTY

Year ended 31st March, 2022

₹ in Crore

	Gross Block				Accumulated Depreciation				Net Block
	As at	Deductions	As at	As at	For the	Deductions	As at	As at	
	1st April 2021		31st March 2022				1st April 2021		Year
Building	16.87	-	16.87	1.63	0.43	-	2.06	14.81	

Year ended 31st March, 2021

₹ in Crore

	Gross Block				Accumulated Depreciation				Net Block
	As at	Deductions	As at	As at	For the	Deductions	As at	As at	
	1st April 2020		31st March 2021				1st April 2020		Year
Building	16.87	-	16.87	1.20	0.43	-	1.63	15.24	

## Information regarding Income & Expenditure of Investment property

₹ in Crore

Particulars	As at 31st March, 2022	As at 31st March, 2021
Rental Income Derived from Investment Property	0.50	0.46
Direct Operating Expenses (including Repairs and Maintenance) associated with Rental Income	(0.06)	(0.06)
Profit Arising from Investment Property before Depreciation and Indirect Expenses	<b>0.44</b>	<b>0.40</b>
Depreciation for the Year	(0.43)	(0.43)
Profit/(Loss) arising from Investment Property before Indirect Expenses	<b>0.01</b>	<b>(0.03)</b>

The Group has carried out the valuation through the Independent Valuer to assess fair value of its Investment Property. As per report provided by Independent Valuer, the fair value is ₹ 19.02 Crore as on 31<sup>st</sup> March, 2022 (Previous Year ₹ 16.65 Crore).

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 in observable data. Accordingly, fair value estimates for Investment Property is classified as Level 3.

The Group 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

₹ in Crore

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Balance at the beginning of the Year</b>	20,013.86	20,046.50
Goodwill arising on account of Business Combination (Note 4.3)	14.28	-
Effects of Foreign Currency Exchange Differences	30.36	(32.64)
<b>Balance at the end of the Year</b>	<b>20,058.50</b>	<b>20,013.86</b>

### 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

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Cement	8,159.49	8,129.13
Financial Services	11,871.63	11,871.63
Others (Textile, Solar Power and other Subsidiaries)	27.38	13.10
	<b>20,058.50</b>	<b>20,013.86</b>

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' 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 and Others (Textile, Investment and Solar Power Subsidiaries)

The goodwill allocated to Cement Segment and others segments 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.

#### B. Financial Services

The key assumption used in the estimation of the recoverable amount of various CGUs is 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.

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Financial Services Business	Key Assumptions	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Aditya Birla Money Limited (ABML), Aditya Birla Insurance Brokers Limited (ABIB) and Aditya Birla Capital Technology Services Limited (ABCTSL) (i)	Discount Rate	12.25% - 13.5%	13.5% - 14.0%
	Terminal Growth Rate	5%	5%
Aditya Birla Housing Finance Limited (ABHFL) and Aditya Birla Finance Limited (ABFL) (ii)	Market Price to Adjusted Book Value	1.4- 1.7 times (Based on average of comparable companies multiple)	1.3- 2.0 times (Based on average of comparable companies multiple)
Aditya Birla Sun Life Insurance Limited (ABSLI) (iii)	Market Capitalisation / Embedded Value	3.2 times (Based on average of comparable companies multiple)	2.5 times (Based on average of comparable companies multiple)

- (i) For ABML, ABIB and ABCTSL 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, 2022, no goodwill impairment was identified as the recoverable amount of the CGUs to which goodwill was allocated was higher than their carrying amount. (Previous Year ₹ Nil).

- (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 higher than the respective carrying amount.

As a result of impairment test for the year ended 31<sup>st</sup> March, 2022, no goodwill impairment was identified as the fair value of the CGUs to whom goodwill was allocated exceeded their respective carrying amount. (Previous Year ₹ Nil).

- (iii) 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.

As a result of impairment test for the year ended 31<sup>st</sup> March, 2022, 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.

# Notes

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## 2.3 OTHER INTANGIBLE ASSETS

Year ended 31st March 2022

	Gross Block					Accumulated Amortisation					Net Block	
	As at 1 <sup>st</sup> April 2021	Additions	Translation Difference Add/(Less)	Deductions/ Adjustments/ Held for Disposal	As at 31 <sup>st</sup> March 2022	As at 1 <sup>st</sup> April 2021	For the Year	Translation Difference Add/(Less)	Deductions/ Adjustments/ Held for Disposal	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2022	
<b>INTANGIBLE ASSETS</b>												
<b>(other than internally generated)</b>												
Computer Software	610.88	152.59	-	4.92	758.55	331.30	130.12	-	4.22	457.20	301.35	
Value of License/Right to use Infrastructure	62.99	34.03	-	-	97.02	37.51	5.91	-	-	43.42	53.60	
Power Purchase Agreements	42.10	1.79	-	-	43.89	4.85	1.73	-	-	6.58	37.31	
Power Line Rights	57.27	-	2.08	-	59.35	22.00	3.73	0.87	-	26.60	32.75	
Rights to Manage and Operate Manufacturing Facilities	666.50	-	-	-	666.50	140.06	44.46	-	-	184.52	481.98	
Group Management Rights	197.70	-	-	-	197.70	-	-	-	-	-	197.70	
Customer Relationship	369.90	-	-	-	369.90	60.17	16.84	-	-	77.01	292.89	
Distribution Network	1,533.03	-	-	-	1,533.03	479.49	133.70	-	-	613.19	919.84	
Value in Force	1,649.00	-	-	-	1,649.00	412.24	109.94	-	-	522.18	1,126.82	
Order Back Log	16.70	-	-	-	16.70	16.70	-	-	-	16.70	-	
Technical Know-how	27.24	-	-	-	27.24	7.27	2.55	-	-	9.82	17.42	
Trade Mark and Brands	223.14	0.03	-	-	223.17	181.02	7.88	-	-	188.90	34.27	
Mining Rights	233.69	32.68	-	-	266.37	60.60	30.52	-	-	91.12	175.25	
Non-Compete fees	21.50	-	-	-	21.50	21.50	-	-	-	21.50	-	
Mining Reserve	5,486.86	-	-	-	5,486.86	352.98	105.84	-	-	458.82	5,028.04	
Jetty Rights	224.42	22.38	-	-	246.80	40.75	9.85	-	-	50.60	196.20	
<b>Total Intangible Assets</b>	<b>11,422.92</b>	<b>243.50</b>	<b>2.08</b>	<b>4.92</b>	<b>11,663.58</b>	<b>2,168.44</b>	<b>603.07</b>	<b>0.87</b>	<b>4.22</b>	<b>2,768.17</b>	<b>8,895.41</b>	
Intangible Assets Under Development											42.94	
<b>Total Intangible Assets</b>											<b>8,938.35</b>	

# Notes

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## 2.3 OTHER INTANGIBLE ASSETS (CONTD.)

Year ended 31st March 2021

	Gross Block				Accumulated Amortisation				Net Block			
	As at 1 <sup>st</sup> April 2020	Classified as Discontinued Operation (Note 4.4)	Additions	Translation Difference Add/(Less)	Deductions/ Adjustments /Held for Disposal	As at 31 <sup>st</sup> March 2021	For the Year * Add/(Less)	Translation Difference Add/(Less)	Classified as Discontinued Operation (Note 4.4)	Deductions/ Adjustments/ Held for Disposal	As at 31 <sup>st</sup> March 2021	As at 31 <sup>st</sup> March 2021
<b>INTANGIBLE ASSETS (other than internally generated)</b>												
Computer Software	432.94	0.19	188.55	-	10.42	610.88	104.61	-	0.17	9.54	331.30	279.58
Value of License/Right to use Infrastructure	62.99	-	-	-	-	62.99	6.02	-	-	-	37.51	25.48
Power Purchase Agreements	42.10	-	-	-	-	42.10	1.68	-	-	-	4.85	37.25
Power Line Rights	59.27	-	-	(2.00)	-	57.27	3.71	(0.69)	-	-	22.00	35.27
Rights to Manage and Operate Manufacturing Facilities	666.50	-	-	-	-	666.50	44.49	-	-	-	140.06	526.44
Group Management Rights	197.70	-	-	-	-	197.70	-	-	-	-	-	197.70
Customer Relationship	369.90	-	-	-	-	369.90	16.84	-	-	-	60.17	309.73
Production Formula	19.00	19.00	-	-	-	-	1.17	-	6.40	-	-	-
Distribution Network	1,582.93	49.90	-	-	-	1,533.03	131.29	-	6.70	-	479.49	1,053.54
Value in Force	1,649.00	-	-	-	-	1,649.00	109.94	-	-	-	412.24	1,236.76
Order Back Log	16.70	-	-	-	-	16.70	-	-	-	-	16.70	-
Technical Know-how	27.24	-	-	-	-	27.24	2.52	-	-	-	7.27	19.97
Trade Mark and Brands	306.44	83.50	0.20	-	-	223.14	13.01	-	28.10	-	181.02	42.12
Mining Rights	183.01	-	50.93	-	0.25	233.69	6.13	-	-	-	60.60	173.09
Non-Compete fees	21.50	-	-	-	-	21.50	5.96	-	-	-	21.50	-
Mining Reserves	5,483.35	-	3.51	-	-	5,486.86	120.54	-	-	-	352.98	5,133.88
Jetty Rights	212.67	-	11.75	-	-	224.42	3.18	-	-	-	40.75	183.67
<b>Total Intangible Assets</b>	<b>11,333.24</b>	<b>152.59</b>	<b>254.94</b>	<b>(2.00)</b>	<b>10.67</b>	<b>11,422.92</b>	<b>571.09</b>	<b>(0.69)</b>	<b>41.37</b>	<b>9.54</b>	<b>2,168.44</b>	<b>9,254.48</b>
Intangible Assets Under Development												49.26
<b>Total Intangible Assets</b>												<b>9,303.74</b>

\* Includes Amortisation of ₹ 7.52 Crore of Fertiliser Business classified as discontinued operations.

Note 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, 2022	As at 31 <sup>st</sup> March, 2021
Distribution Network	1.25 - 20.25 Years	2.25 - 21.25 Years
Mining Reserve	Over the period of the respective mining agreement	Over the period of the respective mining agreement
Value in Force	10.25 Years	11.25 Years

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

## 2.3.2 Intangible Assets Under Development

### Intangible Assets Under Development Ageing Schedule:

As at 31st March 2022

CWIP	Amount in Intangible Assets Under Development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	34.15	8.61	-	0.18	42.94
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>34.15</b>	<b>8.61</b>	<b>-</b>	<b>0.18</b>	<b>42.94</b>

₹ in Crore

As at 31st March 2021

CWIP	Amount in Intangible Assets Under Development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	41.64	6.61	0.38	0.63	49.26
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>41.64</b>	<b>6.61</b>	<b>0.38</b>	<b>0.63</b>	<b>49.26</b>

₹ in Crore

## 2.4 LEASES

### I. As a Lessee

#### A. Right of Use Assets

Year ended 31st March 2022

Particulars	As at 1st April, 2021	(Transfer) from Discontinued Operations	Gross Block			Accumulated Depreciation			Net Block				
			Additions	Other Adjustments	Deductions	As at 31st March, 2022	(Transfer) from Discontinued Operations	For the Year Adjustments		Other Deductions	As at 31st March, 2022		
Land #	741.73	-	36.91	1.88	1.46	779.06	65.54	-	23.77	0.26	0.79	88.78	690.28
Buildings	716.90	(47.34)	199.81	-	96.40	867.65	247.95	(3.48)	125.23	-	37.93	338.73	528.92
Plant and Machinery	208.03	-	30.07	5.88	32.22	211.76	66.17	-	20.52	4.16	12.21	78.64	133.12
Ships	830.11	-	0.71	(27.04)	85.25	718.53	145.22	-	74.23	(15.59)	11.84	192.02	526.51
<b>Total</b>	<b>2,496.77</b>	<b>(47.34)</b>	<b>267.50</b>	<b>(19.28)</b>	<b>215.33</b>	<b>2,577.00</b>	<b>524.88</b>	<b>(3.48)</b>	<b>243.75</b>	<b>(11.17)</b>	<b>62.77</b>	<b>698.17</b>	<b>1,878.83</b>
Less: Depreciation Transferred to CWIP									(3.79)				
<b>Net Depreciation Charged to the Statement of Profit and Loss</b>									<b>239.96</b>				

₹ in Crore



# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

## Year ended 31st March 2021

Particulars	Gross Block				Accumulated Depreciation				Net Block	
	As at 1 <sup>st</sup> April, 2020	Reclassified as Discontinued Operations (Note 4.4)	Additions	Deductions	As at 31 <sup>st</sup> March, 2021	Reclassified as Discontinued Operations (Note 4.4)	For the Year <sup>^</sup> Adjustments	Other Deductions		As at 31 <sup>st</sup> March, 2021
Land #	929.02	203.61	18.69	0.06	741.73	11.58	23.86	(0.56)	0.01	676.19
Buildings	601.17	1.97	197.21	-	716.90	1.97	126.00	-	27.58	468.95
Plant and Machinery	149.58	-	64.44	(5.99)	208.03	47.99	21.82	(3.64)	-	141.86
Ships	716.74	-	136.44	(11.21)	830.11	77.38	72.15	(4.31)	-	684.89
<b>Total</b>	<b>2,396.51</b>	<b>205.58</b>	<b>416.79</b>	<b>(19.52)</b>	<b>2,496.77</b>	<b>13.55</b>	<b>243.83</b>	<b>(8.51)</b>	<b>27.59</b>	<b>1,971.89</b>
Less: Depreciation Transferred to CWIP										
<b>Net Depreciation Charged to the Statement of Profit and Loss</b>										
<b>237.95</b>										

# Includes Leasehold land of ₹ 142.11 Crore (Previous Year ₹ 142.90 Crore) having co-ownership with other companies.

^ Includes Depreciation of ₹ 2.55 Crore towards Fertiliser Business classified as discontinued operations.

## (B) Analysis of Lease Liabilities

(B1) The following is the movement in lease liabilities during the year ended:

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Opening Lease Liabilities as on 1 <sup>st</sup> April	1,668.61	1,563.83
Finance Cost Accrued during the Year (including revaluation of Lease Liabilities)	144.12	72.37
Additions during the Year (Net)	97.74	335.61
Liabilities Classified as Held for Sale	-	(2.30)
Payment of Lease Liabilities	(352.93)	(300.90)
<b>Closing Lease Liabilities</b>	<b>1,557.54</b>	<b>1,668.61</b>

(B2) Maturity Analysis of Lease Liabilities

Maturity Analysis - Contractual Undiscounted Cash Flows	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Less than one year	293.07	286.11
One to five years	997.68	1,052.31
More than five years	932.53	1,000.61
<b>Total Undiscounted Lease Liabilities</b>	<b>2,223.28</b>	<b>2,339.03</b>
Lease Liabilities included in the Statement of Financial Position	1,557.54	1,668.61
Current	238.16	221.13
Non-Current	1,319.38	1,447.48

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

## (B3) Amount recognised in the Statement of Profit and Loss, not included in the Measurement of Lease Liabilities:

	₹ in Crore	
	Year ended 31 <sup>st</sup> March, 2022	Year ended 31 <sup>st</sup> March, 2021
Variable Lease Payments not included in the Measurement of Lease liabilities	73.59	56.54
Expenses relating to Short-Term Leases	157.58	121.36
Expenses relating to Leases of Low-Value Assets, excluding Short-Term Leases of Low Value Assets	43.37	42.49
(Gains) or Losses arising from Modification of Lease Agreements and Others	2.19	2.43

- (C) Income from sub-leasing of Right to Use Assets is ₹ 5.46 Crore (Previous Year ₹ 4.93 Crore).
- (D) The total cash outflow for leases for the year is ₹ 352.93 Crore (Previous Year ₹ 300.90 Crore).
- (E) 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, 2022 is ₹ Nil (Previous Year ₹ Nil).
- (F) During the year, the Group has recognised rent concession of ₹ Nil (Previous Year ₹ 9.50 Crore) as it had applied for Practical Expedient to eligible leased contracts.
- (G) 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.

## 2.5 NON-CURRENT ASSETS - EQUITY ACCOUNTED INVESTEEES

### Investments in Equity Accounted Investees

	₹ in Crore	
Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Joint Ventures (Note 4.14 and Note 2.39(A))</b>		
Share in Net Assets	978.00	3,708.21
Goodwill	5.15	1,934.33
Equity Investments in Joint Ventures - At Cost	<b>983.15</b>	<b>5,642.54</b>
Impairment in Value of Investments	(1.65)	(1.65)
Share in Profit/Reserves of Joint Ventures (after Acquisition)	428.67	1,140.09
	<b>1,410.17</b>	<b>6,780.98</b>
<b>Associates (Note 4.14 and Note 2.39(A))</b>		
Share in Net Assets	2,814.49	43.13
Goodwill	1,891.74	-
Equity Investments in Associates - At Cost	<b>4,706.23</b>	<b>43.13</b>
Impairment in Value of Investments	(0.22)	(0.22)
Share in Profit/Reserves of Joint Ventures (after Acquisition)	933.99	13.77
	<b>5,640.00</b>	<b>56.68</b>
	<b>7,050.17</b>	<b>6,837.66</b>

**2.5.1** The investments in the Company's Joint Ventures, namely AV Group NB Inc., AV Terrace 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 the respective companies is 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 2022

## 2.6 INVESTMENTS OF INSURANCE BUSINESS - NON-CURRENT

			₹ in Crore	
Particulars			As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Investments in various Mutual Funds</b>				
Carried at Fair Value through Profit or Loss (FVTPL) #			-	1.51
			-	<b>1.51</b>
<b>Investments in Equity Instruments</b>				
Carried at FVTPL #			1,739.89	931.33
Carried at FVTPL			196.99	119.29
Carried at Fair Value through Other Comprehensive Income (FVTOCI) #			91.99	105.24
Carried at Fair Value through Other Comprehensive Income (FVTOCI)			0.83	0.79
			<b>2,029.70</b>	<b>1,156.65</b>
<b>Investments in Government or Trust Securities</b>				
Carried at Amortised Cost #			12,357.47	9,159.97
Carried at FVTOCI #			5,469.53	4,420.47
			<b>17,827.00</b>	<b>13,580.44</b>
<b>Investments in Debentures</b>				
Carried at Amortised Cost #			5,853.74	5,576.41
Carried at FVTOCI #			5,216.34	4,702.49
Carried at FVTPL #			25.86	25.97
Less: Impairment			-	(1.88)
			<b>11,095.94</b>	<b>10,302.99</b>
<b>Other Non-Current Investments</b>				
Carried at FVTOCI			-	4.99
			-	<b>4.99</b>
			<b>30,952.64</b>	<b>25,046.58</b>
# Quoted Investments				
2.6.1 Aggregate Book Value of:				
Quoted Investments			30,754.82	24,921.51
Unquoted Investments			197.82	125.07
			<b>30,952.64</b>	<b>25,046.58</b>
Aggregate Market Value of Quoted Investments			31,004.04	25,662.55
Aggregate Impairment in Value of Investments			-	1.88

## 2.7 OTHER INVESTMENTS - NON-CURRENT (Fully Paid-up)

			₹ in Crore	
Particulars	Face Value	Units	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<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	155.48	103.93
P. T. Indo Bharat Rayon Co. Limited, Indonesia	US\$ 100	5,000	644.78	591.40
Vodafone Idea Limited #	₹ 10	3,317,566,167	3,201.45	3,068.75
Hindalco Industries Limited #	₹ 1	88,048,812	5,014.38	2,877.88
Indophil Textile Mills Inc., Philippines	Peso 10	422,496	2.73	2.73
Birla International Limited - British Virgin Islands	USD 100	2,500	5.18	5.18
Aditya Birla Fashion and Retail Limited - (Partly Paid-up of ₹ 7.5)*	₹ 10	10,221,331	-	172.63

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

₹ in Crore

Particulars	Face Value	Units	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Aditya Birla Fashion and Retail Limited (Previous Year 87,449,940 shares) #	₹ 10	97,671,271	2,950.65	1,759.92
Birla Management Centre Services Limited	₹ 10	9,000	10.58	9.50
Bhadreshwar Vidyut Private Limited	₹ 10	5,069,000	0.10	0.10
			<b>11,985.33</b>	<b>8,592.02</b>
<b>Carried at FVTPL {Note 4.9 (A)}</b>				
MOIL Limited#	₹ 10	24,490	0.45	0.37
Amplus Sunshine Private Limited	₹ 10	3,867,848	4.80	4.80
Amplus Coastal Power Private Limited	₹ 10	1,712,279	1.76	1.76
Amplus Dakshin Private Limited (Previous Year 459,000 Shares)	₹ 10	11,690,777	11.69	0.46
Lalganj Power Private Limited (Previous Year 12,121,212 Shares)	₹ 10	13,032,882	17.20	16.00
Raj Mahal Coal Mining Limited	₹ 10	1,000,000	1.00	1.00
Green Infra Wind Power Generation Limited	₹ 10	192,000	0.19	0.19
NU Power Wind Farm Limited (Previous Year 39,548 Shares)	₹ 10	2,000	-	0.04
Watsun Infrabuild Private Limited (Previous Year 296,000 Shares)	₹ 10	642,600	0.64	0.30
VSN Onsite Private Limited (Previous Year 2,125,387 Shares)	₹ 10	7,852,649	10.15	2.75
Solbridge Energy Private Limited	₹ 10	1,738,490	2.21	-
Sunroot Energy Private Limited	₹ 10	510,000	0.51	-
VSV Offsite Private Limited	₹ 10	388,890	0.53	-
Amplus Alpha Solar Private Limited	₹ 10	2,598,864	2.60	-
ES SBE Renewables Twenty Two C1 Private Limited (@ aggregating to ₹ 260)	₹ 10	26	@	@
ES SBE Renewables Twenty Two C2 Private Limited (^ aggregating to ₹ 260)	₹ 10	26	^	^
ES SBE Renewables Twenty Two C3 Private Limited (\$ aggregating to ₹ 130)	₹ 10	13	\$	\$
SBG Cleantech Energy Eight Private Limited (! Previous Year: 20 Share, aggregating to ₹ 200)	₹ 10	-	-	!
			<b>53.73</b>	<b>27.67</b>
<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	34.28	31.02
1% Redeemable Preference Shares of Aditya Group AB, Sweden, of aggregate value of USD 8 Million	WPV	160,000	49.88	50.86
<b>Others</b>				
7% Non-Cumulative Non-Convertible Redeemable Preference Shares of Aditya Birla Health Services Limited	₹ 100	5,600,000	57.80	57.69
8% Redeemable and Cumulative Preference Shares of Aditya Birla Fashion and Retail Limited	₹ 10	500,000	0.98	0.94
8.10% Preference Share of Kotak Mahindra Bank	₹ 5	70,000,000	35.00	-
8% Preference Shares of Birla Management Centre Services Limited (Previous Year 200 Shares)	₹ 10	-	-	!
! Represents amount of ₹ 2,000 (redeemed during the Year)				
			<b>177.94</b>	<b>140.51</b>

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

₹ in Crore				
Particulars	Face Value	Units	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Investments in Debentures or Bonds and Other Investments (Note 4.9 (A)) #</b>				
<b>Carried at FVTPL</b>				
Tax-Free Bonds			282.75	290.44
Taxable Corporate Bonds			290.83	857.43
			<b>573.58</b>	<b>1,147.87</b>
<b>Investments in Bonds/Debentures</b>				
Carried at Amortised Cost #	257	1,000,000	55.34	-
Carried at Amortised Cost	75	10,000,000	80.31	51.19
<b>Other Investments</b>				
<b>Carried at FVTPL</b>				
Investments in Security Receipts			178.78	307.30
Investments in Alternate Funds			81.89	67.15
Investments in LLP			26.60	15.91
Others			-	0.02
			<b>287.27</b>	<b>390.38</b>
<b>Carried at FVTPL</b>				
Investments in Mutual Funds {Note 4.9 (A)}			667.67	242.98
			<b>13,881.17</b>	<b>10,592.62</b>

WPV - Without Par Value

# Quoted Investments

₹ in Crore		
Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
2.7.1 Aggregate Book Value of:		
Quoted Investments	11,951.33	9,131.35
Unquoted Investments	1,929.84	1,461.27
	<b>13,881.17</b>	<b>10,592.62</b>
Aggregate Market Value of Quoted Investments	11,951.33	9,131.35

## 2.7.2 Category wise Other Non-Current Investments:

₹ in Crore		
Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Quoted</b>		
Financial Investments Measured at FVTOCI		
Equity Shares	11,321.96	7,983.11
<b>Sub-Total (a)</b>	<b>11,321.96</b>	<b>7,983.11</b>
Financial Investments Measured at FVTPL		
Mutual Funds	-	-
Debentures or Bonds	573.58	1,147.87
Equity Shares	0.45	0.37
<b>Sub-Total (b)</b>	<b>574.03</b>	<b>1,148.24</b>
Financial Investments Measured at Amortised Cost		
Debentures or Bonds	55.34	-
<b>Sub-Total (c)</b>	<b>55.34</b>	<b>-</b>
<b>Total (d) = [a + b + c]</b>	<b>11,951.33</b>	<b>9,131.35</b>

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

₹ in Crore

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Unquoted</b>		
Financial Investments Measured at FVTOCI		
Equity Shares	663.37	608.91
<b>Sub-Total (e)</b>	<b>663.37</b>	<b>608.91</b>
Financial Investments Measured at FVTPL		
Equity Shares	53.28	27.30
Mutual Funds	667.67	242.98
Preference Shares	177.94	140.51
Private Equity Investment Funds	287.27	390.38
<b>Sub-Total (f)</b>	<b>1,186.16</b>	<b>801.17</b>
Financial Investments Measured at Amortised Cost		
Debentures or Bonds	80.31	51.19
<b>Sub-Total (g)</b>	<b>80.31</b>	<b>51.19</b>
<b>Total (h) = [e + f + g]</b>	<b>1,929.84</b>	<b>1,461.27</b>
<b>Total (d + h)</b>	<b>13,881.17</b>	<b>10,592.62</b>

## 2.8 ASSETS HELD TO COVER LINKED LIABILITIES OF LIFE INSURANCE BUSINESS - NON-CURRENT

₹ in Crore

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Carried at Fair Value through Profit or Loss</b>		
<b>Quoted Investments</b>		
Mutual Funds	583.30	447.13
Equity Instruments	13,028.13	10,715.88
Government or Trust Securities	5,926.28	5,747.96
Debentures	6,574.62	6,325.21
<b>Unquoted Investments</b>		
Other Non-Current Investments	25.00	15.02
	<b>26,137.33</b>	<b>23,251.20</b>
<b>2.8.1</b> Aggregate Book Value of Quoted Investments	26,112.33	23,236.18
<b>2.8.2</b> Aggregate Market Value of Quoted Investments	26,112.33	23,236.18
<b>2.8.3</b> Aggregate Value of Unquoted Investments	25.00	15.02

## 2.9 LOANS - NON-CURRENT

(Unsecured, Considered Good, except otherwise stated)

(Carried at Amortised Cost)

₹ in Crore

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Loans and Advances of Financial Services		
Secured, Considered Good	43,671.62	39,291.20
Unsecured, Considered Good	6,981.74	5,182.99
Secured, Considered Doubtful	1,956.03	1,045.32
Unsecured, Considered Doubtful	258.29	607.66
Less: Expected Credit Loss Allowance	(1,223.85)	(1,075.70)
Loans against Insurance Policies	291.55	214.33
Loans to Employees	18.74	12.52
	<b>51,954.12</b>	<b>45,278.32</b>

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

## 2.10 OTHER NON-CURRENT FINANCIAL ASSETS

(Carried at Amortised Cost, except otherwise stated)

Particulars	₹ in Crore	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Security Deposits	447.46	403.46
Less: Provision on deposits	(0.44)	(0.44)
Deposits to Related Party (Note 4.7.2)	35.93	60.04
Derivative Assets - Carried at Fair Value	371.33	384.55
Government Grant Receivables	578.05	188.73
Less: Provision towards Government Incentive	(3.76)	-
Fixed Deposits with Banks with maturity more than 12 months <sup>**#</sup>	90.47	46.30
Receivables towards Divested Business <sup>§</sup>	46.26	35.12
Less: Provision towards Divested Businesses	(11.14)	-
Reinsurance Assets	892.05	610.12
Other Receivables	11.79	6.92
	<b>2,458.00</b>	<b>1,734.80</b>

\* Includes Interest Accrued

# Lodged as security with Government Departments

@ Lien Marked in favour of Insurance Regulatory Development Authority of India (IRDA)

§ The Company has to receive from purchaser ₹ 35.12 Crore (Previous Year ₹ 35.12 Crore) towards Tax Refund.

## 2.11 DEFERRED TAX ASSETS (NET)

Current Year	₹ in Crore			As at 31 <sup>st</sup> March 2022
	As at 1 <sup>st</sup> April 2021	Recognised in Profit or Loss	OCI	
<b>Deferred Tax Assets:</b>				
Provision allowed under Tax on Payment Basis	40.35	(2.62)	(8.06)	29.67
Unabsorbed Losses	97.57	44.65	-	142.22
Unrealised Profits arising on Intragroup Stock Transfers	9.00	6.09	-	15.09
Expected Credit Loss Allowance	260.62	23.18	-	283.80
Others	32.34	(0.87)	(0.57)	30.90
	<b>439.88</b>	<b>70.43</b>	<b>(8.63)</b>	<b>501.68</b>
<b>Deferred Tax Liabilities:</b>				
Impact of difference between Tax Depreciation and Depreciation/ Amortisation charged for financial reporting	215.67	29.31	-	244.98
Others (Fair Value of Borrowings and Contingent Liabilities)	18.77	(8.61)	0.50	10.66
	<b>234.44</b>	<b>20.70</b>	<b>0.50</b>	<b>255.64</b>
<b>Deferred Tax Assets (Net)</b>	<b>205.44</b>	<b>49.73</b>	<b>(9.13)</b>	<b>246.04</b>

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

₹ in Crore

Previous Year	As at 1 <sup>st</sup> April 2020	Recognised in		As at 31 <sup>st</sup> March 2021
		Profit or Loss	OCI	
<b>Deferred Tax Assets:</b>				
Provision allowed under Tax on Payment Basis	123.06	(85.78)	3.07	40.35
Unabsorbed Losses	39.39	58.18	-	97.57
Unrealised Profits arising on Intragroup Stock Transfers	1.47	7.53	-	9.00
Expected Credit Loss Allowance	110.47	150.15	-	260.62
Others	32.63	(1.45)	1.16	32.34
	<b>307.02</b>	<b>128.63</b>	<b>4.23</b>	<b>439.88</b>
<b>Deferred Tax Liabilities:</b>				
Impact of difference between Tax Depreciation and Depreciation/ Amortisation charged for financial reporting	154.95	60.72	-	215.67
Others (Fair Value of Borrowings and Contingent Liabilities)	14.50	4.27	-	18.77
	<b>169.45</b>	<b>64.99</b>	<b>-</b>	<b>234.44</b>
<b>Deferred Tax Assets (Net)</b>	<b>137.57</b>	<b>63.64</b>	<b>4.23</b>	<b>205.44</b>

## 2.12 OTHER NON-CURRENT ASSETS

₹ in Crore

Particulars	As at	As at
	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
Capital Advances		
Unsecured, Considered Good	2,585.78	2,270.50
Unsecured, Considered Doubtful	12.36	18.56
Less: Allowance for Doubtful	(12.36)	(18.56)
Balances with Government Authorities		
Unsecured, Considered Good	650.40	545.31
Prepaid Expenses	20.06	22.62
Deferred Acquisition Costs	1.64	2.85
Other Advances	89.39	15.85
	<b>3,347.27</b>	<b>2,857.13</b>

## 2.13 INVENTORIES

(Valued at lower of cost and net realisable value, unless otherwise stated)

₹ in Crore

Particulars	As at 31 <sup>st</sup> March, 2022			As at 31 <sup>st</sup> March, 2021		
	In Hand	In Transit	Total	In Hand	In Transit	Total
Raw Materials	1,862.58	1,096.59	2,959.17	1,019.59	646.77	1,666.36
Work-in-Progress	1,177.01	-	1,177.01	819.24	-	819.24
Finished Goods	1,204.28	257.78	1,462.06	740.62	157.76	898.38
Stock-in-Trade	39.77	2.85	42.62	20.37	14.85	35.22
Stores and Spare Parts	3,232.23	644.33	3,876.56	2,384.55	371.71	2,756.26
Waste/Scrap (valued at Net Realisable Value)	19.00	-	19.00	21.50	-	21.50
	<b>7,534.87</b>	<b>2,001.55</b>	<b>9,536.42</b>	<b>5,005.87</b>	<b>1,191.09</b>	<b>6,196.96</b>



# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

The Company follows the policy for writing down the Value of Inventories towards slow moving, non-moving and surplus inventories. Write down of inventories (net of reversals) for the year is ₹ 68.85 Crore (Previous Year ₹ 92.20 Crore). Inventory values shown above are net of write down.

**2.13.1** Working Capital Borrowings are secured by hypothecation of inventories of the respective companies.

## 2.14 INVESTMENTS OF INSURANCE BUSINESS - CURRENT

Particulars	₹ in Crore	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Investments in Mutual Funds</b>		
Carried at Fair Value through Profit or Loss (FVTPL) #	126.82	101.27
<b>Investments in Government or Trust Securities</b>		
Carried at Amortised Cost #	7.60	40.54
Carried at FVTOCI #	168.00	144.72
<b>Investments in Debentures/Bonds</b>		
Carried at Amortised Cost #	112.37	95.18
Carried at FVTOCI #	450.55	235.56
Less: impairment	(1.66)	(9.33)
<b>Investments in Equity Instruments</b>		
Carried at FVTPL #	-	142.36
<b>Other Current Investments</b>		
Carried at Amortised Cost #	979.81	759.85
Carried at FVTOCI #	490.42	577.16
Carried at FVTOCI	5.31	1.31
	<b>2,339.22</b>	<b>2,088.62</b>

# Quoted Investments

Particulars	₹ in Crore	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
2.14.1 Aggregate Book Value of:		
Quoted Investments	2,333.91	2,087.31
Unquoted Investments	5.31	1.31
	<b>2,339.22</b>	<b>2,088.62</b>
Aggregate Market Value of Quoted Investments	2,280.18	2,105.63
Aggregate Impairment in Value of Investments	1.66	9.33

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

## 2.15 OTHER INVESTMENTS - CURRENT

Particulars	₹ in Crore	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Investments in Equity Shares: Carried at FVTOCI</b>		
Larsen & Toubro Limited* (1,495,993 Shares of Face Value ₹ 2 each fully paid-up) (Previous Year 1,495,993 Shares)	264.44	212.27
<b>Investments in Mutual Funds:</b>		
Carried at FVTPL	9,283.16	13,618.50
<b>Investments in Government Securities</b>		
Carried at FVTPL #	119.80	81.86
<b>Investments in Bonds</b>		
Carried at FVTPL #	90.97	56.12
Carried at FVTPL	436.02	256.49
Carried at FVTOCI #	87.50	133.73
<b>Investments in Debentures</b>		
Carried at FVTPL	1,573.94	723.14
<b>Other Investments</b>		
Carried at FVTPL (Certificate of Deposits)	190.00	100.00
Carried at Amortised Cost (Fixed Deposit with Financial Institutions with maturity less than twelve months)	337.04	300.00
	<b>12,382.87</b>	<b>15,482.11</b>

# Quoted Investments

Particulars	₹ in Crore	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>2.15.1</b> Aggregate Book Value of:		
Quoted Investments	562.71	483.98
Unquoted Investments	11,820.16	14,998.13
	<b>12,382.87</b>	<b>15,482.11</b>
<b>2.15.2</b> Aggregate Market Value of Quoted Investments	562.71	483.98
<b>2.15.3</b> With respect to the disputed dividend distribution tax demand for the assessment year 2018-19, the Company has furnished a non-disposal undertaking to the Income Tax Department undertaking, that the Company shall not dispose off certain mutual fund investments having value of ₹ 816.54 Crore (31 <sup>st</sup> March, 2021 ₹ 777.52 Crore).		

## 2.16 ASSETS HELD TO COVER LINKED LIABILITIES OF LIFE INSURANCE BUSINESS - CURRENT

Carried at Fair Value through Profit or Loss

Particulars	₹ in Crore	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Quoted Investments</b>		
Mutual Funds	15.10	50.73
Equity Instruments	-	0.64
Government or Trust Securities	1,085.84	1,474.15
Debentures	1,215.29	1,265.40
Other Current Investments	1,855.99	1,801.30
Other Current Assets	(165.49)	120.60
<b>Unquoted Investments</b>		
Other Current Investments	15.99	5.17
	<b>4,022.72</b>	<b>4,717.99</b>
<b>2.16.1</b> Aggregate Book Value of Quoted Investments	4,006.73	4,712.82
<b>2.16.2</b> Aggregate Market Value of Quoted Investments	4,006.73	4,712.82
<b>2.16.3</b> Aggregate Value of Unquoted Investments	15.99	5.17

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

## 2.17 TRADE RECEIVABLES

Particulars	₹ in Crore	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Secured, Considered Good* <sup>®</sup>	758.35	791.17
<b>Unsecured*<sup>®</sup></b>		
Considered Good	4,671.39	3,551.22
Trade Receivables which have significant increase in Credit Risk	19.00	24.46
Credit Impaired	182.43	197.51
	<b>5,631.17</b>	<b>4,564.36</b>
Less: Loss Allowance	201.81	222.58
	<b>5,429.36</b>	<b>4,341.78</b>

Trade receivables are interest and non-interest bearing, and are generally upto 180 days terms.

\* Includes amount in respect of which the Company holds Letters of Credit/Guarantees from Banks.

<sup>®</sup> Includes amount due from Related Parties (Note 4.7.2).

260.51 209.25

10.15 82.58

- 2.17.1** Working Capital Borrowings are secured by hypothecation of book debts of the Company.
- 2.17.2** Trade Receivables include 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 receivables are due from Directors or other Officers of the Company, either severally or jointly with any other person. Nor any trade or other receivables are due from firms or private companies, respectively in which any Director is a partner, a Director or a Member.
- 2.17.5** Trade Receivables ageing schedule

### As at 31st March, 2022

Particulars	Outstanding for the following periods from the due date of payment					Total
	Less than 6 Months	6 months - 1 Year	1-2 Years	2-3 Years	More than 3 Years	
	₹ in Crore					
Undisputed Trade Receivables - Considered Good	1,653.18	35.45	7.30	3.55	2.97	1,702.45
Undisputed Trade Receivables - which have significant increase in Credit Risk	1.12	10.67	8.52	0.22	0.19	20.72
Undisputed Trade Receivables - Credit Impaired	0.39	2.92	3.09	33.10	30.89	70.39
Disputed Trade Receivables - Considered Good	1.69	2.11	0.57	0.48	2.03	6.88
Disputed Trade Receivables - which have significant increase in Credit Risk	-	0.05	2.07	-	-	2.12
Disputed Trade Receivables - Credit Impaired	-	0.18	0.25	55.44	52.71	108.58
<b>Total (A)</b>						<b>1,911.14</b>
<b>Not Due (B)</b>						<b>3,699.91</b>
<b>Less: Loss Allowance (C)</b>						<b>201.81</b>
<b>Net Total (A+B-C)</b>						<b>5,409.24</b>
<b>Add: Unbilled Revenue</b>						<b>20.12</b>
<b>Grand Total</b>						<b>5,429.36</b>

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

## As at 31st March, 2021

₹ in Crore

Particulars	Outstanding for the following periods from the due date of payment					Total
	Less than 6 Months	6 months - 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Undisputed Trade Receivables - Considered Good	1,059.16	16.55	68.75	13.84	4.11	1,162.41
Undisputed Trade Receivables - which have significant increase in Credit Risk	0.38	7.30	14.95	1.15	0.43	24.21
Undisputed Trade Receivables - Credit Impaired	0.13	0.02	10.84	16.62	34.31	61.92
Disputed Trade Receivables - Considered Good	0.74	2.17	2.05	0.07	0.83	5.86
Disputed Trade Receivables - which have significant increase in Credit Risk	-	0.27	4.26	0.04	0.33	4.90
Disputed Trade Receivables - Credit Impaired	-	0.17	50.78	53.17	27.44	131.56
<b>Total (A)</b>						<b>1,390.86</b>
<b>Not Due (B)</b>						<b>3,110.72</b>
<b>Less: Loss Allowance (C)</b>						<b>222.58</b>
<b>Net Total (A+B-C)</b>						<b>4,279.00</b>
<b>Add: Unbilled Revenue</b>						<b>62.78</b>
<b>Grand Total</b>						<b>4,341.78</b>

## 2.18 CASH AND CASH EQUIVALENTS

₹ in Crore

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Balances with Banks</b>		
In Current Account	1,629.64	2,499.85
In Deposit Account - Original Maturity of 3 months or less	504.43	396.85
In EEFC Account	0.03	0.05
Cheques in Hand	99.06	86.95
Cash on Hand	7.54	5.04
	<b>2,240.70</b>	<b>2,988.74</b>

**2.18.1** There is no restriction with regard to cash and cash equivalents as at the end of each reporting period and prior periods.

## 2.19 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

₹ in Crore

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Other Balances</b>		
Earmarked Balance with Banks		
In Government Treasury Savings Account	0.03	0.03
Unclaimed Dividend	30.28	27.51
Other Bank Balances ^	-	1.70
Bank Deposits (with maturity more than 3 months but less than 12 months) <sup>S* @ ! &amp; ^</sup>	981.54	2,319.39
	<b>1,011.85</b>	<b>2,348.63</b>
Bank Deposits include:		
<sup>S</sup> Earmarked for specific purpose	161.68	163.59
<sup>*</sup> Lodged as Security with Government Departments	32.50	52.46
<sup>@</sup> Unclaimed Fractional Warrants	0.88	0.88
<sup>!</sup> Margin Money with Exchange	292.78	311.65
<sup>&amp;</sup> Towards Issue of Bank Guarantee	111.15	60.34
<sup>^^</sup> The Company is in the process of transferring Fixed Deposits in its own name	4.24	3.31
<sup>^</sup> Bank accounts frozen by Government Authorities, the balance of which is not currently available to the Company	-	1.70

**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, 2022 and 31<sup>st</sup> March, 2021.

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

## 2.20 LOANS - CURRENT

(Unsecured, Considered Good, except otherwise stated)  
(Carried at Amortised Cost)

Particulars	₹ in Crore	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Loans against House Property (Secured by way of Title Deeds)	0.05	0.01
Loans and Advances of Financial Services		
Secured	7,995.30	9,041.42
Unsecured	6,288.10	5,609.46
Less: Expected Credit Loss Allowance	(84.39)	(132.86)
Loans against Insurance Policies	2.51	0.61
Inter-Corporates Deposits	18.00	49.88
Loans to Related Parties (Note 4.7.2)	16.13	18.34
Others (include Loans to Employees, etc.)	11.31	65.19
	<b>14,247.01</b>	<b>14,652.05</b>

## 2.21 OTHERS - CURRENT FINANCIAL ASSET

(Unsecured, Considered Good, except otherwise stated)  
(Carried at Amortised Cost)

Particulars	₹ in Crore	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Derivative Assets - Carried at Fair Value	52.47	108.71
Interest Accrued on Investments	49.02	68.00
Unclaimed Amount of Policyholders*	256.69	294.43
Government Grants Receivable	1,045.24	1,175.66
Reinsurance Assets	364.73	204.43
Other Receivables from Related Parties (Note 4.7.2)	21.24	0.14
Security Deposits	218.81	156.16
Others (Insurance Claims, Railways Claims and other Receivables)	765.56	727.87
	<b>2,773.76</b>	<b>2,735.40</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)

Particulars	₹ in Crore	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Balances with Government Authorities	1,049.04	1,031.82
Less: Loss Allowance	(59.59)	(48.26)
Advances to Suppliers	1,147.11	776.03
Less: Loss Allowance	(4.62)	(15.21)
Deferred Acquisition Costs	0.94	1.05
Other Receivables from Related Parties (Note 4.7.2)	15.54	39.08
Others (include Prepayments, etc.)	625.72	619.52
	<b>2,774.14</b>	<b>2,404.03</b>

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

## 2.23 EQUITY SHARE CAPITAL

₹ in Crore

Particulars	₹ in Crore	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>2.23.1 Authorised *</b>		
2,062,500,000 Equity Shares of ₹ 2/- each (Previous Year 1,472,500,000 Shares of ₹ 2/- each)	412.50	294.50
1,100,000 Redeemable Cumulative Preference Shares of ₹ 100 each (Previous Year 1,100,000 Shares of ₹ 100 each)	11.00	11.00
	<b>423.50</b>	<b>305.50</b>

\* Pursuant to clause 8 of the Scheme of Arrangement between Grasim Premium Fabrics Private Limited and the Company (Scheme), authorized equity Share Capital of the Company increased to 2,062,500,000 Equity Shares of ₹ 2 each. Effective Date of the Scheme was 21<sup>st</sup> June 2021.

₹ in Crore

Particulars	₹ in Crore	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>2.23.2 Issued, Subscribed and Fully Paid-up</b>		
658,295,426 Equity Shares of ₹ 2/- each (Previous Year 658,044,844 Shares of ₹ 2/- each) fully paid-up	131.66	131.61
<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>131.67</b>	<b>131.62</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)

Particulars	Number of Shares		₹ in Crore	
	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
Outstanding as at the beginning of the year	658,073,139	657,827,233	131.62	131.57
Issued during the year under Employee Stock Options Scheme	250,582	245,906	0.05	0.05
<b>Outstanding as at the end of the year</b>	<b>658,323,721</b>	<b>658,073,139</b>	<b>131.67</b>	<b>131.62</b>

### 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.

	As at 31 <sup>st</sup> March 2022		As at 31 <sup>st</sup> March 2021	
	No. of Shares	% Holding	No. of Shares	% Holding
<b>2.23.7</b> 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)	56,752,955	8.62%	41,636,682	6.33%

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

## 2.23.8 List of Shareholders holding more than 5% Shares in the Equity Share Capital of the Company

Particulars	As at 31 <sup>st</sup> March 2022		As at 31 <sup>st</sup> March 2021	
	No. of Shares	% Holding	No. of Shares	% Holding
Birla Group Holdings Private Limited	125,004,398	18.99%	125,004,398	19.00%
Life Insurance Corporation of India	60,011,298	9.12%	67,562,753	10.27%
IGH Holdings Private Limited	42,436,393	6.45%	37,973,393	5.77%

## 2.23.9 Shareholding of Promoters and Promoters group:

Sr. No.	Name of the Promoter	As at 31 <sup>st</sup> March 2022			As at 31 <sup>st</sup> March 2021		
		No. of Shares	% Holding	% Change during the year	No. of Shares	% Holding	% Change during the year
1	Birla Group Holdings Private Limited	125,004,398	18.99%	-0.01%	125,004,398	19.00%	0.00%
2	IGH Holdings Private Limited	42,436,393	6.45%	0.68%	37,973,393	5.77%	0.66%
3	Hindalco Industries Limited	28,222,468	4.29%	0.00%	28,222,468	4.29%	0.00%
4	Umang Commercial Company Private Limited	26,746,262	4.06%	0.00%	26,746,262	4.06%	-0.01%
5	Pilani Investment and Industries Corporation Ltd.	24,714,527	3.75%	-0.01%	24,714,527	3.76%	0.00%
6	P. T. Indo Bharat Rayon*	20,004,020	3.04%	0.00%	20,004,020	3.04%	0.00%
7	Thai Rayon Public Company Limited*	4,774,666	0.73%	0.00%	4,774,666	0.73%	0.44%
8	Anatole Investments Pte Ltd*	4,459,323	0.68%	0.27%	2,713,850	0.41%	0.41%
9	P T Sunrise Bumi Textiles*	1,268,750	0.19%	0.00%	1,268,750	0.19%	0.00%
10	Kumar Mangalam Birla	1,086,993	0.17%	0.00%	1,086,993	0.17%	0.08%
11	P T Elegant Textile Industry*	808,750	0.12%	0.00%	808,750	0.12%	0.00%
12	Birla Institute of Technology and Science	661,205	0.10%	0.00%	661,205	0.10%	0.00%
13	Rajashree Birla	552,850	0.08%	0.00%	552,850	0.08%	0.00%
14	Renuka Investments & Finance Limited	242,185	0.04%	0.00%	242,185	0.04%	0.00%
15	Vasavadatta Bajaj	118,537	0.02%	0.00%	118,537	0.02%	0.00%
16	Aditya Vikram Kumar Mangalam Birla HUF (Karta- Mr. Kumar Mangalam Birla)	89,720	0.01%	0.00%	89,720	0.01%	0.00%
17	Birla Industrial Finance (India) Limited	87,485	0.01%	0.00%	87,485	0.01%	0.00%
18	Birla Consultants Limited	87,382	0.01%	0.00%	87,382	0.01%	0.00%
19	Neerja Birla	73,062	0.01%	0.00%	73,062	0.01%	0.00%
20	Birla Industrial Investments (India) Limited	18,657	0.00%	0.00%	18,657	0.00%	0.00%
21	Surya Kiran Investments Pte Limited*	5,000	0.00%	0.00%	5,000	0.00%	0.00%
22	Vikram Holdings Pvt. Ltd.	750	0.00%	0.00%	750	0.00%	0.00%
23	Rajratna Holdings Private Limited	670	0.00%	0.00%	670	0.00%	0.00%
24	Vaibhav Holdings Private Limited	670	0.00%	0.00%	670	0.00%	0.00%
		<b>281,464,723</b>	<b>42.76%</b>	<b>0.93%</b>	<b>275,256,250</b>	<b>41.83%</b>	<b>1.58%</b>

\* GDRs held by Promoter Group

₹ in Crore

	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>2.23.10</b> Shares reserved for issue under options and contracts, including the terms and amounts	1,696,470	1,778,669

For details of Shares reserved for issue under the Employee Stock Options Plan (ESOP) of the Company (Note 4.5)

**2.23.11** Aggregate number of Equity Shares issued for consideration other than cash during the period of five years immediately preceding the reporting date

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
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# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

## 2.24 OTHER EQUITY - ATTRIBUTABLE TO OWNERS OF THE COMPANY

₹ in Crore

	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
a) Equity Component of Other Financial Instruments	3.00	3.00
b) Capital Reserve	146.31	146.31
c) Legal Reserve	0.31	0.54
d) Securities Premium	27,229.59	27,201.51
e) General Reserve	35,419.61	32,663.01
f) Debenture Redemption Reserve	35.32	145.92
g) Special Reserve Fund	584.20	393.45
h) Treasury Shares held by ESOP Trust	(239.30)	(152.93)
i) Retained Earnings	10,159.72	6,021.21
j) Employee Share Options Outstanding	301.83	274.49
k) Debt Instruments through OCI	0.45	15.84
l) Equity Instruments through OCI	1,568.89	(1,628.09)
m) Hedging Reserve	6.81	(16.84)
n) Foreign Currency Translation Reserve	349.82	295.02
	<b>75,566.56</b>	<b>65,362.44</b>

Movement of each item of other equity is presented statement of changes in equity

### The Description of the nature and purpose of each reserve within other equity is as follows:

- a. Equity Component of Other Financial Instruments:** Inter-Corporate Deposits (ICD) are recorded at fair value on initial recognition under Ind AS while carried at transaction value under previous GAAP. The impact (i.e. difference between IGAAP and Ind AS) represents a capital contribution.
- b. 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.
- c. Legal Reserve:** Legal Reserve represents profit transferred as per the legal requirements in a Joint Venture of the Company.
- d. 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.
- e. 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.
- f. 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 excluding unlisted companies which are required to create DRR at 10% of the value outstanding of the debentures.
- g. Special Reserve Fund:** Special Reserve represents the reserve created pursuant to the Reserve Bank of India Act, 1934 (the "RBI Act"). In terms of Section 45-IC of the RBI Act, a Non-Banking Finance Company is required to transfer an amount not less than 20 percent of its net profit to a Reserve Fund before declaring any dividend. Appropriation from this Reserve Fund is permitted only for the purposes specified by RBI.

Further, as per Section 29C(i) of the National Housing Bank Act, 1987, the Housing Finance subsidiary of the Company is required to transfer at least 20% of its net profit every year to a reserve before any dividend is declared. For this purpose, any special reserve created by the Company under Section 36(1) (viii) of the Income tax Act, 1961, is considered to be an eligible transfer.

- h. Treasury Shares held under ESOP Trust:** The Group has formed an Employee Welfare Trust for purchasing Group's shares to be allotted to eligible employees under Employees Stock Options 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.



# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

- i. Retained Earnings:** Amount of retained earnings represents accumulated profit and losses of the Group as on reporting date. Such profits and losses are after adjustment of payment of dividend, transfer to any reserves as statutorily required and adjustment for realised gain/loss on derecognition of equity instruments measured at FVTOCI. Actuarial Gain/(Loss) arising out of Actuarial valuation is immediately transferred to Retained Earnings.
- j. 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.
- k. 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 on disposal of such instruments.
- l. 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.
- m. Hedging Reserve:** It represents the effective portion of the fair value of forward contracts, designated as cash flow hedge.
- n. 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.

## 2.25 BORROWINGS - NON-CURRENT

(Carried at Amortised Cost, except otherwise stated)

Particulars	₹ in Crore	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Secured</b>		
Non-Convertible Debentures {Note (a)}	11,392.39	10,816.32
<b>Term Loans from Banks</b>		
Rupee Term Loans from Banks {Note (b)}	21,632.67	30,367.16
Foreign Currency Loans {Note (c)}	2,404.34	365.55
Subsidised Government Loans {Note (d)}	207.86	222.20
Term Loans from Others {Note (e)}	0.41	3.21
<b>Unsecured</b>		
Non-Convertible Debentures {Note (f)}	7,700.51	7,282.16
<b>Term Loans from Banks</b>		
Foreign Currency Loans {Note (g)}	-	292.45
Term Loans from Others {Note (h)}	12.18	12.11
Subsidised Government Loans {Note (i)}	152.71	191.45
Preference Shares classified as Liability {Note (j)}	11.19	11.24
Foreign Currency Bonds {Note (k)}	3,031.70	2,924.40
	<b>46,545.96</b>	<b>52,488.25</b>

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

## 2.25.1 Nature of Security, Repayment Terms and Break-up of Current and Non-Current:

₹ in Crore

Secured Long-Term Borrowings:	Repayment Terms	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>(a) Non-Convertible Debentures (NCDs)</b>			
(ai) NCDs of NBFCs and NHFCs			
Debentures Secured by way of mortgage on the immovable property and first pari-passu charge on current assets of the fellow Subsidiary Companies:	Repayment Terms: Maturing between 1 to 10 years, Rate of Interest 4.97% to 10.00% p.a.	14,015.39	14,206.34
(aii) Other NCDs			
7.53% NCDs (Redeemable at par on 21 <sup>st</sup> August, 2026)		500.00	500.00
7.15% NCDs (Redeemed at par on 18 <sup>th</sup> October, 2021)		-	300.00
7.57% NCDs (Redeemed at par on 6 <sup>th</sup> August, 2021)		-	250.00
		<b>14,515.39</b>	<b>15,256.34</b>
Less: Amount disclosed as current maturities of long-term debts under the head 'Current Borrowings' (Note 2.31)		3,123.00	4,440.02
		<b>11,392.39</b>	<b>10,816.32</b>

The NCDs are secured by way of first charge, having pari-passu 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.

### Term Loans from Banks

#### (b) Rupee Term Loans

(bi) Borrowings of NBFCs and NHFCs	Repayment Terms: Maturing between 1 to 9 years, Rate of Interest 2.94% to 9.05% p.a.	28,916.08	28,415.36
(bii) Other Borrowings			
RBL Bank Ltd.	Structured quarterly instalments beginning June 2021 and the maturity of the loan shouldn't exceed beyond 31 <sup>st</sup> March 2040.	10.13	26.03
RBL Bank Ltd.	Repayable in 76 quarterly instalments beginning 30 <sup>th</sup> November 2023.	18.18	-
RBL Bank Ltd.	Repayable in 76 structured quarterly instalments.	21.72	-
ICICI Bank Ltd.	Repayable in structured quarterly instalments beginning from 31 <sup>st</sup> December 2019 not exceeding beyond 31 <sup>st</sup> December 2038.	78.97	-
Axis Bank Ltd.	The loan is repayable in 57 quarterly instalments starting from 31 March 2023.	11.02	-
ICICI Bank Ltd.	The loan is repayable in 76 quarterly instalments starting from 31 <sup>st</sup> March 2019.	72.79	78.19
Kotak Bank Ltd.	Repayable in 70 quarterly instalments beginning 31 <sup>st</sup> December 2021.	88.43	-
Citibank N.A.	Repayable in 74 quarterly instalments beginning February 2019.	21.76	23.25
ICICI Bank Ltd.	The loan is repayable in 74 quarterly instalments starting from 15 <sup>th</sup> February 2019.	23.65	25.12
Axis Bank Ltd.	Repayable in 60 structured quarterly instalments beginning from 30 <sup>th</sup> June 2022.	26.79	27.00

# Notes

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₹ in Crore

Secured Long-Term Borrowings:	Repayment Terms	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Axis Bank Ltd.	The loan is repayable in 58 structured quarterly instalments beginning from 31 <sup>st</sup> December 2022. The letter of credit on its maturity will be converted into a term loan with Axis Bank having the repayment terms as mentioned above. The maturity of the loan is 31 <sup>st</sup> March 2037.	84.13	-
Axis Bank Limited	The loan is repayable in 58 structured quarterly instalments beginning from 31 <sup>st</sup> December 2022 and ending on 31 <sup>st</sup> March 2037.	29.60	-
Kotak Bank Ltd.	Repayable in such structured quarterly instalments beginning from 31 <sup>st</sup> December 2021 not exceeding beyond 31 <sup>st</sup> March 2037.	14.43	-
Axis Bank Ltd.	The loan is repayable in 58 quarterly instalments starting from 31 <sup>st</sup> December 2022.	8.05	-
RBL Bank Ltd.	Repayable in 76 quarterly instalments beginning March 2019.	29.56	122.37
Axis Bank Ltd.	Repayable in 58 structured quarterly instalments beginning from 30 <sup>th</sup> June 2022.	49.42	28.53
Bank of Baroda	Repayable in structured quarterly instalments as per the loan agreements upto September 2034.	206.20	205.20
Federal Bank	The loan is repayable in 36 structured quarterly instalments after the end of moratorium period as per the loan agreement which shall not exceed 27 <sup>th</sup> December 2029.	345.70	344.99
Standard Chartered Bank	The facility is repayable between 28 <sup>th</sup> December 2022 - 08 <sup>th</sup> January 2023 as the maturity date of the credit instrument.	118.44	112.43
Standard Chartered Bank	The facility is repayable between 14 <sup>th</sup> November 2022 - 05 <sup>th</sup> December 2022 as the maturity date of the credit instrument.	145.28	139.74
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 to April 2021.	-	15.72
HDFC Bank	Repaid in October 2021.	-	2,652.44
State Bank of India	Repaid in July 2021.	-	2,000.00
HDFC Bank Ltd.	Repaid in July 2021.	-	1,803.79
Axis Bank Ltd.	Repaid in July 2021.	-	507.08
State Bank of India	Repaid in July 2021.	-	300.00
Axis Bank Ltd.	Repaid in July 2021.	-	150.00
HDFC Bank Ltd.	Repaid in July 2021.	-	131.25
ICICI Bank Ltd.	Repaid during the year.	-	86.80
Rupee Term Loan secured by exclusive charge on certain specific PPE of Nagda (Staple Fibre Division) or 1 <sup>st</sup> pari-passu charge on movable PPE^^	Quarterly ballooning repayment over 5 years from May 2016 to 28 <sup>th</sup> May 2021, which is repaid during the year.	-	3.51

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

₹ in Crore

Secured Long-Term Borrowings:	Repayment Terms	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Term loan secured by way of first pari passu charge on existing and future movable Property, Plant and Equipment of the Indian Rayon Division Plant at Gujarat	20 quarterly instalments from 3 <sup>rd</sup> September 2016 to 3 <sup>rd</sup> June 2021, which is repaid during the current year.	-	1.46
Term loan secured by way of first pari passu 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 to 19 <sup>th</sup> December 2021, which is repaid during the year.	-	5.11
		<b>30,320.32</b>	<b>37,205.37</b>
Less: Amount disclosed as current maturities of long-term debts under the head 'Current Borrowings' (Note 2.31)		8,687.65	6,838.21
		<b>21,632.67</b>	<b>30,367.16</b>

\*\* 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.

<sup>SS</sup> For previous year, rupee Term Loan secured by way of first pari passu charge on existing and future movable property, plant and equipment of the Indian Rayon Division Plant at Gujarat and Textile Division Plant at Rishra. The Charge to be shared with HDFC Bank. Repayment Terms was 20 quarterly instalments from 3<sup>rd</sup> September 2016 to 3<sup>rd</sup> June, 2021, which is repaid during the current year.

<sup>^^</sup> Rupee Term Loan secured by exclusive charge on specific movable Property, Plant and Equipments or 1<sup>st</sup> pari-passu charge on movable property, plant and equipments of Nagda (Staple Fibre Division) Repayment Terms was 20 quarterly instalments starting from 31<sup>st</sup> August 2016 to 28<sup>th</sup> May, 2021, which is repaid during the current year.

The Group has subsequently released the charge over the assets of CTIL (Birla Century, Pulp & Paper Divisions, Centurion Building, Freehold Land and Birla Estate).

₹ in Crore

Secured Long-Term Borrowings:	Repayment Terms	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>(c) Term Loan from Banks in Foreign Currency</b>			
State Bank of India, New York (US Dollar: NIL Crore; Previous Year: 1.00 Crore)	Repaid in March 2022	-	73.11
State Bank of India, New York (US Dollar: NIL Crore; Previous Year: 2.00 Crore)	Repaid in February 2022	-	146.22
State Bank of India, New York (US Dollar: NIL Crore; Previous Year: 2.00 Crore)	Repaid in February 2022	-	146.22
External Commercial Borrowing	Rate of Interest 7.00% to 8.00% p.a.	2,404.34	-
		<b>2,404.34</b>	<b>365.55</b>
<b>(d) Subsidised Government Loans</b>			
Department of Industries and Commerce, Karnataka	Varied Annual Payments from August 2032 to March 2034.	108.69	40.55
Uttar Pradesh Financial Corporation - Sales Tax Deferment Loan is secured by bank guarantee backed by hypothecation of inventories and book debts of the Company.	Varied Annual Payments from August 2019 to December 2024.	84.95	123.76

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

₹ in Crore

<b>Secured Long-Term Borrowings:</b>	<b>Repayment Terms</b>	<b>As at 31<sup>st</sup> March, 2022</b>	<b>As at 31<sup>st</sup> March, 2021</b>
Term Loan secured by way of of first pari passu charge by hypothecation of the entire movable property, plant and equipment of the Company's Excel Fibre Division Plant at Kharach. Rate of interest @5%	9 half yearly instalments from 1 <sup>st</sup> April 2020 of ₹ 27.80 Crore each. Remaining 4 half yearly instalments of ₹ 27.80 Crore each.	115.45	172.08
Less: Amount disclosed as current maturities of long-term debts under the head 'Current Borrowings' (Note 2.31)		101.23	114.19
		<b>207.86</b>	<b>222.20</b>
<b>(e) Term Loan from Others</b>			
Loan taken against IT hardware by the Subsidiary Company	Repayment Terms: Between 1 - 16 Quarterly Instalments from 1 <sup>st</sup> April 2022, till 1 <sup>st</sup> January 2024, with interest ranging from 10.21% to 10.92% p.a.	3.21	10.37
Less: Amount disclosed as current maturities of long-term debts under the head 'Current Borrowings' (Note 2.31)		2.80	7.16
		<b>0.41</b>	<b>3.21</b>
<b>Total Secured Borrowings (I)</b>		<b>35,637.67</b>	<b>41,774.44</b>

₹ in Crore

<b>Unsecured Long-Term Borrowings:</b>	<b>As at 31<sup>st</sup> March, 2022</b>	<b>As at 31<sup>st</sup> March, 2021</b>
<b>(f) Debentures</b>		
(f1) Non-Convertible Debentures (NCDs)		
6.69% NCDs (Redeemable at par on April 04, 2031)	997.20	-
6.68% NCDs (Redeemable at par on February 20, 2025)	250.00	250.00
7.60% Series 19-20/I NCDs (Redeemable at par on 4 <sup>th</sup> June, 2024)	726.02	746.27
7.64% NCDs (Redeemable at par on June 04, 2024)	250.00	250.00
7.85% Series 19-20/I NCDs (Redeemable at par on 15 <sup>th</sup> April, 2024)	488.15	498.47
4.57% NCDs (Redeemable at par on 29 <sup>th</sup> December, 2023)	1,000.00	1,000.00
5.90% 1 <sup>st</sup> Series NCDs (Redeemable at par on 16 <sup>th</sup> June, 2023)	499.82	499.92
9.00% 30 <sup>th</sup> Series NCDs (Redeemable at par on 10 <sup>th</sup> May, 2023)	202.03	193.31
6.65% Series 19-20/I NCDs (Redeemable at par on 17 <sup>th</sup> February, 2023)	499.51	499.06
6.72% NCDs (Redeemable at par on December 09, 2022)	250.00	250.00
7.65% Series 18-19/I NCDs (Redeemable at par on 15 <sup>th</sup> April, 2022)	499.97	499.27
6.93% NCDs (Redeemed at par on 25 <sup>th</sup> November, 2021)	-	250.00
6.99% NCDs (Redeemed at par on 24 <sup>th</sup> November, 2021)	-	400.00
8.36% NCDs (Redeemed at par on 7 <sup>th</sup> June, 2021)	-	360.00
(f2) Sub Ordinate Debentures		
Unsecured Debenture: 7.57% p.a. (Redeemable in August, 2035)	105.00	55.50
Subordinate Debts - Debentures 7.43% to 9.10% p.a. (Redeemable from May, 2022 to January, 2031)	3,022.86	2,366.42
Perpetual Debts 8.70% p.a. (Maturing in July, 2027)	200.00	199.21
Less: Amount disclosed as current maturities of long-term debts under the head 'Current Borrowings' (Note 2.31)	1,290.05	1,035.27
	<b>7,700.51</b>	<b>7,282.16</b>

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

₹ in Crore

Unsecured Long-Term Borrowings:	Repayment Terms	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>(g) Term Loans from Banks in Foreign Currency</b>			
Mizuho Bank Ltd, Japan (External Commercial Borrowing)	Repaid in FY22.	-	73.08
Export Development, Canada (US Dollar: NIL; Previous Year 4.64 Crore)	Repaid in June 2021.	-	339.44
Export Development, Canada (US Dollar: NIL; Previous Year 5.00 Crore)	Repaid in May 2021.	-	365.55
Export Development, Canada (US Dollar: 4.00 Crore; Previous Year 7.00 Crore)	2 annual installments starting from June 2021.	303.17	511.78
		<b>303.17</b>	<b>1,289.85</b>
Less: Amount disclosed as current maturities of long-term debts under the head 'Current Borrowings' (Note 2.31)		303.17	997.40
		<b>-</b>	<b>292.45</b>
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 bank loans do not carry any financial debt covenant.			
<b>(h) Term Loan from Others</b>			
Loan taken from Hewlett Packard Financial Sales India Private Limited against IT Hardware of the Subsidiary	Between 1-16 Quarterly Instalments from 1 <sup>st</sup> January, 2020 till 1 <sup>st</sup> March, 2024 with interest ranging from 10.50% to 11.03% p.a.	21.53	24.74
Less: Amount disclosed as current maturities of long-term debts under the head 'Current Borrowings' (Note 2.31)		9.35	12.63
		<b>12.18</b>	<b>12.11</b>
<b>(i) Subsidised Government Loans</b>			
Commercial Tax Department, Hyderabad	Varied Annual payments from October 2012 to October 2026	141.90	164.60
Commercial Tax Department, Chhattisgarh	Repaid during the year	-	4.02
From Government of Uttar Pradesh	Repayable on 27 <sup>th</sup> May 2022	0.95	0.86
	Repayable on 7 <sup>th</sup> August, 2023	2.16	4.75
	Repayable on 25 <sup>th</sup> December, 2023	4.31	5.06
	Repayable on 29 <sup>th</sup> October 2024	6.34	5.88
	Repayable on 17 <sup>th</sup> May 2025	5.53	3.99
	Repayable on 17 <sup>th</sup> November 2025	5.19	0.47
	Repaid during the year	-	1.98
	Repaid during the year	-	0.34
	Repaid during the year	-	0.47
From Government of Karnataka	Repayable on 17 <sup>th</sup> June 2027	10.88	10.11
	Repayable on 25 <sup>th</sup> March 2028	6.05	5.59
Department of Industries and Commerce, Haryana	Varied annual payments from January 2017 to October 2022	11.00	58.43
		<b>194.31</b>	<b>266.55</b>
Less: Amount disclosed as current maturities of long-term debts under the head 'Current Borrowings' (Note 2.31)		41.60	75.10
		<b>152.71</b>	<b>191.45</b>

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

₹ in Crore

Unsecured Long-Term Borrowings:	Repayment Terms	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>(j) Preference Shares issued by Subsidiaries</b>			
Compulsory Convertible Preference Shares (CCPS) carry cumulative dividend @0.001% p.a.		11.19	11.24
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.			
		<b>11.19</b>	<b>11.24</b>
<b>(k) Foreign Currency Bonds</b>			
2.80% Sustainability Linked Bonds (US Dollars 400 Million; Previous Year US Dollars 400 Million)	February 2031	3,031.70	2,924.40
Subsidiary (UltraTech) has issued unsecured fixed rate US Dollar denominated notes (in the form of "Sustainability Linked Bonds"), aggregating to USD 400 Million, due on 16 <sup>th</sup> February, 2031, bearing coupon of 2.80% per annum payable semi-annually. The Bonds are linked to 'Sustainability Performance Target (SPT) of reducing Scope 1 GHG emissions by 22.2% from a 2017 baseline. If SPT is not achieved by observation date in 2030, the coupon will step-up by 0.75% for last two coupons. The Bonds are listed on the Singapore Exchange Securities Trading Limited.			
		<b>3,031.70</b>	<b>2,924.40</b>
<b>Total Unsecured Borrowings (II)</b>		<b>10,908.29</b>	<b>10,713.81</b>
<b>Total Non-Current Borrowings (I + II)</b>		<b>46,545.96</b>	<b>52,488.25</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)

## 2.26 POLICYHOLDER'S LIABILITIES - NON-CURRENT

₹ in Crore

	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Insurance Contract Liabilities	41,328.24	34,619.29
Investment Contract Liabilities	16,377.40	14,371.96
	<b>57,705.64</b>	<b>48,991.25</b>

## 2.27 OTHER FINANCIAL LIABILITIES - NON-CURRENT

(Carried at Amortised Cost, except otherwise stated)

₹ in Crore

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Security and Other Deposits	3.56	4.35
Derivative Liabilities at Fair Value	77.99	35.92
Deferred Premium Payables	303.48	332.19
Other Liabilities (Interest Accrued But Not Due)	43.71	171.95
	<b>428.74</b>	<b>544.41</b>

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

## 2.28 PROVISIONS - NON-CURRENT

₹ in Crore

Particulars	As at	As at
	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
For Employee Benefits (unfunded Gratuity, Pension and Long-term Incentive Plan)	387.92	164.71
For Mine Restoration Expenditure {Note 2.37.1 (a)}	327.21	296.02
For Other Provisions {Note 2.37.1 (e)}	17.81	4.29
	<b>732.94</b>	<b>465.02</b>

## 2.29 DEFERRED TAX LIABILITIES (NET)

₹ in Crore

Current Year	As at 1 <sup>st</sup> April, 2021	Recognised in		As at 31 <sup>st</sup> March 2022
		Profit or Loss*	OCI	
<b>Deferred Tax Liabilities:</b>				
Accumulated Depreciation and Amortisation	8,145.30	(89.44)	-	8,055.86
Fair Valuation of Investments	310.80	(37.50)	216.99	490.29
Fair Valuation of Land, Inventories and Investments Acquired on Merger	473.62	(43.49)	5.06	435.19
Others	324.82	30.21	1.53	356.55
	<b>9,254.54</b>	<b>(140.22)</b>	<b>223.58</b>	<b>9,337.90</b>
<b>Deferred Tax Assets:</b>				
Accrued Expenses Allowable on Payment Basis	9.39	2.24	0.03	11.66
Expenses Allowable in Instalments in Income Tax	24.12	(17.28)	-	6.84
Provisions Allowed Under Tax on Payment Basis	337.48	23.96	-	361.44
Unabsorbed Depreciation	158.95	18.53	-	177.48
Income Tax Interest Offered for Tax, to be claimed in future	29.31	-	-	29.31
MAT Credit Entitlement	35.31	(35.24)	-	0.07
Others	203.33	21.94	(0.84)	224.43
	<b>797.89</b>	<b>14.15</b>	<b>(0.81)</b>	<b>811.23</b>
<b>Deferred Tax Liabilities (Net)</b>	<b>8,456.65</b>	<b>(154.37)</b>	<b>224.39</b>	<b>8,526.67</b>

\*includes reversal of Deferred Tax on account of discontinued operations of ₹ 186 Crore.

₹ in Crore

Previous Year	As at 1 <sup>st</sup> April, 2020	MAT Available / (Utilised)	Recognised in		As at 31 <sup>st</sup> March 2021
			Profit or Loss*	OCI	
<b>Deferred Tax Liabilities:</b>					
Accumulated Depreciation and Amortisation	8,048.01	-	97.29	-	8,145.30
Fair Valuation of Investments	5.91	-	(16.67)	321.56	310.80
Fair Valuation of Land, Inventories and Investments Acquired on Merger	497.87	-	(38.45)	14.20	473.62
Others	272.10	-	52.72	-	324.82
	<b>8,823.89</b>	<b>-</b>	<b>94.89</b>	<b>335.76</b>	<b>9,254.54</b>
<b>Deferred Tax Assets:</b>					
Accrued Expenses Allowable on Payment Basis	41.19	-	(31.80)	-	9.39
Expenses Allowable in Instalments in Income Tax	32.66	-	(8.54)	-	24.12
Provisions Allowed Under Tax on Payment Basis	278.43	-	59.05	-	337.48
Unabsorbed Depreciation	126.83	-	32.12	-	158.95
Income Tax Interest Offered for Tax, to be claimed in future	29.31	-	-	-	29.31
MAT Credit Entitlement	1,094.02	(11.10)	(1,047.61)	-	35.31
Others	242.45	-	(35.33)	(3.79)	203.33
	<b>1,844.89</b>	<b>(11.10)</b>	<b>(1,032.11)</b>	<b>(3.79)</b>	<b>797.89</b>
<b>Deferred Tax Liabilities (Net)</b>	<b>6,979.00</b>	<b>11.10</b>	<b>1,127.00</b>	<b>339.55</b>	<b>8,456.65</b>



# Notes

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In respect of Deferred Taxes, all items are attributable to origination and reversal of temporary differences.

Considering significant capitalisation of assets in the current year, the Group has created deferred tax liability at the applicable concessional tax rate on temporary tax differences of depreciation expected to be reversed in the period after the Company is likely to opt for new tax regime under Section 115BAA of Income-Tax Act, 1961. This has resulted in Deferred Tax Credit of ₹ 197.18 Crore in the current year in the Statement of Profit and Loss.

During the year ended March 31,2022, pursuant to completion of prior Income Tax assessments, the subsidiary has accrued Minimum Alternate Tax Credit Entitlement of ₹ 1,213.94 Crores, which has been utilised against the current year tax expense.

The Group has not recognized Deferred Tax Assets on the unabsorbed depreciation, business losses, long-term capital loss and other temporary differences amounting to ₹ 1,055.73 Crore (Previous Year ₹ 1,205.90 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 LIABILITIES - NON-CURRENT

Particulars	₹ in Crore	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Deferred Government Subsidies	75.50	82.33
Other Liabilities	0.82	9.42
	<b>76.32</b>	<b>91.75</b>

## 2.31 BORROWINGS - CURRENT

(Carried at Amortised Cost, except otherwise stated)

Particulars	₹ in Crore	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Secured</b>		
Loans Repayable on Demand - Cash Credits/Working Capital Borrowings		
From Banks (secured by hypothecation of stocks and book debts of the Company)	2,794.20	1,277.46
<b>Unsecured</b>		
Loans Repayable on Demand - Cash Credits/Working Capital Borrowings		
From Banks (includes Commercial Papers)	3,477.36	3,285.44
From Others (Commercial Papers)	5,613.38	5,835.07
Loans from Other Body Corporates	13.40	2.90
Redeemable Preference Shares Issued	1,000.10	1,000.10
Current Maturities of Long-term Debts (Note 2.25.1)	13,558.85	13,520.00
	<b>26,457.29</b>	<b>24,920.96</b>

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

## 2.32 SUPPLIER'S CREDIT - CURRENT

₹ in Crore

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Supplier's Credit	183.40	-
	<b>183.40</b>	<b>-</b>

Supplier's Credit represents the extended interest bearing credit offered by the supplier, which is secured against Usance Letter of Credit (LC). Under this arrangement, the supplier is eligible to receive payment from negotiating bank prior to the expiry of the extended credit period. The interest for the extended credit period payable to the bank on maturity of the LC has been presented under Finance Cost. Rate of interest was 5.30%.

## 2.33 POLICYHOLDER'S LIABILITIES - CURRENT

₹ in Crore

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Insurance Contract Liabilities	1,926.01	2,252.59
Investment Contract Liabilities	8.99	11.06
Fair Value Changes of Policyholder's Investments	468.41	610.87
Incurred But Not Reported (IBNR) Provisions	108.97	114.11
Freelook Reserve (Net)	0.96	0.99
Unexpired Premium Reserve	654.40	495.60
	<b>3,167.74</b>	<b>3,485.22</b>

## 2.34 TRADE PAYABLES - CURRENT

₹ in Crore

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Due to Related Parties (Note 4.7.2)	108.58	37.98
Total Outstanding Due to Micro and Small Enterprises #	244.28	165.25
Acceptances	1,066.90	493.80
Others	9,973.68	7,219.81
	<b>11,393.44</b>	<b>7,916.84</b>

# This information has been determined to the extent such parties have been identified on the basis of information available with the Group.

₹ in Crore

Particulars	Unbilled Expenses (A)	Not Due (B)	Outstanding for following periods from due date of payment				Total (C)	Grand Total (A+B+C)
			Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years		
<b>As at 31<sup>st</sup> March, 2022</b>								
Micro and Small Enterprises	0.21	200.66	40.64	0.52	0.25	0.04	41.45	242.32
Others	2,145.59	4,969.28	3,923.92	26.85	15.69	5.75	3,972.21	11,087.08
Disputed Dues – Micro and Small Enterprises	-	-	0.12	0.10	-	1.74	1.96	1.96
Disputed Dues – Others	6.05	17.73	6.24	11.46	15.36	5.24	38.30	62.08
<b>Total</b>	<b>2,151.85</b>	<b>5,187.67</b>	<b>3,970.92</b>	<b>38.93</b>	<b>31.30</b>	<b>12.77</b>	<b>4,053.93</b>	<b>11,393.44</b>
<b>As at 31<sup>st</sup> March, 2021</b>								
Micro and Small Enterprises	22.09	115.68	27.14	0.08	0.01	0.03	27.26	165.03
Others	1,842.10	3,132.40	2,653.10	45.04	10.88	1.48	2,710.50	7,685.00
Disputed Dues – Micro and Small Enterprises	-	-	0.12	-	-	0.10	0.22	0.22
Disputed Dues – Others	16.64	13.08	9.65	17.89	3.11	6.22	36.87	66.59
<b>Total</b>	<b>1,880.83</b>	<b>3,261.16</b>	<b>2,690.01</b>	<b>63.01</b>	<b>14.00</b>	<b>7.83</b>	<b>2,774.85</b>	<b>7,916.84</b>

# Notes

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## 2.35 OTHER FINANCIAL LIABILITIES- CURRENT

(Carried at Amortised Cost, except otherwise stated)

Particulars	₹ in Crore	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Interest Accrued But Not Due on Borrowings	1,092.06	1,375.11
Unclaimed Dividends (amount Transferable to Investor Education and Protection Fund, when due)	30.89	28.53
Security and Other Deposits (Trade Deposits)	2,132.63	1,924.36
Liability for Capital Goods @ #	1,055.46	749.69
Accrued Expenses Related to Employees	935.91	749.89
Derivative Liabilities - Carried at Fair Value	81.61	32.75
Margin Money from Customers	521.95	444.09
Due to Life Insurance Policyholders	1,291.23	1,170.92
Other Payables (including Retention Money, Liquidated Damages, etc.)	1,024.35	884.70
	<b>8,166.09</b>	<b>7,360.04</b>

@ Includes amount of ₹ 35.95 Crore (Previous Year ₹ 25.68 Crore) payable related to Micro and Small Enterprises.

# Includes acceptances of ₹ 58.62 Crore (Previous Year ₹ 224.84 Crore) towards Capital Goods.

## 2.36 OTHER LIABILITIES - CURRENT

Particulars	₹ in Crore	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Statutory Liabilities	2,594.23	2,383.07
Contract Liabilities	857.29	627.18
Deferred Government Subsidies	29.12	28.96
Other Payables (Including legal Claims)	2,964.38	2,652.37
	<b>6,445.02</b>	<b>5,691.58</b>

## 2.37 PROVISIONS - CURRENT

Particulars	₹ in Crore	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
For Employee Benefits (Gratuity, Compensated Absences and Pension)	551.29	722.35
For Warranty Provision {Note 2.37.1 (b)}	1.82	1.82
For Assets Transfer Cost {Note 2.37.1 (c)}	215.57	310.14
For Provision against Contingent Liabilities {Note 2.37.1 (d)}	47.06	48.55
	<b>815.74</b>	<b>1,082.86</b>

**2.37.1** Movement of provisions during the year as required by Ind AS 37 - "Provisions, Contingent Liabilities and Contingent Asset"

Particulars	₹ in Crore	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>(a) Provision for Mine Restoration Expenditure*</b>		
Opening Balance	296.02	169.57
Add: Provision during the Year	10.47	106.27
Add: Unwinding of Discount on Mine Restoration Provision	22.28	20.18
Less: Utilisation during the Year	(1.56)	-
<b>Closing Balance (considered as Non-Current)</b>	<b>327.21</b>	<b>296.02</b>

\* Provision is recognised for an obligation for restoration and rehabilitation on closure of the mines.

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₹ in Crore

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>(b) Warranty *</b>		
Opening Balance	1.82	1.82
<b>Closing Balance (Considered as Current)</b>	<b>1.82</b>	<b>1.82</b>
* 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.		
<b>(c) Provision for Assets Transfer Cost*</b>		
Opening Balance	310.14	439.45
Add: Provision during the Year	-	80.99
Less: Utilisation during the Year	(94.57)	(210.30)
Closing Balance (considered as Current)	<b>215.57</b>	<b>310.14</b>
* During earlier year, provision for asset transfer cost relates to merger of Aditya Birla Nuvo Limited (ABNL), Aditya Birla Chemical Limited (ABCL) and 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 the above Companies in the name of the Company.		
<b>(d) Provision Against Contingent Liabilities*</b>		
Opening Balance	48.55	79.86
Add: Provision during the Year	-	-
Less: Utilisation during the Year	(1.24)	(2.18)
Less: Unused Amount Reversed	(0.25)	(9.13)
Less: Provision Classified as Liability Held for Sale	-	(20.00)
<b>Closing Balance (considered as Current)</b>	<b>47.06</b>	<b>48.55</b>
* During earlier year, as per Ind AS 103 (Business Combination), the Group had to recognise, on the acquisition date, the contingent liabilities 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.		
<b>(e) Other Provisions *</b>		
Opening Balance	4.29	-
Add: Provision during the Year	13.52	4.29
<b>Closing Balance (considered as Non-Current)</b>	<b>17.81</b>	<b>4.29</b>
* The provision is for anticipated liability, which is made on the basis of the Management expectation as expected timing of any resulting outflow of economic benefits is uncertain.		

## 2.38 MATERIAL PARTLY-OWNED SUBSIDIARIES

Financial information of subsidiaries that have material non-controlling interest is provided below

### (A) UltraTech Cement Limited (Consolidated) #

₹ in Crore

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Proportion of Interest Held by Non-Controlling Entities as at	42.73%	42.72%
Accumulated Balances of Non-Controlling Interest	21,529.75	18,852.79
<b>Summarised Financial Information for the Consolidated Balance Sheet</b>		
Current Assets	17,489.47	24,050.29
Non-Current Assets	66,338.32	62,133.22
Current Liabilities	20,155.19	20,591.72
Non-Current Liabilities	13,240.39	21,411.39
Dividend Paid to Non-Controlling Interest	455.94	160.01

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

Particulars	₹ in Crore	
	Year Ended 31 <sup>st</sup> March, 2022	Year Ended 31 <sup>st</sup> March, 2021
Profit/(Loss) Allocated to Non-Controlling Interest:	3,138.22	2,333.84
<b>Summarised Financial Information for the Consolidated Statement of Profit and Loss</b>		
Revenue from Operations	52,598.83	44,725.80
Profit for the Year	7,344.31	5,463.10
Other Comprehensive Income/(Loss)	46.56	17.15
Total Comprehensive Income	7,390.87	5,480.25
<b>Summarised Financial Information for Consolidated Cash Flows</b>		
Net Cash From Operating Activities	9,283.24	12,500.43
Net Cash Used in Investing Activities	2,257.01	(8,856.48)
Net Cash Used in Financing Activities	(12,497.93)	(4,356.47)
Net Cash Outflow	(957.68)	(712.52)

The financial numbers mentioned above are before inter-company eliminations.

# Principal Place of Business: India.

## (B) Aditya Birla Capital Limited (Consolidated) #

Particulars	₹ in Crore	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Proportion of Interest Held by Non-Controlling Entities as at	45.82%	45.79%
Accumulated Balances of Non-Controlling Interest	16,497.07	15,787.94
<b>Summarised Financial Information for the Consolidated Balance Sheet</b>		
Current Assets	27,611.66	27,485.63
Non-Current Assets	135,329.74	119,454.70
Current Liabilities	28,670.53	25,095.49
Non-Current Liabilities	95,664.48	84,778.69
Dividend Paid to Non-Controlling Interest	-	-

Particulars	₹ in Crore	
	Year Ended 31 <sup>st</sup> March, 2022	Year Ended 31 <sup>st</sup> March, 2021
Profit/(loss) Allocated to Material Non-Controlling Interest:	672.04	452.69
<b>Summarised Financial Information for the Consolidated Statement of Profit and Loss</b>		
Revenue from Operations	22,094.34	19,190.17
Profit/(Loss) for the Year	1,466.69	988.63
Other Comprehensive Income	4.14	32.28
Total Comprehensive Income/(Loss)	1,470.83	1,020.91
<b>Summarised Financial Information for Consolidated Cash Flows</b>		
Net Cash from/(Used in) Operating Activities	(5,069.51)	63.96
Net Cash from/(Used in) Investing Activities	(1,445.55)	2,429.08
Net Cash from/(Used in) Financing Activities	5,836.44	(2,580.62)
Net Cash Inflow/(Outflow)	(678.62)	(87.58)

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 2022

## 2.39 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) Aditya Birla Sun Life AMC Limited

(1) Name of the Entity	Principal Place of Business	Proportion of Ownership Interest	Quoted Fair Value of Investment (₹ in Crore)	Proportion of Ownership Interest	Quoted Fair Value of Investment (₹ in Crore)
		As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021	As at 31 <sup>st</sup> March, 2021
Aditya Birla Sun Life AMC Limited	India	50.01%	7,676.01	51.00%	-*

\* Unlisted Equity - No quoted price available.

- (i) Aditya Birla Sun Life AMC Limited was incorporated on 5<sup>th</sup> September, 1994. It was a Joint Venture between the Aditya Birla Capital Limited (ABCL) and Sun Life (India) AMC Investments Inc. The share capital 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.)

It 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. It manages the investment portfolios of Aditya Birla Sun Life Mutual Fund, India Advantage Fund Ltd, Mauritius, India Excel (Mauritius) Fund and Aditya Birla Real Estate Fund. It 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 the 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) ABCL has sold 2,850,880 equity shares of face value of ₹ 5 each, of Aditya Birla Sun Life AMC Limited (ABSLAMC), at ₹ 712 per equity share by way of offer for sale in the Initial Public Offer(IPO) of ABSLAMC in accordance with the relevant provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 and recognised gain on sale of these investments amounting to ₹ 87.96 Crore (Net of Tax, Gain is ₹ 71.31 Crore). Consequently, w.e.f. 7<sup>th</sup> October 2021, ABSLAMC has ceased to be a Joint Venture and has been accounted as an Associate.

### (3) (a) Summarised Balance Sheet

Aditya Birla Sun Life AMC Limited (Consolidated)	₹ in Crore	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Current Assets		
Cash and Cash Equivalents	65.25	56.53
Other Assets	1,488.04	1,629.95
Total Current Assets	<b>1,553.29</b>	<b>1,686.48</b>
Total Non-Current Assets	7,849.09	7,295.39
Current Liabilities		
Financial Liabilities (excluding Trade Payables)	65.94	69.28
Other Liabilities	113.58	153.09
Total Current Liabilities	179.52	222.37
Total Non-Current Liabilities	1,817.50	1,821.02
Net Assets	7,405.36	6,938.50
Group Share in %	50.01%	51.00%
Group Share in INR	3,703.41	3,538.64
Goodwill	1,891.74	1,929.18
Carrying Amount	5,595.15	5,467.82

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## b) Summarised Statement of Profit and Loss

	₹ in Crore	
<b>Aditya Birla Sun Life AMC Limited (Consolidated)</b>	<b>As at 31<sup>st</sup> March, 2022</b>	<b>As at 31<sup>st</sup> March, 2021</b>
Revenue from Operations	1,292.96	1,205.84
Depreciation and Amortisation	68.52	70.35
Income Tax Expenses	213.64	161.33
Profit for the Year	648.15	501.66
Group Share in the Statement of Profit and Loss	327.32	255.85
Other Comprehensive Income/(Loss) for the Year	2.63	1.46
Group Share in Other Comprehensive Income for the Year	1.31	0.75
Total Comprehensive Income for the Year	650.78	503.12
Group Share in Total Comprehensive Income for the Year	328.63	256.59
Dividend Received	115.94	71.40

## (B) Commitments and Contingent Liabilities in respect of Joint Ventures and Associates

	₹ in Crore	
<b>Particulars</b>	<b>As at 31<sup>st</sup> March, 2022</b>	<b>As at 31<sup>st</sup> March, 2021</b>
Group Share in Commitments in respect of Joint Ventures and Associates not being included in Note 4.2	5.85	0.70
Group Share in Contingent Liabilities in respect of Joint Ventures and Associates not being included in Note 4.1.1	35.96	17.18

## (C) 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	
<b>Particulars</b>	<b>As at 31<sup>st</sup> March, 2022</b>	<b>As at 31<sup>st</sup> March, 2021</b>
Aggregate Carrying Amount of individually immaterial Associates	44.85	56.68
Aggregate Carrying Amount of individually immaterial Joint Ventures	1,410.17	1,313.17

	₹ in Crore	
<b>Particulars</b>	<b>Year Ended 31<sup>st</sup> March, 2022</b>	<b>Year Ended 31<sup>st</sup> March, 2021</b>
Aggregate amount of Group Share of:		
<b>Joint Ventures:</b>		
Profit/(Loss) from Continuing Operations	48.05	(72.56)
Other Comprehensive Income/(Loss)	30.29	165.73
Total Comprehensive Income/(Loss)	78.34	93.17
<b>Associates:</b>		
Profit/(Loss) from Continuing Operations	4.96	5.93
Other Comprehensive Income/(Loss)	-	0.03
Total Comprehensive Income/(Loss)	4.96	5.96

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

## (2) Unrecognised share of Profit/(loss) of a Joint Venture as per Ind AS 112

₹ in Crore

Particulars	Year Ended 31 <sup>st</sup> March, 2022	Year Ended 31 <sup>st</sup> March, 2021
Unrecognised Share of Profit/(Loss) for the Year	-	18.74
Unrecognised Share Other Comprehensive Income/(Loss) for the Year	-	11.56
Cumulative Share of Profit/(Loss)	-	10.86
Cumulative Share of Other Comprehensive Income/(Loss)	-	(8.15)

(D) As per the Shareholders' Agreements, Aditya Birla Sun Life AMC Limited (ABSAMC), Birla Sun Life Trustee, Aditya Birla Wellness Limited and Aditya Birla Power Composites Limited cannot distribute their profits until they obtains consent from other venture partners.

(E) The Group holds, either directly or through its subsidiary, more than half of the Equity Shares holding in the following entities. However, as per the shareholders' agreement, 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.

- Aditya Birla Sun Life AMC Limited (Upto 6<sup>th</sup> October 2021)
- Aditya Birla Sun Life Trustee Company Private Limited
- Aditya Birla Wellness Limited
- Aditya Birla Power Composites Limited

## 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, Textiles, Insulators, Solar power, cement and cement related products and financial services related products. The product shelf life being short of 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

Particulars	Year Ended 31 <sup>st</sup> March, 2022	Year Ended 31 <sup>st</sup> March, 2021
<b>(A1) Sale of Products and Services (other than Financial Services)</b>		
Sale of Manufactured Products	68,679.50	53,455.23
Sale of Traded Products	3,807.20	3,077.28
Sale of Services	7.70	16.52
	<b>72,494.40</b>	<b>56,549.03</b>
<b>(A2) Sale of Financial Services</b>		
Income from Insurance Premium (Gross)	12,385.24	9,955.44
Less: Reinsurance Ceded	(877.40)	(594.30)
Income from Insurance Premium (Net)	<b>11,507.84</b>	<b>9,361.14</b>
Income from Other Financial Services	1,410.40	1,122.43
<b>(A3) Interest and Dividend Income of Financial Services</b>		
<b>a. Interest Income</b>		
<b>Interest on Loans</b>		
On Financial Assets Measured at Amortised Cost	6,628.52	6,434.46
<b>Interest Income from Investments</b>		
On Financial Assets Measured at Fair Value through OCI	678.39	577.33
On Financial Assets Measured at Amortised Cost	1,251.36	952.95
On Financial Assets Classified at Fair Value through Profit or Loss	99.13	104.33



# Notes

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₹ in Crore

Particulars	Year Ended 31 <sup>st</sup> March, 2022	Year Ended 31 <sup>st</sup> March, 2021
<b>Interest on Deposits with Banks</b>		
On Financial Assets Measured at Fair Value through OCI	0.31	2.95
On Financial Assets Measured at Amortised Cost	39.92	36.15
On Financial Assets classified at Fair Value through Profit or Loss	12.63	-
<b>Interest on Deposits with Others</b>		
On Financial Assets Measured at Amortised Cost	17.72	17.57
<b>b. Dividend Income</b>		
On Financial Assets Measured at Fair Value through OCI	33.12	25.27
	<b>8,761.10</b>	<b>8,151.01</b>
<b>(A4) Net Gain/(Loss) on 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 Fair Value through Profit or Loss	335.16	461.73
Debt Instrument at Fair Value through Profit or Loss	(20.80)	80.64
<b>Net Gain/(Loss) on Financial Instruments at Fair Value through OCI</b>		
Debt Instrument at Fair Value through OCI	3.10	9.03
<b>Net Gain/(Loss) on Financial Instruments at Amortised Cost</b>		
Debt Instruments at Amortised Cost	5.65	1.25
<b>Others</b>		
Gain/(Loss) on Sale of Debt Instrument at Fair Value through OCI	91.89	2.94
	<b>415.00</b>	<b>555.59</b>
	<b>94,588.74</b>	<b>75,739.20</b>
<b>(B) Other Operating Revenues</b>		
Export Incentives	81.25	43.29
Insurance Claims	31.78	34.77
Sundry Balances Written Back (Net)	143.62	93.05
Government Grants {4.12.1 (a)}	530.87	281.86
Scrap Sales (Net)	217.24	124.74
Other Miscellaneous Incomes	107.63	87.38
	<b>1,112.39</b>	<b>665.09</b>
<b>REVENUE FROM CONTRACT WITH CUSTOMERS (A + B)</b>	<b>95,701.13</b>	<b>76,404.29</b>
<b>(C) Revenue from Contracts with Customers Disaggregated based on Geography (Geographical Segment)</b>		
i) India (Country of Domicile)	88,790.35	71,825.85
ii) Rest of the World	5,798.39	3,913.35
Revenue from Contract with Customers	<b>94,588.74</b>	<b>75,739.20</b>
<b>(D) Reconciling the amount of revenue recognised in the Statement of Profit and Loss with the contracted price</b>		
Gross Revenue	102,418.93	82,709.41
Less: Discount, Incentives, Returns, Price Concession, etc.	(7,830.19)	(6,970.21)
Net Revenue Recognised from Contracts with Customers	<b>94,588.74</b>	<b>75,739.20</b>

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

## 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 Group 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.

## (D) Reconciliation of Revenue Recognised from Contract Liabilities:

Particulars	₹ in Crore	
	Year Ended 31 <sup>st</sup> March, 2022	Year Ended 31 <sup>st</sup> March, 2021
Closing Contract Liabilities-Advances from Customers	857.29	627.18

The contract liabilities outstanding ₹ 627.18 Crore at the beginning of the year, out of which ₹ 617.86 Crore has been recognised as revenue during the year ended 31<sup>st</sup> March 2022, and balance amount has been refunded during the year.

## 3.2 OTHER INCOME

Particulars	₹ in Crore	
	Year Ended 31 <sup>st</sup> March, 2022	Year Ended 31 <sup>st</sup> March, 2021
<b>Interest Income on:</b>		
Investments	32.65	31.30
Bank Accounts and Others (Measured at Amortised Cost)	190.39	120.53
<b>Dividend Income from:</b>		
Non-Current Investments (Measured at FVTOCI)	28.59	10.00
Current Investments (Measured at FVTOCI)	2.69	3.89
<b>Gain/(Loss) on Financial Instruments</b>		
On Sale of Investments (Net) - Mutual Funds (Measured at FVTPL)	220.29	205.91
Fair value change of Investments Measured at FVTPL	226.37	548.41
<b>Miscellaneous Income</b>	120.36	125.44
	<b>821.34</b>	<b>1,045.48</b>

## 3.3 COST OF MATERIALS CONSUMED

Particulars	₹ in Crore	
	Year Ended 31 <sup>st</sup> March, 2022	Year Ended 31 <sup>st</sup> March, 2021
Opening Stock	1,666.36	1,650.53
Add/(Less): Stock of Discontinued Operations	-	(2.68)
Add: Purchases and Incidental Expenses	18,190.04	11,031.57
Less: Sale of Raw Materials	6.05	7.84
Add/(Less): Foreign Currency Translation Reserve	1.58	1.53
Less: Closing Stock	2,959.17	1,666.36
	<b>16,889.60</b>	<b>11,006.75</b>

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

## 3.4 PURCHASES OF STOCK-IN-TRADE

Particulars	₹ in Crore	
	Year Ended 31 <sup>st</sup> March, 2022	Year Ended 31 <sup>st</sup> March, 2021
Grey Cement	549.63	286.84
Other Finished Goods (Fibre, Yarn, Building Solution, etc.)	854.93	611.60
	<b>1,404.56</b>	<b>898.44</b>

## 3.5 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

Particulars	₹ in Crore	
	Year Ended 31 <sup>st</sup> March, 2022	Year Ended 31 <sup>st</sup> March, 2021
<b>Opening Stock</b>		
Finished Goods	898.38	1,481.20
Stock-in-Trade	35.22	54.29
Work-in-Progress	819.24	1,003.64
Waste/Scrap	21.50	18.37
Less: Stock Transferred to Discontinued Operation	-	(60.11)
	<b>1,774.34</b>	<b>2,497.39</b>
<b>Less: Closing Stock</b>		
Finished Goods	1,462.06	898.38
Stock-in-Trade	42.62	35.22
Work-in-Progress	1,177.01	819.24
Waste/Scrap	19.00	21.50
	<b>2,700.69</b>	<b>1,774.34</b>
<b>(Increase)/Decrease in Stocks</b>		
	(926.35)	723.05
Add: Stock Transfer from Pre-Operative Account	2.18	-
Add: Exchange Translation Difference	2.43	0.98
	<b>(921.74)</b>	<b>724.03</b>

## 3.6 EMPLOYEE BENEFITS EXPENSES

Particulars	₹ in Crore	
	Year Ended 31 <sup>st</sup> March, 2022	Year Ended 31 <sup>st</sup> March, 2021
Salaries, Wages and Bonus	5,622.84	4,959.24
Contribution to Provident and Other Funds {Notes 4.8 (xx) and (xxi)}	288.04	254.59
Contribution to Gratuity Fund (Note 4.8.1)	107.68	114.11
Staff Welfare Expenses	235.69	174.46
Expenses on Employee Stock Options Scheme* (Note 4.5)	73.46	32.34
	<b>6,327.71</b>	<b>5,534.74</b>

\* ESOP charges are net of recovery of ESOP expense of ₹ Nil (Previous Year ₹ 3.88 Crore) from Aditya Birla Sun Life AMC Limited (Joint Ventures/Associates of ABCL)

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

## 3.7 FINANCE COSTS RELATING TO NBFC'S/NHFC'S BUSINESS

(Measured at Amortised Cost)

₹ in Crore

Particulars	Year Ended 31 <sup>st</sup> March, 2022	Year Ended 31 <sup>st</sup> March, 2021
Interest Expenses	3,444.89	3,873.07
Interest on Lease Liabilities	28.24	29.29
Other Borrowing Costs	7.17	12.24
	<b>3,480.30</b>	<b>3,914.60</b>

## 3.8 OTHER FINANCE COSTS

(Measured at Amortised Cost)

₹ in Crore

Particulars	Year Ended 31 <sup>st</sup> March, 2022	Year Ended 31 <sup>st</sup> March, 2021
Interest Expenses #	1,298.16	1,819.92
Interest on Lease Liabilities	70.31	55.40
Other Borrowing Costs @	17.63	8.30
Unwinding of Discount on Mine Restoration Provision	22.28	20.18
Exchange (Gain)/Loss on Lease Liabilities and Foreign Currency Borrowings (Net)	45.56	(12.32)
	<b>1,453.94</b>	<b>1,891.48</b>
Less: Capitalised	158.24	82.59
	<b>1,295.70</b>	<b>1,808.88</b>

Borrowing Costs are capitalised based on specific borrowings ranging between 4.57% and 6.93% per annum.

# Net of Interest Subsidy from Government.

0.17 3.24

@ Includes Interest on Income Tax.

3.89 -

## 3.9 DEPRECIATION AND AMORTISATION

₹ in Crore

Particulars	Year Ended 31 <sup>st</sup> March, 2022	Year Ended 31 <sup>st</sup> March, 2021
Depreciation on Property, Plant and Equipment {Note 2.1 (A)}	3,288.86	3,180.21
Depreciation on Investment Property {Note 2.1 (B)}	0.43	0.43
Amortisation on Intangible Assets (Note 2.3)	603.07	563.57
Depreciation on Right-of-Use Assets (Note 2.4)	239.96	235.40
Obsolescence	36.94	54.62
	<b>4,169.26</b>	<b>4,034.23</b>
Depreciation Transferred to Pre-Operative Expenses	(8.19)	(0.83)
	<b>4,161.07</b>	<b>4,033.40</b>

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

## 3.10 OTHER EXPENSES

Particulars	₹ in Crore	
	Year Ended 31 <sup>st</sup> March, 2022	Year Ended 31 <sup>st</sup> March, 2021
Consumption of Stores, Spare Parts and Components, and Incidental Expenses	1,464.09	1,123.80
Consumption of Packing Materials	2,061.15	1,523.92
Processing Charges	231.28	72.16
Repairs to Machinery, Buildings and others	1,498.45	1,197.87
Advertisement, Sales Promotion and Other Selling Expenses	3,255.88	2,540.77
Bad Debts and Allowance for Doubtful Debts and Advances (Net)	719.80	779.70
Insurance	216.57	200.55
Lease Rent	187.58	155.07
Rates and Taxes	234.30	211.71
Exchange Rate Difference (Net)	129.70	19.71
Miscellaneous Expenses	2,580.35	2,232.99
Less: Captive Consumption of Cement	(57.70)	(30.48)
	<b>12,521.45</b>	<b>10,027.77</b>

## 3.11 EXCEPTIONAL ITEMS INCLUDE:

### (a) Continuing Operations

Particulars	₹ in Crore	
	Year Ended 31 <sup>st</sup> March, 2022	Year Ended 31 <sup>st</sup> March, 2021
<b>(a) Continuing Operations</b>		
(i) Order issued by the Hon'ble Supreme Court against the Subsidiary's claim of capital investment subsidy, under Rajasthan Investment Promotion Scheme -2003	-	(164.00)
(ii) Additional provision of Stamp Duty and Registration Fees related to merger of erstwhile Aditya Birla Nuvo Limited with the Company	-	(80.99)
(iii) One of the subsidiary of UltraTech has made an impairment provision towards old advances for purchase of certain land, wherein the Company has re-assessed its ability to recover such advances	-	(96.74)
(iv) Provision of has been made against disputed water charges pertaining to earlier years	(69.11)	-
<b>SubTotal (a) (Creation)/Reversal</b>	<b>(69.11)</b>	<b>(341.73)</b>

### (b) Discontinued Operations

(i) In terms of the National Company Law Appellate Tribunal's (NCLAT) order, dated 14 <sup>th</sup> November 2018, approving the Resolution Plan submitted by the UltraTech under the Insolvency and Bankruptcy Code, 2016, for acquisition of Binani Cement Limited, subsequently renamed UltraTech Nathdwara Cement Limited ("UNCL"), a loan of USD 230.4 Million in 3B Binani Glassfibre SARL, ("3B"), a company registered in Luxembourg, was assigned to UNCL from IDBI Bank Limited, which has been classified as "Non-Current Assets/Disposal Group Held for Sale". Assignment of the loan was along with securities, which included pledge over certain assets and shares of 3B in various forms in favour of UNCL. Since 3B has been in continuous default in servicing the loan, UNCL has enforced its pledge of 3B shares, consequent to which 3B has become a wholly owned subsidiary of UNCL w.e.f. 12 <sup>th</sup> March 2021. UltraTech continues to classify the asset as "Non-Current Assets/Disposal Group Held for Sale". An impairment provision has been made on a loan receivable (asset held for sale) from 3B based on the realisable value, this has been classified from continuing operations to discontinued operations for the year ended 31 <sup>st</sup> March, 2021	-	(271.18)
(ii) 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 Million.	-	437.68

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₹ in Crore

Particulars	Year Ended 31 <sup>st</sup> March, 2022	Year Ended 31 <sup>st</sup> March, 2021
(iii) During the previous year, the Company entered into a Scheme of Arrangement ("the Scheme") under Sections 230-232 of the Companies Act, 2013 with Indorama India Private Limited (Indorama) for slump sale of its Indo Gulf Fertiliser Business (comprising of manufacture, trading and sale of inter alia urea, soil health products and other agri-inputs) to Indorama. On 1 <sup>st</sup> January, 2022, the Company consummated the sale and transfer of Indo Gulf Fertiliser Business to Indorama as contemplated in the Scheme of Arrangement, and recognised pre-tax gain for the year ended 31 <sup>st</sup> March, 2022, included under discontinued operations as exceptional items	540.15	-
(iv) Provision for maintenance charges of UPSIDC pertaining to Fertiliser Division	(29.36)	-
(v) UNCL entered into an agreement with Galata Chemicals Holding GmbH, Germany ("Galata") as per which Galata along with its affiliates has made necessary payments to UNCL for the purposes of refinancing the loans given to 3B and acquisition of entire shareholding of UNCL in 3B and UNCL has, inter-alia, transferred its entire shareholding in 3B to Galata as on March 31, 2022. Consequent to the transaction, 3B has ceased to be a wholly-owned subsidiary of the Company, and recognised as exceptional gain for the year ended March 31, 2022.	159.92	-
<b>SubTotal (b) (Creation)/Reversal</b>	<b>670.71</b>	<b>166.50</b>
<b>Total (a+b)</b>	<b>601.60</b>	<b>(175.23)</b>

## 3.12 RECONCILIATION OF EFFECTIVE TAX RATE (%)

Particulars	Year Ended 31 <sup>st</sup> March, 2022	Year Ended 31 <sup>st</sup> March, 2021
Applicable Tax Rate	34.94%	34.94%
Income Not Considered for Tax Purpose	-0.08%	-0.96%
Expenses Not Allowed for Tax Purpose	0.77%	1.06%
Additional Allowances for Tax Purpose	-3.61%	-1.31%
Taxes on Subsidiary Losses	0.59%	0.51%
Effect of Changes in Tax Rate (reversal of Deferred Tax Liabilities)	-1.74%	-2.17%
Tax Paid at Lower Rate	3.10%	-1.10%
Provision for Tax of earlier years Written Back	-13.85%	-0.03%
Deferred Tax Reversal on Slump Sale of Fertiliser Business	-1.38%	0.00%
Lower Jurisdiction Tax Rate	-0.41%	-0.48%
Others	0.49%	1.04%
<b>Effective Tax Rate</b>	<b>18.82%</b>	<b>31.50%</b>

During the year ended 31<sup>st</sup> March, 2022, pursuant to decision of Income Tax appeals of earlier years in favour of the Group, the Group has written back tax provision amounting to ₹ 624.53 Crore.

## 3.13 OTHER COMPREHENSIVE INCOME

₹ in Crore

Particulars	Year Ended 31 <sup>st</sup> March, 2022	Year Ended 31 <sup>st</sup> March, 2021
<b>Items that will not be reclassified to Profit and Loss</b>		
Equity Instrument at Fair Value through Other Comprehensive Income	3,420.47	4,918.11
Re-measurement of Defined Benefit Plans	21.31	164.47
Share of Other Comprehensive Income of Associate and Joint Venture Companies accounted for using Equity Method of Accounting	0.38	0.62
Income Tax relating to items that will not be reclassified to Profit or Loss	(221.77)	(387.07)

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

₹ in Crore

Particulars	Year Ended 31 <sup>st</sup> March, 2022	Year Ended 31 <sup>st</sup> March, 2021
<b>Items that will be reclassified to Profit and Loss</b>		
Debt Instrument at Fair Value through Other Comprehensive Income	(56.50)	32.61
Exchange Difference in translating the Financial Statements of Foreign Operations	51.04	(41.61)
Effective Portion of Derivative Instruments designated as Cash Flow Hedge	38.11	(7.47)
Share of Other Comprehensive Income of Associate and Joint Venture Companies accounted for using Equity Method of Accounting	31.23	180.01
Income Tax relating to items that will be reclassified to Profit or Loss	(3.47)	(18.75)
	<b>3,280.80</b>	<b>4,840.92</b>

## 3.14 EARNINGS PER SHARE (EPS):

₹ in Crore

Particulars	Year Ended 31 <sup>st</sup> March, 2022	Year Ended 31 <sup>st</sup> March, 2021
<b>Net Profit for the Year Attributable to Equity Shareholders (₹ in Crore)</b>		
From Continuing Operations	7,102.37	4,128.41
From Discontinued Operations	447.41	176.41
<b>Continuing and Discontinued Operations</b>	<b>7,549.78</b>	<b>4,304.82</b>
<b>Basic EPS:</b>		
Weighted-Average Number of Equity Shares Outstanding (Nos.) of Face Value of ₹ 2/- each	658,186,289	657,920,372
Less: Weighted-Average Number of Equity Shares held by the Company under ESOP Trust (Nos.) of Face Value of ₹ 2/- each	1,505,968	1,355,966
Weighted-Average Number of Equity Shares Outstanding (Nos.) for calculation of Basic EPS (Nos.)	<b>656,680,321</b>	<b>656,564,406</b>
<b>Basic EPS (₹) {for Face Value of Shares of ₹ 2/- each}</b>		
Basic EPS for Continuing Operations	108.16	62.88
Basic EPS for Discontinued Operations	6.82	2.69
Basic EPS – Continuing and Discontinued Operations	114.98	65.57
<b>Diluted EPS:</b>		
Weighted-Average Number of Equity Shares Outstanding (Nos.)	656,680,321	656,564,406
Add: Weighted-Average Number of Potential Equity Shares on exercise of Options (Nos.)	870,437	600,388
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.)	<b>657,612,743</b>	<b>657,226,779</b>
<b>Diluted EPS (₹) {for Face Value of Shares of ₹ 2/- each}</b>		
Diluted EPS for Continuing Operations	108.00	62.82
Diluted EPS for Discontinued Operations	6.80	2.68
Diluted EPS – Continuing and Discontinued Operations	114.80	65.50

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

## 4.1 CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:

### 4.1.1 Claims/Disputed Liabilities not acknowledged as Debts:

Particulars	Brief Description of Matter	₹ in Crore	
		As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Customs Duty	Related to classification dispute, demand of duty on import of steam coal, caustic soda flakes and others	277.93	257.99
Sales Tax/Purchase Tax/VAT	Related to stock transfer treated as inter-state 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	1,047.41	1,028.71
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	1,834.79	1,724.15
Income Tax	Demand of Dividend Distribution Tax (including Interest) 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.	8,044.82	7,340.16
	a) Dividend Distribution Tax (including interest of ₹ 3,151.38 Crore, Previous Year ₹ 2,446.72) pending before Tribunal		
	b) Capital Gain Tax (including Interest ₹ 2,864.40 Crore, Previous Year ₹ Nil) pending before Dispute Resolution Panel	8,831.90	-
	Non-deduction of tax at source on payment to non-resident, various disallowances and others	91.72	69.91
Land Related Matters	Demand of higher compensation	273.86	255.64
Royalty on Limestone/Marl/Shale	Based on fixed conversion factor on limestone, royalty rate differences on Mari and additional royalty on mines transfer	373.47	364.81
Electricity Duty/Energy Development Cess	Related to electricity duty, minimum power consumption, Energy Development Cess and denial of Electricity Duty exemption	691.91	548.93
	Related to Stamp Duty, claim raised by vendor/supplier, road tax matters, demand for fuel surcharge, water drawal charges by irrigation department and others	1,400.44	1,262.79

Cash outflows for the above are determinable only on receipt of judgements pending at various forums/authorities.

- 4.1.2 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. In one of the case, UltraTech Cement Lanka Private Limited (UTCLPL) filed the appeal against the Director General of Customs and the Inquiring Officer Appointed in terms of the Customs Ordinance for the customs case No. PCAD/HQ0/091/2016 initiated at the Sri Lankan customs, on the alleged basis that UTCLPL has not declared the unloading charges (stevedoring charges) paid to the Sri Lanka Ports Authority in relation to imported cement. The Company has filed a case in the court of appeal and the matter is scheduled for argument.
- c. 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 a penalty of ₹ 301.61 Crore in respect of the Viscose Staple Fibre turnover of the Company. The Company filed an appeal before the National Company Law Appellate Tribunal (NCLAT) and NCLAT, vide Order, dated 4<sup>th</sup> November 2020, stayed the recovery of the penalty amount during the pendency of the Appeal and directed the Company



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to deposit 10% of the penalty amount by 19<sup>th</sup> November 2020, which the Company has complied. The Appeal is pending before the NCLAT.

Without considering that an Appeal is already pending against the aforesaid Order, the CCI passed another Order, dated 3<sup>rd</sup> June 2021, levying a penalty of ₹ 3.49 Crore for non-compliance with the Order passed on 16<sup>th</sup> March 2020. The Company filed Writ Petition before the Hon'ble Delhi High Court against the Order of the CCI. The CCI appeared before the Hon'ble Delhi High Court and assured that no precipitative steps shall be taken against the Company till the disposal of the matter.

Based on legal opinion, the Company believes that it has strong grounds against both these said orders, on merit, and accordingly, no provision has been made in the accounts.

#### 4.1.3 Corporate Guarantees Issued by Subsidiaries as under:

Particulars	₹ in Crore	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
a. To Financial Institutions/Government Authorities/Others for finance provided to Joint Ventures	1.70	1.70
b. Letters of Guarantee Given to Customs and other Authorities	-	1.10
c. Letter of Comfort Issued on behalf of clients *	1,614.92	257.96

\* includes Corporate Guarantees given to National Housing Bank by the ABCL on behalf of its subsidiary Aditya Birla Housing Finance Limited (ABHFL) of ₹1,541.76 Crore, against which the amount liable by ABHFL is ₹1,498.73 Crore (31<sup>st</sup> March 2021 ₹225.93 Crore). As per the terms of the Guarantee, on invocation, the Group's liability is capped at the outstanding amount.

It includes Corporate Guarantees given by the Subsidiaries on behalf of its clients of ₹ 115.34 Crore as at 31<sup>st</sup> March, 2022. (Previous Year 31<sup>st</sup> March, 2021 ₹ 31.49 Crore).

## 4.2 CAPITAL, FINANCIAL AND OTHER COMMITMENTS

Particulars	₹ in Crore	
	Year Ended 31 <sup>st</sup> March, 2022	Year Ended 31 <sup>st</sup> March, 2021
<b>4.2.1 Capital Commitments</b>		
(a) Estimated Amount of Contracts remaining to be executed on capital account and not provided for (Net of Advances Paid)	3,913.99	3,419.20
<b>4.2.2 Financial and Other Commitments</b>		
(a) <b>Financial Commitments</b>		
Joint Ventures @	266.51	210.90
@ 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) (i) Uncalled Liability on partly paid-up Investments of Insurance Business	282.43	447.61
(ii) Uncalled Liability on partly paid-up shares of Aditya Birla Fashion and Retail Limited	-	28.11

## 4.3 ACQUISITION OF WAACOX ENERGY PRIVATE LIMITED (WEPL) W.E.F. JULY 05, 2021 (IND AS 103)

Aditya Birla Renewables Limited holding 49% of total equity share capital of the WEPL has acquired additional 31,880,100 equity shares (51% of total equity share capital) of WEPL from Sangam Renewables Limited (along with its nominee) on July 05, 2021 as a result of which WEPL has become a Wholly-Owned Subsidiary of Aditya Birla Renewables Limited w.e.f. July 05, 2021.

During the current year, Aditya Birla Renewables Limited has carried out the fair valuation exercise of WEPL in accordance with Ind AS 103 and realigned the assets and liabilities acquired on acquisition and purchase consideration in accordance with fair value as summarised below:

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## 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 04 July 2021 (Fair Value)	
Property, plant and equipment (including CWIP)		83.09
Other non-current assets		0.10
Tax assets (net)		0.16
Current investments		30.87
Trade receivables		1.91
Cash and bank balances		0.79
Other financial assets		0.87
Other current assets		0.19
Purchase power agreement		1.79
<b>Total Assets (A)</b>		<b>119.77</b>
Borrowings		43.26
Deferred tax liabilities (net)		2.05
Trade payables		0.06
Other financial liabilities		7.02
Other current liabilities		0.08
<b>Total Liabilities (B)</b>		<b>52.47</b>
<b>Total Identifiable Net Assets Acquired (A-B)</b>		<b>67.30</b>
Less: Purchase consideration		81.58
<b>Goodwill</b>		<b>14.28</b>

## 4.4 ASSETS/DISPOSAL GROUP HELD FOR SALE (IND AS 105)

Particulars	₹ in Crore	
	Year Ended 31 <sup>st</sup> March, 2022	Year Ended 31 <sup>st</sup> March, 2021
Profit Before Tax from Discontinued Operations		
From Discontinued Operations of Fertiliser Business (refer below note a)	155.98	145.44
From Discontinued Operations of Foreign Subsidiaries of UNCL	196.54	17.35
<b>Total</b>	<b>352.52</b>	<b>162.79</b>

- a. During the previous year, the Company entered into a Scheme of Arrangement ("the Scheme") under Sections 230-232 of the Companies Act, 2013, with Indorama India Private Limited (Indorama) for slump sale of its Indo Gulf Fertiliser Business (comprising of manufacture, trading and sale of inter-alia urea, soil health products and other agri-inputs) to Indorama.

On 1<sup>st</sup> January 2022, the Company consummated the sale and transfer of Indo Gulf Fertiliser Business to Indorama as contemplated in the Scheme of Arrangement, and recognised pre-tax gain of ₹ 540.15 Crore for the year ended 31 March, 2022, included under discontinued operations as exceptional items. The Company has provided ₹ 29.36 Crore towards outstanding liabilities of maintenance charges of UPSIDC pertaining to Indo Gulf Fertiliser Business, included under discontinued operations as exceptional items.

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## (i) Assets and Liabilities with respect to Discontinued Operations:

Particulars	₹ in Crore	
	As at 31 <sup>st</sup> December 2021	As at 31 <sup>st</sup> March, 2021
Group(s) of Assets Classified as Held for Sale	1,675.40	1,322.21
Liabilities directly associated with the Group(s) of Assets classified as Held for Sale	372.55	342.00

## (ii) Major Classes of Assets and Liabilities classified as Held for Sale:

Particulars	₹ in Crore	
	As at 31 <sup>st</sup> December, 2021	As at 31 <sup>st</sup> March, 2021
Property, Plant and Equipment	472.66	475.41
Capital Work-in-Progress	70.44	22.94
Other Intangible Assets	111.22	111.22
Right-of-Use Assets	156.67	192.03
Loans	1.78	38.78
Inventories	72.86	65.77
Other Financial Assets	49.97	65.08
Trade Receivables	720.08	315.98
Other Assets	19.72	35.00
<b>Total Assets</b>	<b>1,675.40</b>	<b>1,322.21</b>
Trade Payables	278.33	214.03
Lease Liabilities	8.18	2.30
Security Deposits	43.05	43.05
Other Liabilities and Provisions	42.99	82.62
<b>Total Liabilities</b>	<b>372.55</b>	<b>342.00</b>
	<b>1,302.85</b>	<b>980.21</b>

Financial Performance and Cash Flow presented are for nine months ended 31<sup>st</sup> December 2021 (31<sup>st</sup> March 2022 column) and year ended 31<sup>st</sup> March 2021.

## (iii) Financial Performance related to Discontinued Operations:

Particulars	₹ in Crore	
	Year Ended 31 <sup>st</sup> March, 2022	Year Ended 31 <sup>st</sup> March, 2021
Revenue and Other Income	2,437.54	2,257.83
Expenses	2,281.56	2,112.39
<b>Profit Before Tax</b>	<b>155.98</b>	<b>145.44</b>
Exceptional Items (net)	510.79	-
<b>Profit before Tax</b>	<b>666.77</b>	<b>145.44</b>
Tax Expenses	(54.58)	(50.89)
Tax on Sale of Discontinued Operations *	(256.37)	-
<b>Profit After Tax</b>	<b>355.82</b>	<b>94.55</b>

\*The amount is net of Deferred Tax Credit of ₹ 182.90 Crore.

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## (iv) Cash Flow Disclosure with respect to Discontinued Operations:

₹ in Crore

Particulars	Year Ended 31 <sup>st</sup> March, 2022	Year Ended 31 <sup>st</sup> March, 2021
Cash Flow from Operating Activities	(217.33)	1,395.26
Cash Flow from Investing Activities	(48.93)	(53.86)
Cash Flow from Financing Activities	-	-

## (v) Exceptional Items (Net)

₹ in Crore

Particulars	Year Ended 31 <sup>st</sup> March, 2022
Sale Consideration	1,866.94
Net Asset Transferred	1,302.85
<b>Gain on Disposal</b>	<b>564.09</b>
Less: Transaction Cost	(12.80)
Less: Provision against Deferred Considerations	(11.14)
Net Gain on Disposal of Fertiliser Business (A)	<b>540.15</b>
Maintenance Charges to UPSIDC pertaining to Fertiliser Business (B)	(29.36)
<b>Net Gain (A + B)</b>	<b>510.79</b>

- b. Consequent to the acquisition of UltraTech Nathdwara Cement Limited (UNCL), during the year ended March 31, 2019, the Group had identified disposal groups (foreign subsidiaries of UNCL) that meet the criteria to be classified as held for sale on acquisition, as these were not considered core to the Group's ongoing business activities and active plan to locate a buyer was still in progress, and the Group remained committed to sell these assets and continued to classify these assets as held for sale as per Ind AS 105. The disposal group had also been considered as discontinued operations. During the year ended 31<sup>st</sup> March, 2021:
- (i) UNCL, through its subsidiary Krishna Holdings Pte. Ltd., a company incorporated in Singapore, has completed the divestment of its entire equity shareholding of 92.5% in its cement subsidiary, which was classified as asset held for sale at a net consideration of USD 94.70 Million, and has recorded net gain on divestment of ₹ 437.68 Crore.
  - (ii) UNCL's wholly owned subsidiary SSCILLC was previously classified as 'held for sale'. During the period, it has been decided to make it a part of the continuing operations considering the synergies available with the existing capacity. Consequently, UltraTech 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 UltraTech, on 23<sup>rd</sup> 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.
  - (iii) In terms of the National Company Law Appellate Tribunal's (NCLAT) order, dated 14<sup>th</sup> November 2018, approving the Resolution Plan submitted by UltraTech under the Insolvency and Bankruptcy Code, 2016 for acquisition of Binani Cement Limited, subsequently renamed UltraTech Nathdwara Cement Limited ("UNCL"), a loan of USD 230.4 Million in 3B Binani Glassfibre SARL ("3B") a company registered in Luxembourg was assigned to UNCL from IDBI Bank Limited which has been classified as "Non-Current Assets/Disposal Group Held for Sale". Assignment of the loan was along with securities which included pledge over certain assets and shares of 3B in various forms in favour of UNCL. Since 3B has been in continuous default in servicing the loan, UNCL has enforced its pledge of 3B shares, consequent to which 3B has become a wholly owned subsidiary of UNCL w.e.f. 12<sup>th</sup> March 2021. The Group continues to classify the net asset of ₹ 741.56 Crore as " Non-Current Assets/Disposal Group Held for Sale" which is recorded at its fair value as on 31<sup>st</sup> March 2021 based on an independent valuation report, after considering an impairment of ₹ 271.18 Crore for the year ended 31<sup>st</sup> March 2021.

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Further, during the year ended, 31<sup>st</sup> March 2022, UNCL entered into an agreement with Galata Chemicals Holding GmbH, Germany ("Galata"), as per which Galata along with its affiliates has made necessary payments to UNCL for the purposes of refinancing the loans given to 3B and acquisition of entire shareholding of UNCL in 3B and UNCL has, inter-alia, transferred its entire shareholding in 3B to Galata as on 31<sup>st</sup> March 2022. Consequent to the transaction, 3B has ceased to be a wholly owned subsidiary of the Company and recognised ₹ 159.92 Crore as exceptional gain for the year ended 31<sup>st</sup> March 2022.

- c. The Group has identified certain assets like Land, Aggregate Mines, Coal Washery, Wagon Tippler, etc., amounting to ₹ 11.08 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.
- d. UltraTech Cement Middle East Investments Limited (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 realisable value after considering the impairment, scrap and dismantling cost is reclassified as assets for disposal. UltraTech is in the process of discussion with vendors and contractors and expects the same to be disposed off within the due course.

## 4.5 SHARE BASED PAYMENTS

### A. Holding Company

**4.5.1** 1,696,470 Equity Shares of Face Value of ₹ 2 each (Previous Year 1,712,882 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 earlier 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				RSU's				
	Tranche I	Tranche III	Tranche IV	Tranche V	Tranche I	Tranche II	Tranche III	Tranche IV	Tranche V
No. of Options / RSU Granted	627,015	121,750	30,440		93,495	40,420	31,010	16,665	4,165
Grant Date	18-Oct-2013	15-Jan-2016	02-Apr-2016		18-Oct-2013	21-Nov-2013	29-Jan-2014	15-Jan-2016	02-Apr-2016
Grant Price (₹ Per Share)#	529	686	757		2	2	2	2	2
Market Price on the Date of Grant (₹)#	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).

**c.** Under the ESOS-2018, the Company has granted 2,328,707 Options and Restricted Stock Units (RSUs) to the eligible employees of the Company, the details of which are given hereunder:

Particulars	Options							
	Tranche I	Tranche II	Tranche III	Tranche IV	Tranche V	Tranche VI	Tranche VII	Tranche VIII
No. of Options / RSU Granted	1,077,312	26,456	53,480	254,141	68,784	296,220	41,361	65,025
Grant Date	17-Dec-2018	24-Dec-2019	13-Mar-2020	12-Feb-2021	12-Feb-2021	13-Aug-2021	01-Sep-2021	12-Nov-2021
Grant Price (₹ Per Share)	847.20	742.35	559.85	1,235.45	1,235.45	1,492.30	1,500.40	1,844.35
Market Price on the Date of Grant (₹)#	847.20	742.35	559.85	1,235.45	1,235.45	1,492.30	1,500.40	1,844.35
Fair value on the date of Grant of option (₹ per share)	422.53	347.48	266.70	524.74	347.48	618.78	624.41	763.33
Method of Settlement	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity
Method of Accounting	Fair Value	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 one year from the date of grant	25% every year, commencing after one year from the date of grant	3 years from the date of vesting		
Normal Exercise Period	5 years from the date of vesting			5 years from the date of vesting				



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- b.** Under the Employee Stock Options Scheme - 2013 (ESOS-2013), the Company has granted 204,066 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	SAR's (Linked with the Company's market price)		SAR's (Linked with Aditya Birla Capital Limited's market price)	
	Tranche - IV A	Tranche - IV B	Tranche - IV A	Tranche - IV B
Number of SAR's	79,382	13,547	111,137	13,547
Method of Accounting	Fair Value	Fair Value	Fair Value	Fair Value
Vesting Plan	Graded Vesting - 25% every year	Graded Vesting - 25% every year	Graded Vesting - 25% every year	Bullet Vesting-end of 3 year 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	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-May-2016	24-May-2016	24-May-2016	24-May-2016
Grant Price (₹ Per Share)	648	10	10	10
Market Price on the date of Grant of SAR's (₹ Per Share)	992.4	NA	NA	NA

- c.** Under the Employee Stock Options Scheme - 2018 (ESOS-2018), the Company has granted 144,313 SAR.

The details are as under:

Particulars	SAR's (Linked with the Company's market price)					SAR's (Linked with Aditya Birla Capital Limited's market price)				
	Tranche - I Options	Tranche - III Options	Tranche - V Options	Tranche - I RSU	Tranche - II RSU	Tranche - IV RSU	Tranche - V RSU	Tranche - IV RSU	Tranche - IV Options	
Number of SAR's	82,144	23,815	4,206	18,964	609	504	1,006	13,065	13,065	
Method of Accounting	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	
Vesting Plan	Graded Vesting - 25% every year	Bullet Vesting - 1 Year from the date of Grant	Bullet Vesting - end of 3 year from grant date	Bullet Vesting - end of 3 year from grant date	Bullet Vesting - end of 3 year from grant date	Bullet Vesting - end of 3 year from grant date	Bullet Vesting - end of 3 year from grant date	Bullet Vesting - end of 3 year from grant date	Bullet Vesting - 1 Year from the date of Grant	
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	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	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	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	3 Years from the date of Vesting	
Grant Date	17-Dec-2018	12-Feb-2021	17-Dec-2018	17-Dec-2018	27-Mar-2019	27-Mar-2019	27-Mar-2019	27-Mar-2019	12-Feb-2021	
Grant Price (₹ Per Share)	847.2	1,235.45	2	2	2	2	2	2	10	
Market Price on the date of Grant of SAR's (₹ Per Share)	847.2	1,235.45	847.2	847.2	836.7	836.7	836.7	836.7	88.55	



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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	1,712,882	684	1,965,695	601
Granted during the year	529,404	1,179	336,097	1,187
Exercised during the year	391,232	435	273,371	578
Lapsed during the year	154,584	940	315,539	795
Outstanding at the end of the year	1,696,470	872	1,712,882	684
Options: Unvested at the end of the year	831,569	1,011	1,111,501	734
Exercisable at the end of the year	864,901	739	601,381	591

The weighted average share price at the date of exercise for options was ₹ 1,598.94 per share (31<sup>st</sup> March, 2021 ₹ 964.25 per share) and weighted average remaining contractual life for the share options outstanding as at 31<sup>st</sup> March 2022 was 2.35 years (31<sup>st</sup> March 2021: 3.54 years).

### 4.5.3.2 For options referred to in 4.5.2(a)&(b)

Particulars	Number of Options and RSUs				Number of SAR's			
	Current Year		Previous Year		Current Year		Previous Year	
	Nos.	WAEP (₹)	Nos.	WAEP (₹)	Nos.	WAEP (₹)	Nos.	WAEP (₹)
Outstanding at the beginning of the year	65,787	369	88,017	365	49,411	288	110,371	270
Granted during the year	-	-	-	-	-	-	-	-
Exercised during the year	65,787	369	11,566	86	49,411	288	34,263	274
Lapsed during the year	-	-	10,664	648	-	-	26,697	233
Outstanding at the end of the year	-	-	65,787	369	-	-	49,411	288
Options: Unvested at the end of the year	-	-	-	-	-	-	-	-
Exercisable at the end of the year	-	-	65,787	369	-	-	49,411	288

The weighted average share price at the date of exercise for options was ₹ 1,589.50 per share (previous year ₹ 666.43 per share) and weighted average remaining contractual life for the share options outstanding as at 31<sup>st</sup> March, 2022 is Nil years (31<sup>st</sup> March 2021: 1.72 years).

The weighted average share price at the date of exercise for SARs was ₹ 1,451.02 per share (31<sup>st</sup> March, 2021 ₹ 522.27 per share) and weighted average remaining contractual life for the SAR's outstanding as at 31<sup>st</sup> March, 2022 is Nil years (31<sup>st</sup> March 2021 0.70 years).

### 4.5.3.3 For options referred to in 4.5.2(c)

Particulars	Number of SAR's			
	Current Year		Previous Year	
	Nos.	WAEP (₹)	Nos.	WAEP (₹)
Outstanding at the beginning of the year	138,327	717	115,931	706
Granted during the year	16,078	858	36,880	802
Lapsed during the year	7,004	521	14,484	847
Outstanding at the end of the year	147,401	742	138,327	717
Options: Unvested at the end of the year	32,684	891	104,993	676
Exercisable at the end of the year	114,717	699	33,334	847

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## 4.5.4 Fair Valuation

The fair value of options 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 V
Method used	Black - Scholes Model			Black - Scholes Model				
Risk-Free Rate	8.58%	7.87%	7.60%	8.66%	8.90%	9.00%	7.96%	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%	28.52%	28.41%
Dividend Yield	1.03%	0.36%	0.52%	1.34%	1.40%	1.43%	0.34%	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							
	Tranche I	Tranche II	Tranche III	Tranche IV	Tranche V	Tranche VI	Tranche VII	Tranche VIII
Method used	Binomial Model	Binomial Model	Binomial Model	Binomial Model	Binomial Model	Binomial Model	Binomial Model	Binomial Model
Risk-Free Rate	7.60%	6.74%	6.85%	5.59%	5.82%	6.06%	6.23%	6.31%
Option Life (Years)	Vesting Period (1 year) + Average of Exercise Period							
Expected Volatility*	32.06%	32.35%	32.78%	36.68%	36.68%	29.81%	28.79%	28.62%
Dividend Yield	0.52%	0.66%	0.66%	0.65%	0.65%	0.89%	0.89%	0.89%

ESOS-2018	RSUs				
	Tranche I	Tranche II	Tranche III	Tranche IV	Tranche V
Method used	Binomial Model	Binomial Model	Binomial Model	Binomial Model	Binomial Model
Risk-Free Rate	7.65%	7.48%	6.74%	6.85%	5.93%
Option Life (Years)	Vesting Period (3 years) + Average of Exercise Period				
Expected Volatility *	32.06%	31.48%	32.35%	32.78%	36.68%
Dividend Yield	0.52%	0.52%	0.66%	0.66%	0.65%

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ESOS-2018	RSUs					
	Tranche VI	Tranche VII	Tranche VIII	Tranche IX	Tranche X	Tranche XI
Method used	Binomial Model	Binomial Model	Binomial Model	Binomial Model	Binomial Model	Binomial Model
Risk-Free Rate	6.33%	6.06%	6.22%	6.23%	6.31%	6.06%
Option Life (Years)	Vesting Period (3 years) + Average of Exercise Period					
Expected Volatility*	28.84%	29.81%	28.65%	28.79%	28.62%	30.05%
Dividend Yield	0.89%	0.89%	0.89%	0.89%	0.89%	0.89%

The weighted-average fair value of the option and RSU, as on the date of grant, works out to ₹ 475.19 per stock option, ₹ 1,018.15 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.

#### 4.5.4.2 For options referred to in 4.5.2(a), (b) & (c)

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)	1.19 years	1.28 years	2.65 years	0.69 years	3.15 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 IVA	Tranche IVB
Method used	Binomial Model		Binomial Model	Binomial Model
Risk-Free Rate	5.89%		5.89%	5.89%
Option Life (Years)	0.82 years		0.82 years	1.15 years
Expected Volatility*	32.78%		35.00%	35.92%
Dividend Yield	0.66%		-	-
Weighted average fair value of SARs on 31 <sup>st</sup> Mar 2022	₹ 346.40 per SAR.		₹ 85.76 per SAR.	

ESOS-2018	SAR's (Linked with the Company's market price)			SAR's (Linked with Aditya Birla Capital Limited's market price)
	Tranche - I Options	Tranche - III Options	Tranche - V Options	Tranche - IV Options
Method used	Binomial Model	Binomial Model	Binomial Model	Binomial Model
Risk-Free Rate	5.84%	5.61%	5.77%	5.61%
Option Life (Years)	Vesting Period (3 years) + Average of Exercise Period			Vesting Period (3 years) + Average of Exercise Period
Expected Volatility *	31.56%	31.81%	31.09%	43.05%
Dividend Yield	0.58%	0.58%	0.58%	0.58%
Weighted average fair value of SARs on 31 <sup>st</sup> Mar 2022	₹ 791.14	₹ 520.18	₹ 495.84	₹ 86.44

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ESOS-2018	SAR's (Linked with the Company's market price)			
	Tranche - I RSU	Tranche - II RSU	Tranche - IV RSU	Tranche - V RSU
Method used	Binomial Model	Binomial Model	Binomial Model	Binomial Model
Risk-Free Rate	5.50%	5.70%	6.22%	5.62%
Option Life (Years)	Vesting Period (3 years) + Average of Exercise Period			
Expected Volatility *	31.80%	31.62%	31.39%	31.09%
Dividend Yield	0.58%	0.58%	0.58%	0.58%
Weighted average fair value of SARs on 31 <sup>st</sup> Mar 2022	₹ 1,605.39	₹ 1,516.37	₹ 1,481.89	₹ 1,652.43

\* 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** Liabilities outstanding from the Company's cash-settled share-based payment transactions (SARs) were ₹ 12.15 Crore (Previous Year ₹ 9.88 Crore).

**4.5.6** Employee Stock Option expenses (including SAR) recognised in the statement of Profit and Loss ₹ 34.68 Crore (Previous Year ₹ 11.96 Crore) and recognised in pre-operative expense ₹ 0.32 Crore (Previous Year ₹ 0.23 Crore) Apart from above Employee Stock Option expenses (including SAR) towards discontinued operations were ₹ 0.19 Crore (Previous year ₹ 0.55 Crore).

## Disclosure under Employee Stock Option Scheme of Subsidiary Companies:

### (I) UltraTech Cement Limited:

UltraTech has granted 124,616 options (including Restricted Stock units) to its eligible employees in various ESOS Schemes, details are as under:

#### (A) Employee Stock Option Scheme (ESOS 2013) including Stock options and Restricted Stock Units (RSU):

Particulars	Tranche I		Tranche II		Tranche III	
	RSU	Stock Options	RSU	Stock Options	RSU	Stock Options
Nos. 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

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Particulars	Tranche IV		Tranche V		Tranche VI	
	RSU	Stock Options	RSU	Stock Options	RSU	Stock Options
Nos. 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

## (B) Employee Stock Option Scheme (ESOS 2018) including Stock options, Restricted Stock Units (RSU) and Stock Appreciation Rights Scheme – 2018 (SAR 2018) including Stock options and RSU

Particulars	Tranche I (ESOS, 2018)		Tranche II (ESOS, 2018)		Tranche III (ESOS, 2018)	
	RSU	Stock Options	RSU	Stock Options	RSU	Stock Options
Nos. 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	5 Years from the date of Vesting	5 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

Particulars	Tranche IV (ESOS, 2018)		Tranche V (ESOS, 2018)	
	RSU	Stock Options	RSU	Stock Options
Nos. of Options	594	2,152	564	2,040
Vesting Plan	100% on 21.10.2023	Graded Vesting - 25% every year after 1 year from date of grant, subject to achieving performance targets	100% on 27.03.2024	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
Grant Date	21.10.2020	21.10.2020	27.03.2021	27.03.2021
Exercise Price (₹ per share)	10	4,544.35	10	6,735.25
Fair Value on the date of Grant of Option (₹ per share)	4,500	1,943	6,673	2,903
Method of Settlement	Equity	Equity	Equity	Equity

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Particulars	Tranche VI (ESOS, 2018)			Tranche VII (ESOS, 2018)		
	RSU-FY22 Plan	RSU-FY21 Plan	Stock Options	RSU-FY22 Plan	RSU-FY21 Plan	Stock Options
Nos. of Options	7,299	11,570	63,684	3,838	4,700	33,525
Vesting Plan	100% on 22.07.2024	Graded Vesting - 50% every year after completion of 1 year form date of grant	Graded Vesting - 33% every year after 1 year from date of grant, subject to achieving performance targets	100% on 26.10.2024	Graded Vesting - 50% every year after completion of 1 year form date of grant	Graded Vesting - 33% 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	22.07.2021	22.07.2021	22.07.2021	27.10.2021	27.10.2021	27.10.2021
Exercise Price (₹ per share)	10	10	7,424.70	10	10	7,269.10
Fair Value on the date of Grant of Option (₹ per share)	7,373	7,379	2,357	7,194	7,211	2,309
Method of Settlement	Equity	Equity	Equity	Equity	Equity	Equity

Particulars	Tranche I (SAR, 2018)		Tranche II (SAR, 2018)		
	RSU	Stock Options	RSU-FY22 Plan	RSU-FY21 Plan	Stock Options
Nos. of Options	1,084	3,924	159	320	1,398
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 22.07.2024	Graded Vesting - 50% every year after completion of 1 year form date of grant	Graded Vesting - 33% 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	3 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	22.07.2021	22.07.2021	22.07.2021
Exercise Price (₹ per share)	10	4,009.30	10	10	7,424.70
Fair Value on the date of Grant of Option (₹ per share)	3,946	1,539	6,837	7,160	1,387
Method of Settlement	Cash	Cash	Cash	Cash	Cash

## (C) Movement of Options Granted including RSU along with weighted average exercise price (WAEP):

Particulars	As at March 31, 2022		As at March 31, 2021	
	Nos.	WAEP (₹)	Nos.	WAEP (₹)
Outstanding at the beginning of the year	249,454	2,978.09	297,479	2,963.45
Granted during the year	124,616	5,752.11	5,350	4,398.30
Exercised during the year	(53,437)	2,436.02	(45,184)	3,049.39
Forfeited during the year	(8,412)	3,349.62	(8,191)	2,980.46
Outstanding at the end of the year	312,221	4,168.05	249,454	2,978.09
Options exercisable at the end of the year	115,617	2,899.18	123,620	3,237.00

The weighted average share price at the date of exercise for options was ₹ 7,024.74 per share (March 31, 2021 ₹ 5,759.93 per share) and weighted average remaining contractual life for the share options outstanding as at March 31, 2022 was 4.62 years (March 31, 2021: 5.10 years).

The weighted average remaining contractual life for SAR is 2.87 years (March 31, 2021: 3.22 years).

The exercise price for outstanding options and SAR is ₹ 10 per share for RSU's and ranges from ₹ 1,965 per share to ₹ 7,424.70 per share for options.

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## (D) Fair Valuation:

124,616 share options were granted during the year. Weighted Average Fair value of the options granted during the year is ₹ 3,435.96 per share (March 31, 2021 ₹ 3,091.60 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 2013:

- |                                |   |   |
|--------------------------------|---|---|
| 1. Risk Free Rate              | - | 8.5% (Tranche I), 7.8% (Tranche II-III), 8.56% (Tranche IV)<br>7.6% (Tranche V), 6.74% (Tranche VI)   |
| 2. Option Life                 | - | (a) For Options - Vesting period (1 Year) + Average of exercise period<br>(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<br>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%   |

### (b) For ESOS 2018:

- |                         |   |   |
|-------------------------|---|---|
| 1. Risk Free Rate       | - | 7.47% (Tranche I) ; 5.69% (Tranche VI); 5.62% (Tranche VII)   |
| 2. Option Life          | - | (a) For Options - Vesting period (1 Year) + Average of exercise period<br>(b) For RSU under FY21 plan- Vesting Period (2 years) + Average of exercise period<br>For other RSU – Vesting period (3 Years) + Average of exercise period |
| 3. Expected Volatility* | - | Tranche-I: 0.24; Tranche-VI: 0.25; Tranche-VII: 0.26  |
| 4. Dividend Yield-      | - | Tranche -I: 0.46%, Tranche VI: 0.19%, Tranche VII: 0.20%  |

### (c) For ESOS- SAR 2018:

- |                         |   |   |
|-------------------------|---|---|
| 1. Risk Free Rate       | - | 5.31% (Tranche II);   |
| 2. Option Life          | - | (a) For Options - Vesting period (1 Year) + Average of exercise period<br>(b) For RSU under FY21 plan- Vesting Period (2 years) + Average of exercise period<br>For other RSU – Vesting period (3 Years) + Average of exercise period |
| 3. Expected Volatility* | - | Tranche-II: 0.25,   |
| 4. Dividend Yield       | - | Tranche- II: 0.19%  |

\*Expected volatility on the Company's stock price on National Stock Exchange based on the data commensurate with the expected life of the options/RSU's 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<br>(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%   |

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## (b) For ESOS 2018:

1. Risk Free Rate - 6.78% (Tranche II), 6.72% (Tranche III), 5.84% (Tranche IV & V)
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-II: 0.26, Tranche- III: 0.26, Tranche-IV & V: 0.26
4. Dividend Yield - Tranche -II & III: 0.27%; Tranche IV & V: 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/RSU's up to the date of grant.

- (F) Liabilities outstanding from the Company's cash settled share based payment transactions (SARs) is ₹ 1.01 Crore (as at 31<sup>st</sup> March 2021 - Restated : ₹ 0.80 Crore).
- (G) Employee Stock Option expenses (including SAR) recognised in the statement of Profit and Loss ₹ 24.02 Crore (Previous Year ₹ 12.11 Crore).

## (II) Aditya Birla Capital Limited

At the Annual General Meeting held on 19<sup>th</sup> July, 2017, the shareholders of ABCL 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 ABCL (whether in India or abroad) that meet the eligibility criteria. Each option comprises one underlying Equity Share.

Features	LTIP 1		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	Employees of ABCL: 75% of the Consolidated PBT achievement against Annual P&B targets & Employees of Subsidiaries: 75% of the PBT achievement of the respective business units against Annual P&B targets75% of the consolidated PBT achievement against annual performance target	Continued employment	Employees of ABCL: 75% of the consolidated PBT achievement against Annual P&B targets & Employees of Subsidiaries: 75% of the PBT achievement of the respective business units against Annual P&B targets75% of the consolidated PBT achievement against annual performance target
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	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



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Re-granted during the Financial Year - 2021-2022, to the eligible employees of the Company and its Subsidiaries, the details of which are given hereunder:

Features	LTIP 2	LTIP 2
Instrument	ESOP	ESOP
Plan Period	2021-2025	2021-2025
Quantum of Grant	269,352	140,352
Method of Accounting	Fair Value	Fair Value
Vesting Period	Equal vesting in 4 years from the date of Grant	Equal vesting in 4 years from the date of Grant
Vesting Condition(s)	75% of the Profit Before Tax achievement against annual performance target immediately preceding the vesting date	75% of the Profit Before Tax achievement against annual performance target immediately preceding the vesting date
Exercise Period	5 years from the Date of Vesting	5 years from the Date of Vesting
Grant Date	14.05.2021	30.09.2021
Grant/Exercise Price (₹ Per Share)	119.4	114.2

Re-granted during the Financial Year - 2020-21, to the eligible employees of ABCL and its subsidiary, the details of which are given hereunder:

Features	LTIP 2	LTIP 2
Instrument	ESOP	ESOP
Plan Period	2021-2022	2021-2022
Quantum of Grant	110,424	140,439
Method of Accounting	Fair Value	Fair Value
Vesting Period	One year from the Date of Grant	One year from the Date of Grant
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
Exercise Period	5 years from the Date of Vesting	5 years from the Date of Vesting
Grant Date	05 <sup>th</sup> February, 2021	05 <sup>th</sup> February, 2021
Grant / Exercise Price (₹ Per Share)	90.4	90.4

Granted during the Financial Year - 2019-20, to the eligible employees of the ABCL and its subsidiary, the details of which are given hereunder:

Features	1st Grant	2nd Grant			3rd Grant	
	LTIP 2	LTIP 2	LTIP 3	LTIP 3	LTIP 2	LTIP 3
Instrument	ESOP	ESOP	ESOP	RSU	ESOP	RSU
Plan Period	2019-2023	2019-2023	2019-2024	2019-2021	2020-2024	2020-2023
Quantum of Grant	560,376	307,020	441,704	7,686	798,768	523,810
Method of Accounting	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
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)	Employees of ABCL: 75% of the consolidated PBT achievement against Annual P&B targets & Employees of Subsidiaries: 75% of the PBT achievement of the respective business units against Annual P&B targets"	Employees of ABCL: 75% of the consolidated PBT achievement against Annual P&B targets & Employees of Subsidiaries: 75% of the PBT achievement of the respective business units against Annual P&B targets"	Employees of ABCL: 75% of the consolidated PBT achievement against Annual P&B targets & Employees of Subsidiaries: 75% of the PBT achievement of the respective business units against Annual P&B targets"	Continued employment	Employees of ABCL: 75% of the consolidated PBT achievement against Annual P&B targets & Employees of Subsidiaries: 75% of the PBT achievement of the respective business units against Annual P&B targets"	Continued employment
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	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

# Notes

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Granted during the Financial Year - 2018-19, to the eligible employees of the Company and its subsidiary, the details of which are given hereunder:

Features	Granted on 9th April, 2018	
	LTIP 3	LTIP 3
Instrument	ESOP	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 PBT achievement against annual performance target	Continued employment
Exercise Period	5 Years from the Date of Vesting	5 Years from the Date of Vesting
Grant Date	09.04.2018	09.04.2018
Grant / Exercise Price (₹ Per Share)	115.00	10.00

## Details of Activity in the Plan as at 31st March, 2022

Features	LTIP 1	LTIP 2	LTIP 3	
	RSU	ESOP	RSU	ESOP
Options/RSUs Outstanding at the beginning of the year	1,256,100	10,714,241	872,906	13,225,030
Granted during the year	-	409,704	-	-
Exercised during the year	517,431	171,862	-	45,000
Lapsed during the year	113,946	1,309,245	-	-
Options/RSUs Outstanding at the end of the year	624,723	9,642,838	872,906	13,180,030
Options/RSUs unvested at the end of the year	-	-	-	-
Options/RSUs exercisable at the end of the year	624,723	9,642,838	872,906	13,180,030

## Details of Activity in the Plan as at 31st March, 2021

Features	LTIP 1	LTIP 2	LTIP 3	
	RSU	ESOP	RSU	ESOP
Options/RSUs Outstanding at the beginning of the year	1,718,500	11,475,079	1,439,450	13,225,030
Granted during the year	-	110,424	-	140,439
Exercised during the year	386,000	146,372	566,544	-
Lapsed during the year	76,400	724,890	-	140,439
Options/RSUs Outstanding at the end of the year	1,256,100	10,714,241	872,906	13,225,030

## 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
Risk Free Interest Rate (%)	6.50%	6.2% to 6.8%	6.5% to 7.2%	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	-	-	-	-
Weighted Average Fair Value per Option (₹)	131.60	70.4 to 9.4	131.60	73.1 to 9.4

During the year, under Aditya Birla Capital Limited Stock Appreciation Rights Scheme 2019, the Company has approved grant of 4,356 RSU Stock Appreciation Rights (SARs) and 143,448 Options SARs to the employees of the Company and its subsidiaries.

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

## 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 September 09, 2014. The Scheme provides that the total number of options granted thereunder will be 2,770,000. 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 December 2, 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 & Remuneration Committee) on the recognised stock exchanges on which the shares of the Company are listed with the highest trading volume.

<b>Summary of Stock Options granted under ABML ESOP Scheme – 2014 is as under</b>	<b>As at 31<sup>st</sup> March 2022</b>
Options Granted on 2 <sup>nd</sup> December, 2015	2,509,341
Options Outstanding as on 1 <sup>st</sup> April, 2021	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 Recognised Stock Exchange)
Options Forfeited/Lapsed during the Year	314,942
Options Exercised during the Year	73,641
Options Outstanding as at 31 <sup>st</sup> March, 2022	131,729

<b>Summary of Stock Options Granted under ABML ESOP Scheme – 2014 is as under</b>	<b>As at 31<sup>st</sup> March 2021</b>
Options Granted on 2 <sup>nd</sup> December, 2015	2,509,341
Options Outstanding as on 1 <sup>st</sup> April, 2020	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 recognised stock exchange)
Options Forfeited/Lapsed during the Year	-
Options Exercised during the Year	-
Options Outstanding as at 31 <sup>st</sup> March, 2021	520,312

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

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 (%)	-
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 its 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 (Refer Note No. 46). The Stock Options allotted under the Scheme are convertible into equal number of Equity Shares.

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 the Date of Vesting	5 years from the Date of Vesting
Grant Date	15 January 2018	15 January 2018
Grant / Exercise Price (₹ Per Share)	10	10

# Notes

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Re-granted during the Financial Year - 2020-2021, to the eligible employees of the Company and its subsidiaries, the details of which are given hereunder:

Particulars	Options
Plan Period	2020-2021
Quantum of Grant	25,585
Method of Accounting	Fair Value
Vesting Period	One year from the Date of Grant
Vesting Condition(s)	Achievement of threshold level of budgeted annual performance target
Exercise Period	5 years from the Date of Vesting
Grant Date	05.03.2021
Grant/Exercise Price (₹ Per Share)	10

## Details of Activity in the Plan

Particulars	ABCL Incentive Scheme			
	31 <sup>st</sup> March, 2022		31 <sup>st</sup> March, 2021	
	Options	RSUs	Options	RSUs
Options/RSUs Outstanding at beginning of the year	385,721	113,447	761,865	169,057
Granted during the year	-	-	25,585	-
Exercised during the year	189,686	110,029	376,144	55,610
Lapsed during the year	-	-	25,585	-
Options/RSUs Outstanding at the end of the year	196,035	3,418	385,721	113,447

Employee Stock Option expenses (including SAR) recognised in the statement of Profit and Loss ₹ 14.76 Crore (Previous Year ₹ 8.27 Crore).

Liabilities outstanding from the Company's cash-settled share-based payment transactions (SARs) were ₹ 0.34 Crore (Previous Year ₹ 0.25 Crore).

## 4.6 OPERATING SEGMENTS

### 4.6.1 Details of Products/Services 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, Paints and Solar Power

# Notes

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## Information about Operating Segments for the year ended 31st March 2022:

₹ in Crore

	Viscose	Chemicals	Cement	Financial Services	Others	Eliminations	Total
<b>REVENUE</b>							
Sales (As reported)	12,191.70	6,574.30	52,585.97	22,087.24	2,261.92	-	95,701.13
Sales (Inter-Segment)	18.15	1,313.58	12.86	7.10	59.52	(1,411.21)	-
<b>Total Revenue (Note 3.1)</b>	<b>12,209.85</b>	<b>7,887.88</b>	<b>52,598.83</b>	<b>22,094.34</b>	<b>2,321.44</b>	<b>(1,411.21)</b>	<b>95,701.13</b>
<b>RESULTS</b>							
<b>Segment Results (PBIT)</b>	<b>1,246.27</b>	<b>1,203.68</b>	<b>9,307.41</b>	<b>1,594.64</b>	<b>174.85</b>	-	<b>13,526.85</b>
Unallocated Corporate Income/(Expenses)							84.49
Finance Costs							(1,295.70)
<b>Profit Before Exceptional Items and Tax</b>							<b>12,315.64</b>
Exceptional Items (Note 3.11)	(69.11)	-	-	-	-	-	(69.11)
<b>Profit Before Tax and Share in Profit/(Loss) of Equity Accounted Investees</b>							<b>12,246.53</b>
Share in Profit/(Loss) of Joint Ventures and Associates (Allocable to Operating Segments)	<b>31.44</b>	-	<b>0.02</b>	<b>328.43</b>	<b>(1.14)</b>	-	<b>358.75</b>
Share in Profit/(Loss) of Joint Ventures and Associates (Unallocable)	-	-	-	-	-	-	21.58
<b>Profit Before Tax</b>							<b>12,626.86</b>
Current Tax							1,954.40
Deferred Tax							(18.09)
<b>Profit for the Year before Non-Controlling Interest</b>							<b>10,690.55</b>
Less: Non-Controlling Interest							(3,588.18)
<b>Profit for the Year from Continuing Operations</b>							<b>7,102.37</b>
<b>OTHER INFORMATION</b>							
<b>Segment Assets</b>	<b>12,873.84</b>	<b>7,704.95</b>	<b>85,690.55</b>	<b>153,499.05</b>	<b>4,812.24</b>	<b>(87.66)</b>	<b>264,492.97</b>
Investments in Associates/Joint Ventures (allocable to Operating Segments)	<b>1,206.33</b>	-	<b>7.41</b>	<b>5,606.54</b>	<b>33.50</b>	-	<b>6,853.78</b>
Investments in Associates/Joint Ventures (Unallocable)							196.39
Unallocated Corporate Assets							17,851.69
<b>Total Assets</b>							<b>289,394.83</b>
<b>Segment Liabilities</b>	<b>4,171.19</b>	<b>1,890.40</b>	<b>17,159.50</b>	<b>123,718.42</b>	<b>1,203.85</b>	<b>(12.08)</b>	<b>148,131.28</b>
Unallocated Corporate Liabilities							25,088.84
<b>Total Liabilities</b>							<b>173,220.12</b>
<b>Additions to Non-Current Assets</b>	<b>1,160.13</b>	<b>698.12</b>	<b>6,070.64</b>	<b>201.03</b>	<b>1,019.69</b>	<b>(35.59)</b>	<b>9,114.02</b>
Unallocated Corporate Capital Expenditure							10.88
<b>Total Additions Non-Current Assets</b>							<b>9,124.90</b>
<b>Depreciation and Amortisation</b>	<b>474.93</b>	<b>330.22</b>	<b>2,714.75</b>	<b>473.90</b>	<b>153.35</b>	-	<b>4,147.15</b>
Unallocated Corporate Depreciation and Amortisation							13.92
<b>Total Depreciation and Amortisation</b>							<b>4,161.07</b>
<b>Significant Non-Cash Expenses other than Depreciation and Amortisation (Allocable)</b>	<b>69.11</b>	-	-	-	-	-	<b>69.11</b>

Finance cost exclude finance cost of ₹ 3,480.30 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.

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

## Information about Operating Segments for the year ended 31st March 2021:

₹ in Crore

	Viscose	Chemicals	Cement	Financial Services	Others	Eliminations	Total
<b>REVENUE</b>							
Sales (As reported)	6,957.99	4,139.38	44,718.73	19,180.61	1,407.58	-	76,404.29
Sales (Inter-Segment)	6.78	441.31	7.07	9.56	46.10	(510.82)	-
<b>Total Revenue (Note 3.1)</b>	<b>6,964.77</b>	<b>4,580.69</b>	<b>44,725.80</b>	<b>19,190.17</b>	<b>1,453.68</b>	<b>(510.82)</b>	<b>76,404.29</b>
<b>RESULTS</b>							
<b>Segment Results (PBIT)</b>	<b>753.10</b>	<b>301.64</b>	<b>9,601.85</b>	<b>1,013.32</b>	<b>(23.40)</b>	<b>-</b>	<b>11,646.51</b>
Unallocated Corporate Income/(Expenses)							86.31
Finance Costs							(1,808.88)
<b>Profit Before Exceptional Items and Tax</b>							9,923.94
Exceptional Items (Note 3.11)	(80.99)	-	(260.74)	-	-	-	(341.73)
<b>Profit Before Tax and Share in Profit/(Loss) of Equity Accounted Investees</b>							9,582.21
Share in Profit of Joint Ventures and Associates (Allocable to Operating Segments)	(94.55)	-	0.01	255.84	0.91	-	162.21
Share in Profit/(Loss) of Joint Ventures and Associates (Unallocable)							27.01
<b>Profit Before Tax</b>							<b>9,771.43</b>
Current Tax							1,959.40
Deferred Tax							1,062.79
<b>Profit for the Year before Non-Controlling Interest</b>							<b>6,749.24</b>
Less: Non-Controlling Interest							(2,620.83)
<b>Profit for the Year from Continuing Operations</b>							<b>4,128.41</b>
<b>OTHER INFORMATION</b>							
<b>Segment Assets</b>	<b>10,765.98</b>	<b>6,486.63</b>	<b>88,056.83</b>	<b>137,651.11</b>	<b>3,737.44</b>	<b>(22.61)</b>	<b>246,675.38</b>
Investment in Associates/Joint Ventures (Allocable to Operating Segments)	1,129.89	-	7.39	5,478.07	47.58	-	6,662.93
Investment in Associates/Joint Ventures (Unallocable)							174.73
Fertilisers (Discontinued Operations)							1,322.21
Unallocated Corporate Assets							12,718.96
<b>Total Assets</b>							<b>267,554.21</b>
<b>Segment Liabilities</b>	<b>2,827.68</b>	<b>1,309.76</b>	<b>15,474.66</b>	<b>109,260.19</b>	<b>581.38</b>	<b>(11.86)</b>	<b>129,441.81</b>
Fertilisers (Discontinued Operations)							342.00
Unallocated Corporate Liabilities							35,208.80
<b>Total Liabilities</b>							<b>164,992.61</b>
<b>Additions to Non-Current Assets</b>	<b>889.75</b>	<b>603.36</b>	<b>2,010.29</b>	<b>145.41</b>	<b>425.24</b>	<b>(12.07)</b>	<b>4,061.98</b>
Unallocated Corporate Capital Expenditure							4.93
<b>Total Additions Non-Current Assets</b>							<b>4,066.91</b>
<b>Depreciation and Amortisation</b>	<b>433.99</b>	<b>288.59</b>	<b>2,700.23</b>	<b>459.05</b>	<b>137.08</b>	<b>-</b>	<b>4,018.94</b>
Unallocated Corporate Depreciation and Amortisation							14.46
<b>Total Depreciation and Amortisation</b>							<b>4,033.40</b>
<b>Significant Non-Cash Expenses other than Depreciation and Amortisation (Allocable)</b>	<b>-</b>	<b>-</b>	<b>233.31</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>233.31</b>
<b>Significant Non-Cash Expenses other than Depreciation and Amortisation (Unallocable)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>107.92</b>

Finance cost exclude finance cost of ₹ 3,914.60 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.

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

## 4.6.2 Geographical Segments

The Company's operating facilities are located in India.

Particulars	₹ in Crore	
	Year Ended 31 <sup>st</sup> March, 2022	Year Ended 31 <sup>st</sup> March, 2021
<b>(a) Segment Revenues</b>		
India (Country of Domicile)	89,902.75	72,490.94
Rest of the World	5,798.38	3,913.35
<b>Total</b>	<b>95,701.13</b>	<b>76,404.29</b>
<b>(b) Addition to Non-Current Assets</b>		
India (Country of Domicile)	9,124.90	4,066.91
Rest of the World	-	-
<b>Total</b>	<b>9,124.90</b>	<b>4,066.91</b>

## 4.6.3 The Carrying Amount of Non-Current Operating Assets by location of Assets:

Particulars	₹ in Crore	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Non-Current Assets <sup>§</sup></b>		
India	96,465.57	91,115.23
Rest of the World	2,492.94	2,533.39
<b>Total</b>	<b>98,958.51</b>	<b>93,648.62</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, 2022 and the year ended 31<sup>st</sup> March, 2021.

## 4.7 RELATED PARTY TRANSACTIONS:

### 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  
Aditya Group AB, Sweden  
AV Terrace Bay Inc., Canada  
Aditya Birla Elyaf Sanayi Ve Ticaret Anonim Sirketi, Turkey  
Aditya Birla Power Composites Limited  
Bhubaneswari Coal Mining Limited  
Bhaskarpara Coal Company Limited  
Aditya Birla Wellness Private Limited  
Aditya Birla Sun Life Trustee Company Private Limited  
Birla Advanced Knits Private Limited

#### Associates:

Aditya Birla Science & Technology Company Private Limited  
Madanpur (North) Coal Company Private Limited  
Waacox Energy Private Limited (ceased to be associate w.e.f 5<sup>th</sup> July 2021 and became wholly owned subsidiary of ABREL)  
Renew Surya Uday Private Limited  
Aditya Birla Sun Life AMC Limited #



# Notes

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## **Key Management Personnel (KMP):**

Dr. Sanrupt Misra - Non-Executive Director  
Dr. Thomas Connelly, Jr. - Independent Director  
Shri Adesh Kumar Gupta- Independent Director (w.e.f. 24<sup>th</sup> May 2021)  
Shri Cyril Shroff - Independent Director  
Shri N. Mohan Raj - Independent Director  
Shri Raj Kumar Non-Executive Director (w.e.f. 12<sup>th</sup> November 2021)  
Shri V. Chandrasekaran- Independent Director (w.e.f. 24<sup>th</sup> May 2021)  
Shri Vipin Anand - Non-Executive Director (ceased w.e.f. 14<sup>th</sup> October 2021)  
Shri Arun Thiagrajan - Independent Director (ceased w.e.f. 6<sup>th</sup> May 2021)  
Smt. Anita Ramachandran - Independent Director  
Shri Ashish Adukia - Chief Financial Officer  
Smt. Rajashree Birla - Non-Executive Director  
Shri O.P. Rungta- Independent Director (ceased w.e.f. 24<sup>th</sup> May 2021)  
Shri Dilip Gaur - Managing Director (ceased w.e.f. 30<sup>th</sup> November 2021)  
Shri Kumar Mangalam Birla - Non-Executive Director  
Shri Shailendra K Jain - Non-Executive Director  
Shri H. K. Agrawal-Managing Director (w.e.f. 1<sup>st</sup> December 2021)

## **Post-Employment Benefits Plan:**

Grasim Industries Limited Employees Provident Fund  
Indo Gulf Fertilisers Limited Employee Provident Fund Trust  
Jayshree Provident Fund Institution  
Century Rayon Provident Fund Trust No. 1 & 2  
Grasim Industries Limited Employees Gratuity Fund  
UltraTech Cemco Provident Fund  
Grasim Industries Limited - Superannuation Scheme

## **Other Related Parties in which Directors are interested:**

Birla Group Holding Private Limited  
Birla Carbon India Private Limited  
Birla Research Institute of Applied Sciences  
Aditya Birla Management Corporation Private Limited<sup>5</sup>  
Shardul Amarchand Mangaldas & Co.  
Cyril Amarchand Mangaldas  
Aditya Birla Health Services Private Limited  
Birla Institute of Technology and Science Company  
Grasim Jana Kalyan Trust  
Jayashree Charity (1962) Trust, Kolkata  
Kalyan Charity Trust, Shahad  
Aditya Birla Education Trust  
M/s Shailendra Jain & Co.

## **Relatives of KMP**

Shri Suvrat Jain  
Shri Devavrat Jain

# upto 6<sup>th</sup> October 2021 Aditya Birla Sun Life AMC Limited was joint venture and w.e.f. 7<sup>th</sup> October 2021 it has become an associate refer (Note 2.39).

<sup>5</sup> 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.

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

## Terms and Conditions of Transaction with Related Parties

The transactions 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.

### 4.7.2 Disclosure of Related Party Transactions:

Particulars	₹ in Crore	
	Year Ended 31 <sup>st</sup> March, 2022	Year Ended 31 <sup>st</sup> March, 2021
<b>(a) Revenue from Contract with Customers</b>		
Birla Jingwei Fibres Company Limited, China	65.95	117.27
Aditya Birla Sun Life AMC Limited {includes dividend received of ₹ 116.64 Crore (Previous Year ₹ 71.40 Crore)}	120.56	75.27
Aditya Birla Power Composites Limited	0.72	1.99
Waacox Energy Private Limited	0.12	2.71
Aditya Birla Management Corporation Private Limited	0.52	0.59
Birla Carbon India Private Limited	0.11	0.13
<b>Total</b>	<b>187.98</b>	<b>197.96</b>
<b>(b) Interest and Other Income</b>		
Aditya Birla Wellness Private Limited	0.82	0.82
Aditya Birla Sun Life AMC Limited	0.59	1.02
Aditya Birla Science & Technology Company Private Limited	1.73	2.30
Birla Advanced Knits Private Limited	0.02	-
AV Terrace Bay Inc Canada	0.31	-
Waacox Energy Private Limited	-	0.11
Aditya Birla Management Corporation Private Limited	9.39	5.10
Aditya Birla Power Composites Limited	3.03	1.96
Birla Carbon India Private Limited	0.25	0.88
<b>Total</b>	<b>16.14</b>	<b>12.19</b>
<b>(c) Dividend Paid</b>		
Birla Group Holding Private Limited	112.50	50.00
<b>(d) Purchase of Goods/Property, Plant and Equipment/Payment of Other Services</b>		
AV Group NB Inc.	799.99	576.62
Aditya Group AB	586.00	310.14
Birla Jingwei Fibres Company Limited*	(0.01)	(0.26)
AV Terrace Bay Inc.*	(0.02)	(0.03)
Aditya Birla Wellness Private Limited	13.45	11.69
Aditya Birla Sun Life AMC Limited	3.09	1.40
Aditya Birla Science & Technology Company Private Limited	43.61	39.28
Birla Group Holding Private Limited	0.21	0.22
Aditya Birla Management Corporation Private Limited	551.16	389.69
Birla Research Institute of Applied Sciences	0.93	2.82
Shardul Amarchand Mangaldas & Co.	0.09	0.98
Cyril Amarchand Mangaldas	1.17	-

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

₹ in Crore

Particulars	Year Ended 31 <sup>st</sup> March, 2022	Year Ended 31 <sup>st</sup> March, 2021
Aditya Birla Health Service Private Limited	0.98	-
Birla Institute of Technology and Science Company	0.03	-
Grasim Jana Kalyan Trust	0.10	0.68
Jayashree Charity (1962) Trust	0.14	-
Kalyan Charity Trust, Shahad	0.11	-
Renew Surya Uday Private Limited	3.14	-
Shri Shailendra K. Jain	0.00	-
Aditya Birla Education Trust	8.00	-
Suvrat Jain	0.12	-
M/s. Shailendra & Co.	0.00	0.13
<b>Total</b>	<b>2,012.29</b>	<b>1,333.36</b>
* Recovery of Information Technology (IT) Expenses		
<b>(e) Finance Cost</b>		
Waacox Energy Private Limited	-	1.61
	-	<b>1.61</b>
<b>(f) Loans Given</b>		
Birla Advanced Knits Private Limited	5.00	-
Waacox Energy Private Limited	-	4.20
	<b>5.00</b>	<b>4.20</b>
<b>(g) Repayment Against Loans Given</b>		
Waacox Energy Private Limited	-	4.20
Birla Advanced Knits Private Limited	5.00	-
Aditya Birla Science & Technology Company Private Limited	5.11	5.10
	<b>10.11</b>	<b>9.30</b>
<b>(h) Investments in Equity Shares</b>		
Renew Surya Uday Private Limited	15.31	-
Birla Advanced Knits Private Limited	15.00	-
Aditya Birla Power Composites Limited	5.18	17.50
	<b>35.49</b>	<b>17.50</b>
<b>(i) Contribution to Post-Employment Benefit Plans</b>		
Grasim Industries Limited Employees' Provident Fund	16.71	14.35
Jayshree Provident Fund Institution	4.38	3.79
Indo Gulf Fertilizer Ltd. Employee Provident Fund Trust	1.08	1.10
Century Rayon Employee's Provident Fund Trust No. 1 & 2	8.87	7.73
Grasim Industries Limited Employees' Gratuity Fund	54.57	97.13
Grasim (Senior Executive & Officers) Superannuation Scheme	1.09	1.16
UltraTech Cemco Provident Fund	54.79	50.00
	<b>141.49</b>	<b>175.26</b>
<b>(j) Inter Corporate Loans taken</b>		
Waacox Energy Private Limited	-	40.27
	-	<b>40.27</b>
<b>(k) Repayment of Inter Corporate loans taken</b>		
Waacox Energy Private Limited	-	45.27
	-	<b>45.27</b>

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₹ in Crore

Particulars	Year Ended 31 <sup>st</sup> March, 2022	Year Ended 31 <sup>st</sup> March, 2021
<b>(l) Deposits Given (Net)</b>		
Aditya Birla Management Corporation Private Limited	(22.70)	(25.49)
Aditya Birla Sun Life AMC Limited	1.33	0.25
	<b>(21.37)</b>	<b>(25.24)</b>
<b>(m) Reimbursement /(Recovery) of expenses:</b>		
Aditya Birla Sun Life AMC Limited	(46.40)	(46.24)
Aditya Birla Wellness Private Limited	(0.17)	(0.19)
Aditya Birla Power Composites Limited	(1.43)	(0.71)
Aditya Birla Management Corporation Private Limited	8.00	(0.46)
Waacox Energy Private Limited	-	(0.11)
Aditya Birla Science & Technology Company Private Limited	0.25	(0.67)
Birla Jingwei Fibres Company Limited, China	(0.05)	0.02
<b>Total</b>	<b>(39.80)</b>	<b>(48.36)</b>
<b>(n) Payments to Key Management Personnel</b>		
Managerial Remuneration Paid *	21.48	13.74
Commission to Non-Executive Directors (KMPs)	4.00	2.50
Sitting Fees to Directors	0.44	0.44
Dividend to KMPs	1.66	0.46
<b>Total</b>	<b>27.58</b>	<b>17.14</b>
<b>Compensation of Key Management Personnel of the Company*</b>		
Short-term Employee Benefits	15.79	9.50
Post-Retirement Benefits	2.74	2.81
Share-Based Payments	2.95	1.43
	<b>21.48</b>	<b>13.74</b>

\* 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.

\* 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. The above information is disclosed only at the time of payment.

## Outstanding Balances

₹ in Crore

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>(a) Trade Payables</b>		
AV Group NB Inc.	63.73	18.85
Aditya Group AB	32.81	11.65
Aditya Birla Sun Life AMC Limited	5.72	3.50
Aditya Birla Wellness Private Limited	2.57	2.64
Aditya Birla Management Corporation Private Limited	0.17	1.10
Renew Surya Uday Private Limited	3.14	-
Aditya Birla Science & Technology Company Private Limited	0.44	0.24
<b>Total</b>	<b>108.58</b>	<b>37.98</b>
<b>(b) Other Current and Non-Current Liabilities (Financial and Non-Financial)</b>		
Aditya Birla Sun Life AMC Limited	0.72	0.72
Century Rayon Provident Fund Trust	2.99	2.68
Jayshree Provident Fund Institution	1.98	1.30
Indo Gulf Fertilizer Ltd. Employee Provident Fund Trust	-	0.41
Aditya Birla Management Corporation Private Limited	76.67	16.66
<b>Total</b>	<b>82.36</b>	<b>21.77</b>

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

₹ in Crore

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>(c) Trade Receivables</b>		
Birla Jingwei Fibres Company Limited	5.25	74.30
Aditya Group AB	-	0.02
Aditya Birla Power Composites Limited	1.94	0.19
Aditya Birla Management Corporation Private Limited	0.02	0.03
Aditya Birla Sun Life AMC Limited	2.91	4.99
Aditya Birla Wellness Private Limited	0.03	0.03
Waacox Energy Private Limited	-	3.00
Birla Carbon India Private Limited	-	0.02
<b>Total</b>	<b>10.15</b>	<b>82.58</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	37.37	42.48
Birla Jingwei Fibres Company Limited	-	0.01
Bhaskarpara Coal Company Limited	2.49	2.49
Aditya Birla Sun Life AMC Limited	-	0.02
Aditya Birla Management Corporation Private Limited	41.61	65.10
Birla Carbon India Private Limited	-	0.12
Birla Group Holding Private Limited	7.37	7.37
Shri Devavrat Jain	-	0.01
<b>Total</b>	<b>88.84</b>	<b>117.60</b>
<b>(e) Equity Accounted Investments (Note 2.5)</b>		
Bhubaneswari Coal Mining Limited	167.89	150.74
Aditya Birla Sun Life AMC Limited	5,595.15	5,467.82
Aditya Birla Wellness Private Limited	10.73	9.62
Aditya Birla Sun Life Trustee Company Private Limited	0.66	0.63
Bhaskarpara Coal Company Limited	6.54	6.53
Aditya Birla Power Composites Limited	18.01	15.75
AV Group NB Inc.	752.69	718.70
Birla Jingwei Fibres Company Limited	66.57	51.88
Aditya Birla Elyaf Sanayi Ve Ticaret Anonim Sirketi	0.64	0.99
Aditya Group AB	370.95	343.43
AV Terrace Bay Inc., Canada	0.62	14.89
Aditya Birla Science & Technology Company Private Limited	28.50	24.04
Madanpur (North) Coal Company Limited	0.88	0.86
Renew Surya Uday Private Limited	15.47	-
Birla Advanced Knits Private Limited	14.87	-
Waacox Energy Private Limited	-	31.78
	<b>7,050.17</b>	<b>6,837.66</b>
<b>(f) Preference Shares</b>		
AV Group NB Inc.	34.28	31.02
Aditya Group AB	49.88	50.86
	<b>84.16</b>	<b>81.88</b>
<b>(g) Corporate Guarantees</b>		
Bhaskarpara Coal Company Limited	1.70	1.70
<b>Total</b>	<b>1.70</b>	<b>1.70</b>

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forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

## 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 of the Company.

#### 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.

#### 4.8.1.1 Gratuity and Pension:

	₹ in Crore							
	Gratuity				Pension and Post- Retirement Medical Benefits			
	Funded	Others	Funded	Others	Pension	Post-Retirement Medical Benefits	Pension	Post-Retirement Medical Benefits
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
<b>(i) Reconciliation of Present Value of the Obligation:</b>								
Opening Defined Benefit Obligation	1,471.69	32.50	1,463.58	30.30	39.08	0.56	41.64	0.59
Adjustments of:								
Current Service Cost	117.36	3.65	110.99	3.31	4.66	-	-	-
Past Service Cost	1.33	0.25	0.83	-	-	-	-	-
Interest Cost	95.35	1.22	92.96	1.47	2.51	0.04	2.82	0.04
Actuarial Loss/(Gain)	17.39	(1.73)	(93.84)	3.25	(2.20)	0.02	0.43	0.01
Liabilities Assumed on Acquisition/(Settled on Divestiture)	(0.55)	-	(0.11)	(0.07)	-	-	-	-

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

₹ in Crore

	Gratuity				Pension and Post- Retirement Medical Benefits			
	Funded		Others		Pension	Post-Retirement Medical Benefits	Pension	Post-Retirement Medical Benefits
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021				
Foreign Currency Fluctuation	-	1.09	-	(0.90)	-	-	-	-
Liability related to Discontinued operations	(48.04)	-	-	-	-	-	-	-
Benefits Paid	(124.06)	(4.01)	(102.72)	(4.86)	(8.86)	(0.06)	(5.81)	(0.08)
Closing Defined Benefit Obligation	1,530.47	32.97	1,471.69	32.50	35.18	0.56	39.08	0.56
<b>(ii) Reconciliation of Fair Value of the Plan Assets:</b>								
Opening Fair Value of the Plan Assets	1,581.44	-	1,367.37	-	-	-	-	-
Adjustments of:								
Return on Plan Assets	102.10	-	87.86	-	-	-	-	-
Actuarial Gain/(Loss)	22.37	-	72.83	-	-	-	-	-
Contributions by the Employer	125.55	-	156.10	-	8.86	0.06	5.81	0.08
Liability related to Discontinued operations	(48.04)	-	-	-	-	-	-	-
Benefits Paid	(123.49)	-	(102.72)	-	(8.86)	(0.06)	(5.81)	(0.08)
Closing Fair Value of the Plan Assets	1,659.93	-	1,581.44	-	-	-	-	-
<b>(iii) Net Liabilities/(Assets) recognised in the Balance Sheet:</b>								
Present Value of the Defined Benefit Obligation at the end of the year	1,530.47	32.97	1,471.69	32.50	35.18	0.56	39.08	0.56
Fair Value of the Plan Assets	1,659.93	-	1,581.44	-	-	-	-	-
Amount not recognised due to Asset Ceiling	(0.82)	-	(2.04)	-	-	-	-	-
Net Liabilities/(Assets) recognised in the Balance Sheet	(128.64)	32.97	(107.71)	32.50	35.18	0.56	39.08	0.56
<b>(iv) Change in Asset Ceiling</b>								
Remeasurement due to change in surplus/ deficit	(0.82)	-	(2.04)	-	-	-	-	-
Balance at the end of the year	(0.82)	-	(2.04)	-	-	-	-	-
<b>(v) Amount recognised in Salary and Wages under Employee Benefits Expense in the Statement of Profit and Loss:</b>								
Current Service Cost	117.36	3.65	110.99	3.31	4.66	-	-	-
Past Service Cost	1.33	0.25	0.83	-	-	-	-	-
Interest on Defined Benefit Obligations (Net)	95.38	1.22	92.96	1.47	2.51	0.04	2.82	0.04
Expected Return on Plan Assets	(102.13)	-	(87.86)	-	-	-	-	-
Net Cost	111.94	5.12	116.92	4.78	7.16	0.04	2.82	0.04
Capitalised as Pre-Operative Expenses in respect of Projects and other Adjustments	(1.83)	-	(0.56)	-	-	-	-	-
Amount Recovered from Joint Venture Companies	(0.42)	-	0.82	-	-	-	-	-
Net Charge to the Statement of Profit and Loss *	109.69	5.12	117.18	4.78	7.16	0.04	2.82	0.04
*Charge towards Discontinued Operations included in above	2.01	-	3.07	-	-	-	0.05	-

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₹ in Crore

	Gratuity				Pension and Post- Retirement Medical Benefits			
	Funded		Others		Pension	Post-Retirement Medical Benefits	Pension	Post-Retirement Medical Benefits
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021				
<b>(vi) Amount recognised in Other Comprehensive Income (OCI) for the Year:</b>								
Changes in Financial Assumptions	(0.29)	(2.91)	(1.02)	4.79	(0.50)	0.01	0.64	(0.01)
Changes in Demographic Assumptions	(35.63)	-	4.93	-	-	-	-	-
Experience Adjustments	53.31	0.50	(102.49)	(1.54)	(1.70)	0.01	(0.21)	0.02
Actual return on Plan Assets less Interest on Plan Assets	(21.39)	-	(71.63)	-	-	-	-	-
Adjustment of Past Service Cost	-	-	4.78	-	-	-	-	-
Adjustment to recognise the asset ceiling impact	(1.36)	-	2.04	-	-	-	-	-
Less: Amount recovered from Joint Venture Companies	0.49	-	(0.88)	-	-	-	-	-
Less: Amount transferred to policyholders Liability	-	-	(1.44)	-	-	-	-	-
Recognised in OCI for the year	(4.87)	(2.41)	(165.71)	3.25	(2.20)	0.02	0.43	0.01
<b>(vii) Maturity Profile of Defined Benefit Obligation:</b>								
Within next 12 months (next annual reporting period)	176.10	3.36	143.53	3.42	7.84	0.06	7.27	0.06
Between 1 and 5 years	492.88	7.39	417.97	7.08	24.23	0.24	22.71	0.24
Between 5 and 9 years	567.07	12.01	605.51	10.22	16.08	0.21	16.19	0.22
10 years and above	1,899.59	33.35	1,927.62	31.95	11.75	0.39	12.22	0.42
<b>(viii) Quantitative Sensitivity Analysis for Significant Assumptions:</b>								
Increase/(Decrease) on Present Value of Defined Benefit Obligation at the end of the year								
100 bps increase in Discount Rate	(131.83)	(6.30)	(125.48)	(6.40)	(1.02)	(0.03)	(1.17)	(0.03)
100 bps decrease in Discount Rate	145.86	6.67	140.76	6.81	1.08	0.03	1.26	0.04
100 bps increase in Salary Escalation Rate	109.29	6.26	137.26	6.37	-	-	-	-
100 bps decrease in Salary Escalation Rate	(97.66)	(5.94)	(123.81)	(6.01)	-	-	-	-
Increase in Life Expectancy by 1 year	-	-	-	-	0.98	-	1.25	-
Decrease in Life Expectancy by 1 year	-	-	-	-	(0.86)	-	(1.09)	-
<b>(ix) The Major Categories of Plan Assets as a % of Total Plan:</b>								
Government of India Securities	5%	N.A.	8%	N.A.	N.A.	N.A.	N.A.	N.A.
Corporate Bonds	0%	N.A.	1%	N.A.	N.A.	N.A.	N.A.	N.A.
Insurer Managed Funds	91%	N.A.	84%	N.A.	N.A.	N.A.	N.A.	N.A.
Others	4%	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.



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(₹ in Crore)

	Gratuity				Pension and Post- Retirement Medical Benefits			
	Funded		Others		Funded		Others	
	As at March 31, 2022		As at March 31, 2021		As at March 31, 2022		As at March 31, 2021	
<b>(x) Principal Actuarial Assumptions:</b>								
Discount Rate	5.60%-7.25%	2.72%-15%	4.90%-7.05%	5.0%-11.28%	6.70% - 7.05%	7.05%	6.40% - 7.05%	7.05%
Salary Escalation Rate	6.00%-10.00%	2.50%-10.00%	5.50%-10%	3.00%-10.00%	-	-	-	-
Mortality Tables	Indian Assured Lives (2012-14) mortality tables	Indian Assured Lives (2012-14) mortality tables	Indian Assured Lives (2012-14) mortality tables	Indian Assured Lives (2012-14) mortality tables	S1PA annuity rates adjusted suitably	S1PA annuity rates adjusted suitably	S1PA annuity rates adjusted suitably	S1PA annuity rates adjusted suitably
Retirement Age:								
Management	60 Yrs.	58-60 Yrs.	60 Yrs.	55-60 Yrs.	-	-	-	-
Non-Management	58 Yrs.		58 Yrs.		-	-	-	-
(xi) Weighted Average Duration of Defined Benefit obligation:	4 to 11 Yrs.	3-13 Yrs.	4 to 17 Yrs.	3-14 Yrs.	5 Yrs. to 5.9 Yrs.	5.9 Yrs.	4.31 Yrs. to 6.1 Yrs.	6.1 Yrs.

**(xii)** Amounts included in the Fair Value of the Plan Assets for the Company's own financial instrument ₹ 689.18 (Previous year ₹ 600.96 Crore).

### **(xiii) 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 expected to be settled.

### **(xiv) 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.

### **(xv) Salary Escalation Rate:**

The estimates of future salary increase are considered taking into account inflation, seniority, promotion, increments and other relevant factors.

### **(xvi) 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.

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**(xvii)** The best estimate of the expected contribution for the next year amounts to ₹ 1.43 Crore (Previous Year ₹ 2.40 Crore).

**(xviii) Compensated Absences:**

The obligation for compensated absences is recognised in the same manner as gratuity, amounting to charge of ₹ 86.21 Crore (Previous Year ₹16.94 Crore). Compensated absences of Discontinued Operations were ₹ 1.46 Crore (Previous Year ₹ 1.22 Crore)

**(xix) Other Long-term Employee Benefits:**

Amount recognised as expense for other long-term employee benefits is ₹ 0.44 Crore (Previous Year ₹ 0.86 Crore).

**(xx) 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 ₹83.73 Crore (Previous Year ₹ 75.44 Crore) and amount recognised as pre-operative expenses and included in note 2.1.4 as "Contribution-Company owned Provident Fund" is ₹ 1.02 Crore (Previous Year ₹ 0.43 Crore)

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, 2022 (31<sup>st</sup> March, 2021: Nil).

Particulars	₹ in Crore	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
(a) Plan Assets at Fair Value	3,415.95	3,069.90
(b) Present Value of Defined Benefit Obligation at year end	3,387.36	3,042.62
(c) Surplus Available	28.58	26.78
(d) Liability recognised in the Balance Sheet	-	-
(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	6.70%-6.85%	6.40%-7.05%
- Discount Rate for the remaining term of maturity of Investment Portfolio	6.43%-8.12%	6.25%-8.30%
- Average Historic Yield on Investment Portfolio	7.98%- 8.42%	8.17%- 8.68%
- Guaranteed Interest Rate	8.10%	8.50%

**(xxi) Defined Contribution Plans:**

Particulars	₹ in Crore	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Amount recognised as an expense and included in Note 3.6 as "Contribution to Provident and Other Funds"	204.31	179.15
Amount recognised as pre-operative expense and included in Note 2.1.4 as "Contribution to Provident and Other Funds"	1.46	1.22
<b>Total Contribution to Provident and Other Funds</b>	<b>205.77</b>	<b>180.37</b>

Note: Contribution to Provident and Other Funds of Discontinued Operations were ₹ 4.02 Crore for 31<sup>st</sup> March,2022 and ₹ 5.46 Crore for 31<sup>st</sup> March, 2021.

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## 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 and 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.

### B. Classification of Financial Assets and Liabilities

Particulars	₹ in Crore			
	31 <sup>st</sup> March, 2022		31 <sup>st</sup> March, 2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Financial Assets at Amortised Cost</b>				
Trade Receivables	5,429.36	5,429.36	4,341.78	4,341.78
Loans (including Loans related to NBFC/HFC Business)	66,201.13	66,201.13	59,930.37	59,930.37
Investments of Insurance Business	19,310.99	19,585.64	15,631.95	16,407.28
Other Investments	135.65	135.65	-	-
Cash and Bank Balances	3,252.55	3,252.55	5,337.37	5,337.37
Other Financial Assets	3,551.18	3,551.18	3,162.39	3,162.39
Re-insurance Assets	1,256.78	1,256.78	814.55	814.55
Other Investments: Fixed Deposits with financial institutions with maturity less than twelve months	337.04	337.04	300.00	300.00
<b>Financial Assets at Fair Value through Other Comprehensive Income</b>				
Investments of Insurance Business	11,891.30	11,891.30	10,181.52	10,181.52
Other Investments	12,337.27	12,337.27	8,938.02	8,938.02
<b>Financial Assets at Fair Value through Profit and Loss</b>				
Investments of Insurance Business (including Investments of Assets Held to Cover Linked Liabilities)	32,249.60	32,249.60	29,290.92	29,290.92
Other Investments	13,454.10	13,454.10	16,836.71	16,836.71
<b>Hedging Instruments</b>				
Derivative Assets	423.80	423.80	493.26	493.26
<b>Total</b>	<b>169,830.75</b>	<b>170,105.40</b>	<b>155,258.84</b>	<b>156,034.17</b>

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₹ in Crore

Particulars	31 <sup>st</sup> March, 2022		31 <sup>st</sup> March, 2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Financial Liabilities at Amortised Cost</b>				
Non-Current Borrowings	44,141.62	44,347.50	52,488.25	53,713.47
Current Borrowings	26,457.29	26,457.29	24,920.96	24,920.96
Lease Liabilities	882.17	882.17	842.82	842.82
Supplier's Credit	183.40	183.40	-	-
Policyholders Liabilities	60,873.38	60,873.38	52,476.47	52,476.47
Trade Payables	11,393.44	11,393.44	7,916.84	7,916.84
Other Financial Liabilities	8,435.23	8,435.23	7,835.78	7,835.78
<b>Financial Liabilities at fair value through Profit and Loss</b>				
Lease Liabilities Payable in Foreign Currency	675.37	675.37	825.79	825.79
<b>Hedging Instruments</b>				
Derivative Liabilities	159.60	159.60	68.67	68.67
<b>Total</b>	<b>153,201.50</b>	<b>153,407.38</b>	<b>147,375.58</b>	<b>148,600.80</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 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.

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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			
<b>Quantitative Disclosures Fair Value Measurement Hierarchy for Assets and Liabilities</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>As at 31<sup>st</sup> March 2022</b>				
<b>Financial Assets:</b>				
<b>1) Measured at Amortised Cost</b>				
- Investments of Insurance Business	12,328.52	7,257.12	-	19,585.64
- Loans (incl. Loans related to NBFC/HFC business)	-	25,584.25	40,616.88	66,201.13
- Re-insurance Assets	-	-	1,256.78	1,256.78
- Other Investments (Non Current): Fixed Deposits with financial institutions with maturity less than twelve months	-	337.04	-	337.04
<b>2) Measured at Fair Value through Other Comprehensive Income</b>				
- Investments of Insurance Business	5,652.89	6,237.59	0.83	11,891.31
- Other Investments in Debentures or Bonds	-	87.49	-	87.49
- Other Investments in Equity Instruments (other than Joint Ventures and Associates)	11,586.40	-	663.38	12,249.78
<b>3) Measured at Fair Value through Profit and Loss</b>				
- Investments of Insurance Business [including Investments of Assets Held to Cover Linked Liabilities]	22,182.01	10,233.08	(165.49)	32,249.60
- Other Investments in Mutual Funds, Debentures or Bonds and Private Equity Investment Funds	0.45	12,848.70	382.10	13,231.25
- Other Investments in Equity Instruments (other than Joint Ventures and Associates)	-	-	53.28	53.28
- Other Investments in Partnership Firms	-	-	26.60	26.60
- Other Investments in Preference Shares	-	-	142.94	142.94
<b>4) Hedging Instruments</b>				
- Derivative Assets	-	423.80	-	423.80
<b>Financial Liabilities:</b>				
<b>1) Measured at Amortised Cost</b>				
- Non-Current Borrowings	635.78	26,286.90	17,424.82	44,347.50
- Policyholders Liabilities	30,160.19	-	30,713.19	60,873.38
<b>2) Hedging Instruments</b>				
- Derivative Liabilities	-	159.60	-	159.60
<b>As at 31<sup>st</sup> March 2021</b>				
<b>Financial Assets:</b>				
<b>1) Measured at Amortised Cost</b>				
- Investments of Insurance Business	7,409.63	8,997.65	-	16,407.28
- Loans (incl. Loans related to NBFC/HFC business)	-	12,984.79	46,945.58	59,930.37
- Re-insurance Assets	-	-	814.55	814.55
- Other Investments (Non Current): Fixed Deposits with financial institutions with maturity less than twelve months	-	300.00	-	300.00
<b>2) Measured at Fair Value through Other Comprehensive Income</b>				
- Investments of Insurance Business	4,607.28	5,573.45	0.79	10,181.52
- Other Investments in Debentures or Bonds	-	133.73	-	133.73
- Other Investments in Equity Instruments (other than Joint Ventures and Associates)	8,195.38	-	608.91	8,804.29

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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]	18,633.72	10,536.60	120.60	29,290.92
- Other Investments in Mutual Funds, Debentures or Bonds and Private Equity Investment Funds	569.30	15,606.91	476.78	16,652.99
- Other Investments in Equity Instruments (other than Joint Ventures and Associates)	-	-	27.30	27.30
- Other Investments in Partnership Firms	-	-	15.91	15.91
- Other Investments in Preference Shares	-	-	140.51	140.51
<b>4) Hedging Instruments</b>				
- Derivative Assets	-	493.26	-	493.26
<b>Financial Liabilities:</b>				
<b>1) Measured at Amortised Cost</b>				
- Non-Current Borrowings	322.09	28,298.28	25,093.10	53,713.47
- Policyholders Liabilities	27,967.34	-	24,509.13	52,476.47
<b>2) Hedging Instruments</b>				
- Derivative Liabilities	-	68.67	-	68.67

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 was 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, 2022 and 31<sup>st</sup> March, 2021, there was no transfer between Level 1 and Level 2 fair value measurement.

#### 4.9.1 Key Inputs for Level 1 and Level 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 Investments (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 and Partnershipship Firms (LLP)	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 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 ₹ 7.49 Crore or increase by ₹ 7.82 Crore (as at 31<sup>st</sup> March, 2021: decrease by ₹ 44.43 Crore or increase by ₹ 99.23 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 ₹ 5.06 Crore or increase by ₹ 5.29 Crore (as at 31<sup>st</sup> March 2021: decrease by ₹ 5.39 Crore or increase by ₹ 5.12 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, 2022</b>				
Private Equity Investment Funds	Price to Book Value Method	(Valuation at 10% discount compare to peer group)	0.45-0.55	19.88
<b>As on 31<sup>st</sup> March, 2021</b>				
Private Equity Investment Funds	Price to Book Value Method	(Valuation at 10% discount compare to peer group)	0.45-0.55	19.05

##### (ii) Financial Assets related to Other Business of ABCL as at 31st March 2022

Financial Assets	₹ in Crore			
	31 <sup>st</sup> March, 2022		31 <sup>st</sup> March, 2021	
	Favourable changes (+10%)	Unfavourable changes (-10%)	Favourable changes (+10%)	Unfavourable changes (-10%)
Equity Shares	0.24	(0.24)	0.21	(0.21)
Preference Shares	-	-	-	-
Others (Security Receipts, Alternate Funds, etc.)	19.10	(19.10)	23.84	(23.84)

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**4.9.3** The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values:

	₹ in Crore	
Particulars	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
<b>Opening Balances</b>	<b>2,205.35</b>	<b>2,110.52</b>
Add: Purchase of Investments during the year	149.57	177.34
Add: Fair Value gain recognised in Other Income in the Statement of Profit and Loss	46.90	51.46
Add: Fair value loss recognised in OCI	54.48	147.44
Less: Movement in Other Current Asset of Insurance Business	(286.09)	(2.66)
Add: Movement of Re-insurance Assets	442.24	128.32
Less: Sale/(Redemption) of Investments	(252.03)	(407.07)
<b>Closing Balances</b>	<b>2,360.42</b>	<b>2,205.35</b>

## 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



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## 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 E-mail 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."

## 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 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 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 contracts 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.

## 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.

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## Insurance Contracts Liabilities: Change in Liabilities

₹ in Crore

Particulars	Year Ended 31 <sup>st</sup> March, 2022				Year Ended 31 <sup>st</sup> March, 2021			
	With DPF	Linked Business	Others	Total	With DPF	Linked Business	Others	Total
<b>Gross Liability at the beginning of the Year</b>	4,820.53	20,198.66	11,852.69	36,871.88	3,528.79	16,478.86	9,142.91	29,150.56
<b>Add/(Less)</b>								
Premium	1,506.70	2,664.95	5,090.14	9,261.79	1,406.11	2,285.76	3,667.29	7,359.16
Unwinding of the Discount /Interest Credited	462.82	2,666.28	1,259.69	4,388.79	317.72	5,145.50	908.93	6,372.15
Insurance Liabilities Released	(253.03)	(3,787.38)	(2,008.47)	(6,048.88)	(211.87)	(3,273.45)	(1,235.96)	(4,721.28)
Others (Expense overrun, Contribution from S/H and Profit/Loss)	(263.97)	(486.83)	(468.52)	(1,219.32)	(220.22)	(438.01)	(630.48)	(1,288.71)
<b>Gross Liability at the end of the Year</b>	6,273.05	21,255.67	15,725.53	43,254.26	4,820.53	20,198.66	11,852.69	36,871.88
Recoverable from Reinsurance	8.71	29.48	1,218.60	1,256.79	8.73	40.36	765.46	814.55
<b>Net Liability</b>	<b>6,264.34</b>	<b>21,226.20</b>	<b>14,506.93</b>	<b>41,997.47</b>	<b>4,811.80</b>	<b>20,158.30</b>	<b>11,087.23</b>	<b>36,057.33</b>

## Investment Contracts Liabilities

₹ in Crore

Particulars	Year Ended 31 <sup>st</sup> March, 2022				Year Ended 31 <sup>st</sup> March, 2021			
	With DPF	Linked Business	Others	Total	With DPF	Linked Business	Others	Total
<b>At the beginning of the Year</b>	5,939.40	8,150.46	293.16	14,383.02	4,504.55	6,744.91	222.38	11,471.84
<b>Additions</b>								
Premium	1,517.67	1,195.79	164.98	2,878.44	1,408.57	909.50	97.99	2,416.06
Interest and Bonus Credited to Policyholders	239.98	697.03	28.63	965.65	239.59	1,172.09	22.09	1,433.77
<b>Deductions</b>								
Withdrawals/Claims	1,189.17	848.70	34.15	2,072.03	334.92	661.70	26.11	1,022.73
Fee Income and Other Expenses	4.08	11.97	1.29	17.34	6.34	15.07	1.18	22.59
Others Profit and Loss	(211.25)	(57.60)	22.16	(246.69)	(127.95)	1.74	22.01	(104.20)
Others (includes DAC, DOF and Profit/Loss)	-	(1.95)	-	(1.95)	-	(2.47)	-	(2.47)
<b>At the end of the Year</b>	<b>6,715.05</b>	<b>9,242.17</b>	<b>429.17</b>	<b>16,386.39</b>	<b>5,939.40</b>	<b>8,150.46</b>	<b>293.16</b>	<b>14,383.02</b>

## Reinsurance Assets

₹ in Crore

Particulars	Year Ended	Year ended
	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
<b>At the beginning of the year</b>	<b>814.55</b>	<b>686.23</b>
Add/(Less)		
Premium	498.78	292.94
Unwinding of the Discount /Interest credited	53.22	45.78
Change in Valuation for Expected Future Benefits		
Insurance Liabilities Released	(690.46)	(321.31)
Others (Experience Variations)	580.70	110.91
<b>At the end of the year</b>	<b>1,256.80</b>	<b>814.55</b>

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

## Deferred Acquisition Cost

₹ in Crore

Particulars	Year Ended 31 <sup>st</sup> March, 2022	Year ended 31 <sup>st</sup> March, 2021
<b>As at 1<sup>st</sup> April</b>	<b>3.90</b>	<b>5.57</b>
Expenses Deferred	-	-
Amortisation	(1.32)	(1.67)
<b>As at 31<sup>st</sup> March</b>	<b>2.58</b>	<b>3.90</b>

## Insurance Contracts Liabilities: Change in liabilities of Health Insurance Business

₹ in Crore

Particulars	Current Year 31 <sup>st</sup> March, 2022	Previous Year 31 <sup>st</sup> March, 2021
Gross Liability at the beginning of the year	610.72	390.63
Add/(Less)		
Incurred but not reported (IBNR) Provision	(5.14)	68.04
Premium Deficiency Reserve	-	-
Reserve for Unexpired Risk	194.12	213.71
Freelook Reserve	(0.03)	0.54
Gross Liability		
Recoverable from Re-insurance	(35.32)	(62.20)
<b>Net Liability</b>	<b>764.35</b>	<b>610.72</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.

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.

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

## 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.

## 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-22	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
<b>Insurance</b>						
With DPF	75% - 223% of IALM2012-14	87.5% - 223% of IALM 2012-14	7.15% pa	6.95% p.a.	PY1: 10% - 25% PY2: 2% - 10% PY3+: 1% - 2% (varying by product)	PY1: 10% - 25% PY2: 7.5% - 10% PY3+: 2% (varying by product)
Linked Business	55% of IALM2012-14	61% of IALM2012-14	a) 9.0% pa for assets backing linked liabilities b) 6.9% pa for asset backing non-unit liabilities	a) 9.0% p.a. for assets backing linked liabilities b) 6.5% p.a. for asset backing non-unit liabilities	PY1: 10%-35% PY2: 5% - 35% PY3+: 3% -20% (varying by product and duration)	PY1: 10%-35% PY2: 5% - 25% PY3+: 3% -15% (varying by product and duration)
Others	20%-292.5% of IALM2012-14	20%-429% of IALM2012-14	6.70%-7.55% pa	6.08%-7.7% p.a.	PY1: 0%-40% PY2: 0% - 15% PY3+: 1% -12% (varying by product and duration)	PY1: 0%-40% PY2: 0% - 25% PY3+: 1% -25% (varying by product and duration)

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

Portfolio Assumptions by Type of Business Impacting Net Liabilities	Partial Withdrawal		Renewal Per Policy Expense Assumptions		Inflation	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
<b>Insurance</b>						
With DPF	N/A	N/A	Max 745 policy	422-645 Per policy	0.05	0.05
Linked Business	0% - 3% p.a.	0% - 3% p.a.	745 Per policy	645 Per policy	0.05	0.05
Others	N/A	N/A	Max 745 Per policy (varies by product)	Max 645 Per policy (varies by product)	0.05	0.05

\*Commission scales have been allowed in accordance with the product filing with IRDA.

## 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 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%	6,227.30	36,711.55	6,715.06	9,600.79	4,775.24	31,750.83	5,939.41	8,425.78
Lapses Decreased by 10%	6,320.65	37,261.89	6,715.06	9,744.72	4,867.61	32,365.57	5,939.41	8,462.78
Mortality Increased by 10%	6,306.67	37,179.46	6,715.06	9,723.16	4,845.29	32,238.56	5,939.41	8,451.30
Mortality Decreased by 10%	6,240.18	36,787.49	6,715.06	9,620.65	4,795.78	31,869.35	5,939.41	8,435.37
Expenses Increased by 10%	6,311.48	37,207.82	6,715.06	9,730.58	4,869.06	32,302.88	5,939.41	8,472.72
Expenses Decreased by 10%	6,235.14	36,757.81	6,715.06	9,612.89	4,772.34	31,803.94	5,939.41	8,420.08
Interest Rate Increased by 100 bps	6,273.04	36,781.51	6,715.06	9,961.46	4,820.52	31,928.07	5,939.41	8,621.84
Interest Rate Decreased by 100 bps	6,273.04	37,177.20	6,715.06	9,400.52	4,820.52	32,273.25	5,939.41	8,317.58
Inflation Rate Increased by 100 bps	6,319.85	37,257.15	6,715.06	9,743.48	4,892.88	32,255.39	5,939.41	8,467.98
Inflation Rate Decreased by 100 bps	6,234.15	36,751.93	6,715.06	9,611.35	4,765.17	31,731.88	5,939.41	8,426.97

## 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.

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.

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

## Industry Analysis

As on 31<sup>st</sup> March, 2022

₹ in Crore

Particulars	Infrastructure	Financial and Insurance	Government	IT Services	Manufacturing	Others	Total
<b>1 FVTOCI Financial Assets</b>							
Policyholders							
Debt	318.04	3,068.82	-	32.34	244.59	161.79	3,825.59
Government Securities			4,295.73	19.85	-	27.70	4,343.28
Others		29.32	387.53				416.85
Shareholders							
Debt	293.06	1,175.25	-	16.75	261.99	92.59	1,839.64
Equity	-	92.82	-	-	-	-	92.82
Government Securities	-	-	1,266.54	-	-	27.70	1,294.25
Others	-	-	78.87	-	-	-	78.87
<b>2 Financial Assets at FVTPL</b>							
Policyholders							
Debt	1,178.97	5,288.84	-	166.93	1,028.99	126.19	7,789.92
Equity	1,599.31	3,929.01	-	2,384.42	6,641.45	400.90	14,955.08
Government Securities	-	10.55	7,001.57	-	-	-	7,012.12
Mutual Fund Units	-	598.40	-	-	-	78.30	676.70
Others	-	502.52	1,358.06	-	36.41	(165.49)	1,731.50
Shareholders							
Debt	-	25.41	-	-	-	0.45	25.86
Equity	-	9.93	-	-	-	-	9.93
Mutual Fund Units	-	28.50	-	-	-	20.01	48.51
<b>3 Amortised Cost Financial Assets</b>							
Policyholders							
Debt	1,546.62	4,161.27	-	43.44	194.50	20.28	5,966.11
Government Securities	-	-	12,335.04	30.05	-	-	12,365.09
Others	-	-	977.23	-	-	-	977.23
Shareholders							
Others						2.57	2.57
<b>Total Credit Risk Exposure</b>	<b>4,936.00</b>	<b>18,920.64</b>	<b>27,700.57</b>	<b>2,693.78</b>	<b>8,407.93</b>	<b>792.99</b>	<b>63,451.91</b>

As on 31<sup>st</sup> March, 2021

₹ in Crore

Particulars	Infrastructure	Financial and Insurance	Government	IT Services	Manufacturing	Others	Total
<b>1 FVOCI Financial Assets</b>							
Policyholders							
Debt	299.15	2,815.95	-	33.15	214.74	143.98	3,506.97
Government Securities	-	-	3,434.33	20.12	-	49.31	3,503.76
Others	-	74.21	323.95	-	-	-	398.16
Shareholders							
Debt	224.04	907.80	-	17.03	178.78	92.24	1,419.89
Equity	-	106.03	-	-	-	-	106.03
Government Securities	-	-	1,033.31	-	-	28.13	1,061.44
Others	-	14.80	170.49	-	-	-	185.29

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

₹ in Crore

Particulars	Infrastructure	Financial and Insurance	Government	IT Services	Manufacturing	Others	Total
<b>2 Financial Assets at FVTPL</b>							
Policyholders							
Debt	1,278.18	4,799.87	-	224.45	1,119.28	168.83	7,590.61
Equity	1,107.22	3,395.65	-	1,726.84	5,249.98	326.20	11,805.89
Government Securities	-	10.73	7,193.58	-	-	17.80	7,222.11
Mutual Fund Units	-	499.36	-	-	-	100.09	599.45
Others	39.92	417.37	1,364.19	-	-	120.60	1,942.08
Shareholders							
Debt	-	25.97	-	-	-	-	25.97
Equity	-	103.61	-	-	-	-	103.61
Mutual Fund Units	-	1.19	-	-	-	-	1.19
Others							-
<b>3 Amortised Cost Financial Assets</b>							
Policyholders							
Debt	1,483.26	3,915.64	-	43.89	208.51	20.28	5,671.58
Government Securities	-	-	9,170.46	30.05	-	-	9,200.51
Others	-	9.70	750.15	-	-	-	759.85
<b>Total Credit Risk Exposure</b>	<b>4,431.77</b>	<b>17,097.88</b>	<b>23,440.46</b>	<b>2,095.53</b>	<b>6,971.29</b>	<b>1,067.46</b>	<b>55,104.40</b>

## Credit exposure by credit rating

As on 31<sup>st</sup> March, 2022

₹ in Crore

Particulars	UNR	SOVEREIGN	AAA	AA+	AA-	AA	Others	Total
<b>1 FVOCI Financial Assets</b>								
Policyholders								
Debt			3,494.73	68.00		254.64	8.22	3,825.59
Government Securities		4,295.72	47.55					4,343.27
Others	5.31	387.53	24.02					416.86
Shareholders								-
Debt			1,288.45	61.99	72.83	390.01	26.36	1,839.64
Equity	92.82							92.82
Government Securities		1,266.54	27.70					1,294.24
Others		78.87						78.87
<b>2 Financial Assets at FVTPL</b>								
Policyholders								
Debt			6,734.46	564.46	57.72	429.40	3.87	7,789.91
Equity	14,606.70		314.23	16.73	-	17.42	-	14,955.08
Government Securities		7,001.57	10.55					7,012.12
Mutual Fund Units	598.40						78.30	676.70
Others	41.00	1,358.06	497.93				(165.49)	1,731.50
Shareholders								
Debt			25.41				0.45	25.86
Equity	-			5.58		4.36		9.94
Mutual Fund Units	-	-	-	-	-	-	48.51	48.51
<b>3 Amortised Cost Financial Assets</b>								
Policyholders								
Debt	-	-	5,531.46	210.27	20.90	179.39	24.09	5,966.11
Government Securities	-	12,335.04	30.05	-	-	-	-	12,365.09
Others	-	977.23	-	-	-	-	2.57	979.80
<b>Total Credit Risk Exposure</b>	<b>15,344.23</b>	<b>27,700.56</b>	<b>18,026.54</b>	<b>927.03</b>	<b>151.45</b>	<b>1,275.21</b>	<b>26.88</b>	<b>63,451.91</b>



# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

As on 31<sup>st</sup> March, 2021

₹ in Crore

Particulars	UNR	SOVEREIGN	AAA	AA+	AA-	AA	Others	Total
<b>1 FVOCI Financial Assets</b>								
Policyholders								
Debt	-	-	3,229.16	21.40	-	242.22	14.19	3,506.97
Government Securities	-	3,434.33	69.43	-	-	-	-	3,503.76
Others	6.29	323.95	67.92	-	-	-	-	398.16
Shareholders								
Debt	-	-	970.19	29.51	101.60	267.23	51.36	1,419.89
Equity	106.03	-	-	-	-	-	-	106.03
Government Securities	-	1,033.31	28.13	-	-	-	-	1,061.44
Others	-	170.49	14.80	-	-	-	-	185.29
<b>2 Financial Assets at FVTPL</b>								
Policyholders								
Debt	-	-	6,515.00	164.64	122.73	768.45	19.79	7,590.61
Equity	11,520.70	-	134.12	69.79	-	81.28	-	11,805.89
Government Securities	-	7,193.59	28.53	-	-	-	-	7,222.11
Mutual Fund Units	499.36	-	-	-	-	-	100.09	599.45
Others	20.19	1,364.19	437.11	-	-	-	120.60	1,942.09
Shareholders								
Debt	-	-	25.97	-	-	-	-	25.97
Equity	-	-	-	53.52	-	50.09	-	103.61
Mutual Fund Units	-	-	-	-	-	-	1.19	1.19
<b>3 Amortised Cost Financial Assets</b>								
Policyholders								
Debt	-	-	5,248.77	115.26	25.02	222.82	59.71	5,671.58
Government Securities	-	9,170.46	30.05	-	-	-	-	9,200.51
Others	-	750.15	9.70	-	-	-	-	759.85
<b>Total Credit Risk Exposure</b>	<b>12,152.57</b>	<b>23,440.46</b>	<b>16,808.88</b>	<b>454.12</b>	<b>249.35</b>	<b>1,632.10</b>	<b>366.93</b>	<b>55,104.40</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.

## 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 marked-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).

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

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) recognized 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:

	₹ in Crore	
Movement of Allowances	Year Ended 31 <sup>st</sup> March, 2022	Year ended 31 <sup>st</sup> March, 2021
<b>Financial Assets</b>		
<b>As at 1<sup>st</sup> April</b>	<b>8.93</b>	<b>14.33</b>
Provided during the year	1.41	0.35
Amounts Written off	(0.19)	(5.75)
<b>As at 31<sup>st</sup> March</b>	<b>10.15</b>	<b>8.93</b>

## 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 group maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseeable interruption of cash flow.

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The group manages its product mix to ensure that there is no significant concentration of credit risk.

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, 2022

Particulars	Less Than 12 Months	More than 12 Months	Total
<b>Financial Liabilities</b>			
Other Financial Liabilities	1,492.11	0.61	1,492.72
Trade and Other Payables	491.39	-	491.39

As on 31<sup>st</sup> March, 2021

Particulars	Less Than 12 Months	More than 12 Months	Total
<b>Financial Liabilities</b>			
Other Financial Liabilities	1,330.24	-	1,330.24
Trade and Other Payables	430.40	-	430.40

## 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 Group 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 Group has investment policy in place, which deals with guidelines for asset allocation and portfolio limit structure, to ensure that assets back specific policyholders' liabilities.

The Group 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 Group'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.

## 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 Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group 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, 2022		As at 31 <sup>st</sup> March, 2021	
		Impact on Profit Before Tax	Impact on Equity*	Impact on Profit Before Tax	Impact on Equity
		₹ In Crore			
Interest Rate	25 Basis Point down	-	135.76	26.51	20.21
	50 Basis Point down	-	271.52	53.03	40.43
	25 Basis Point Up	-	(135.76)	(26.51)	(20.21)
	50 Basis Point Up	-	(271.52)	(53.03)	(40.43)

\* Shock only on Interest Rate given(FVOCI)) and hence no impact on Equity considered

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## Equity Price Risk

Equity market risk is the potential for financial loss arising from declines or volatility in equity market prices. The Group 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 Group 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.

₹ In Crore

Market indices	Change in Variables	As at 31 <sup>st</sup> March, 2022		As at 31 <sup>st</sup> March, 2021	
		Impact on Profit Before Tax	Impact on Equity	Impact on Profit Before Tax	Impact on Equity
BSE 100	10% rise	193.54	202.82	0.13	3.02
	10% fall	(193.54)	(202.82)	(0.13)	(3.02)

## 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 Group cannot expect to eliminate all operational risks but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Group 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 Group's strategic planning and budgeting process.

Operational risks are governed through Operational Risk Management policy. The Group maintains an operational loss database to track and mitigate risks resulting in financial losses. The Group 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 Group 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 Group.

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 Group 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.

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## Nature and Term of Outstanding Derivative Contracts

### a) Forward Rate Agreements

Particulars	₹ in Crore	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>i) Total notional principal amount of forward rate agreement undertaken during the year (Instrument-wise)</b>		
7.40% GOI 2035 (MD 09/09/2035)	-	73.81
7.62% GOI 2039 (MD 15/09/2039)	-	327.02
7.73% GOI 2034 (MD 19/12/2034)	67.10	170.24
7.95% GOI 2032 (28.08.2032)	-	390.25
8.13% GOI 2045 (MD 22/06/2045)	107.26	49.35
8.24% GOI 2033 (MD 10/11/2033)	-	82.15
8.28% GOI (MD 15/02/2032)	-	50.21
8.30% GOI 2040 (MD 02/07/2040)	50.68	26.97
8.30% GOI 2042 (MD 31/12/2042)	99.31	78.73
8.32% GOI (MD 02/08/2032)	-	135.85
8.33% GOI 2036 (07/06/2036)	269.73	199.61
8.83% GOI 2041 (MD 12/12/2041)	171.17	24.47
9.20% GOI 2030 (MD 30/09/2030)	-	30.00
9.23% GOI 2043 (MD 23/12/2043)	71.87	34.08
8.17% GOI 2044 (MD 01/12/2044)	79.79	30.05
7.06% GOI 2046 (MD 10/10/2046)	76.43	37.22
7.72% GOI 2055 (MD 26/10/2055)	164.51	-
7.63% GOI 2059 (MD 17/06/2059)	68.09	-
6.67% GOI 2050 (MD 17/12/2050)	187.26	-
6.64% GOI 2035 (MD 16/06/2035)	291.70	-
6.76% GOI 2061 (MD 22/02/2061)	78.07	-
7.50% GOI 2034 (10.08.2034)	47.49	-
6.99% GOI 2051 (MD 15/12/2051)	55.94	-
6.67% GOI 2035 (MD 15/12/2035)	38.22	-
<b>ii) Total notional principal amount of forward rate agreement outstanding as on end of the year (Instrument-wise)</b>		
7.40% GOI 2035 (MD 09/09/2035)	91.24	162.07
7.62% GOI 2039 (MD 15/09/2039)	403.08	437.44
7.73% GOI 2034 (MD 19/12/2034)	251.92	244.18
7.95% GOI 2032 (28.08.2032)	263.37	321.23
8.13% GOI 2045 (MD 22/06/2045)	156.61	49.35
8.24% GOI 2033 (MD 10/11/2033)	127.42	170.69
8.28% GOI (MD 15/02/2032)	50.21	50.21
8.30% GOI 2040 (MD 02/07/2040)	77.65	26.97
8.30% GOI 2042 (MD 31/12/2042)	267.71	195.43
8.32% GOI (MD 02/08/2032)	135.85	141.55
8.83% GOI 2041 (MD 12/12/2041)	230.36	73.39
8.97% GOI 2030 (MD 05/12/2030)	26.64	75.44
9.20% GOI 2030 (MD 30/09/2030)	327.74	450.81

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₹ in Crore

Particulars	As at	As at
	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
9.23% GOI 2043 (MD 23/12/2043)	95.73	28.28
8.17% GOI 2044 (MD 01/12/2044)	109.84	30.05
7.06% GOI 2046 (MD 10/10/2046)	113.65	37.22
7.63% GOI 2059 (MD 17/06/2059)	68.09	-
7.72% GOI 2055 (MD 26/10/2055)	164.51	-
6.67% GOI 2050 (MD 17/12/2050)	187.27	-
6.76% GOI 2061 (MD 22/02/2061)	78.07	-
6.64% GOI 2035 (MD 16/06/2035)	291.70	-
6.99% GOI 2051 (MD 15/12/2051)	55.94	-
7.50% GOI 2034 (10.08.2034)	47.49	-
6.67% GOI 2035 (MD 15/12/2035)	38.22	-

**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	As at
	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
7.40% GOI 2035 (MD 09/09/2035)	0.96	4.40
7.62% GOI 2039 (MD 15/09/2039)	(14.70)	(6.80)
7.73% GOI 2034 (MD 19/12/2034)	(2.27)	3.35
7.95% GOI 2032 (28.08.2032)	1.01	2.04
8.13% GOI 2045 (MD 22/06/2045)	(3.84)	(0.78)
8.24% GOI 2033 (MD 10/11/2033)	2.49	4.08
8.28% GOI (MD 15/02/2032)	2.67	2.25
8.30% GOI 2040 (MD 02/07/2040)	(1.43)	0.04
8.30% GOI 2042 (MD 31/12/2042)	(6.17)	(0.16)
8.32% GOI (MD 02/08/2032)	3.91	3.69
8.33% GOI 2036 (07/06/2036)	(7.61)	(0.70)
8.83% GOI 2041 (MD 12/12/2041)	(1.71)	1.31
8.97% GOI 2030 (MD 05/12/2030)	0.66	2.74
9.20% GOI 2030 (MD 30/09/2030)	4.70	7.78
9.23% GOI 2043 (MD 23/12/2043)	0.49	1.65
8.17% GOI 2044 (MD 01/12/2044)	(3.43)	(0.68)
7.06% GOI 2046 (MD 10/10/2046)	(1.84)	(0.43)
7.63% GOI 2059 (MD 17/06/2059)	(3.27)	-
7.72% GOI 2055 (MD 26/10/2055)	(4.00)	-
6.67% GOI 2050 (MD 17/12/2050)	(3.92)	-
6.76% GOI 2061 (MD 22/02/2061)	0.33	-
6.64% GOI 2035 (MD 16/06/2035)	(6.25)	-
6.99% GOI 2051 (MD 15/12/2051)	(0.63)	-
7.50% GOI 2034 (10.08.2034)	(0.22)	-
6.67% GOI 2035 (MD 15/12/2035)	0.09	-

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## c) Movement in Hedge Reserve

Hedge Reserve Account	₹ In Crore		
	As at 31 <sup>st</sup> March, 2022		
	Realised	Unrealised	Total
i) Balance at the beginning of the year	(34.67)	(79.27)	(113.94)
ii) Add: Changes in the Fair Value during the year and	(28.46)	53.42	24.96
iii) Less: Amounts reclassified to Revenue / Profit & Loss Account	(4.02)	-	(4.02)

Hedge Reserve Account	₹ In Crore		
	As at 31 <sup>st</sup> March, 2021		
	Realised	Unrealised	Total
i) Balance at the beginning of the year	0.32	(44.29)	(43.97)
ii) Add: Changes in the Fair Value during the year and	(34.67)	(33.30)	(67.97)
iii) Less: Amounts reclassified to Revenue / Profit & Loss Account	(2.00)	-	(2.00)

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
	i) Name of the Counter party	HSBC Bank/ J.P.Morgan/ Citi Bank/ Credit Suisse/ HDFC 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

## 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

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 and 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.

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## **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**

The NBFC and HFC by way of loan sanction letter and other loan securing documents agrees with its customers on collateral security to be provided by the customers in secured loan exposures that are subject to credit risk. Collateral security enables us to recover all or part of the outstanding exposure by liquidating the collateral asset provided, in cases where the borrower is unable or unwilling to fulfil its primary obligations.

Collateral security accepted could be in the form of:

- a) Financial collateral in the form of pledge of equity shares, units of mutual funds, assignment of life insurance policies;
- b) Current assets in the form of inventories meant for sale or receivables arising out of the sale of finished goods;
- c) Fixed asset (in the form of immovable properties – real estate, Plant and Machinery, Equipment);
- d) Third-party obligation (in the form of Irrevocable Unconditional Guarantee issued by Bank, Third party);
- e) Risk participation from Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE); and
- f) Assignment of borrower's rights and interests under agreements with third parties.

In addition, we also stipulates escrow of cash flows and a Debt Service Reserve Account (DSRA) for project loans. Collateral serves to mitigate the inherent risk of credit loss in an exposure, by either improving recoveries in the event of a default or substituting the borrower.

As part of the assessment of a credit transaction the availability, adequacy and suitability of collateral for the transaction is evaluated and decided upon. The processes includes verification of the title to the collateral offered and valuation by technical experts where warranted. We accept as collateral only securities of good quality and have in place legally effective and enforceable documentation.

For guarantee's taken, the guarantor's creditworthiness is assessed during the credit assessment process of the transaction. We have collateral type specific haircuts in place which are reviewed at intervals as appropriate to the type of collateral.

The NBFC and HFC recognises that collateral can be a credit mitigant (alternative source of repayment), but does not replace or dilute the underwriting standards the company adopts to underwrite credit exposures.



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## 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 and 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.

NBFC & HFC manages its liquidity requirement by analysing the maturity pattern of NBFC & HFC's cash flows of financial assets and financial liabilities. The Assets-Liabilities 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, 2022.

### Financial Liabilities

	₹ in Crore		
<b>As at 31st March, 2022</b>	<b>Within 12 Months</b>	<b>After 12 Months</b>	<b>Total</b>
Trade and Other Payables	255.03	-	255.03
Other Financial Liabilities	1,324.49	124.05	1,448.54
Borrowing & Debt Securities	21,347.02	39,894.61	61,241.63
<b>Total</b>	<b>22,926.54</b>	<b>40,018.66</b>	<b>62,945.20</b>

### Financial Liabilities

	₹ in Crore		
<b>As at 31st March, 2021</b>	<b>Within 12 Months</b>	<b>After 12 Months</b>	<b>Total</b>
Trade and Other Payables	136.08	-	136.08
Other Financial Liabilities	415.44	33.71	449.15
Borrowing & Debt Securities	19,315.03	39,576.12	58,891.15
<b>Total</b>	<b>19,866.55</b>	<b>39,609.83</b>	<b>59,476.38</b>

## 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 endeavors 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.

The analyses exclude the impact of movements in market variables on the carrying values of gratuity, other post-retirement obligations and provisions.

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, 2022 and 31<sup>st</sup> March, 2021.

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## 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.

₹ in Crore

Market Indices	Change in Interest rate	31 <sup>st</sup> March, 2022		31 <sup>st</sup> March, 2021	
		Impact on Profit Before Tax	Impact on Equity	Impact on Profit Before Tax	Impact on Equity
Interest Rate	25 Basis Point Down	62.63	46.67	52.59	39.24
	50 Basis Point Down	125.27	93.35	105.18	78.49
	25 Basis Point Up	(62.63)	(46.67)	(52.59)	(39.24)
	50 Basis Point Up	(125.27)	(93.35)	(105.18)	(78.49)

## 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.

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	31 <sup>st</sup> March, 2022	31 <sup>st</sup> March, 2021
Capital Adequacy Ratio of NBFC	21.77%	22.70%
Capital Adequacy Ratio of HFC	23.94%	21.73%

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 2022 and 31<sup>st</sup> March, 21.

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## Derivative Financial Instruments of NBFC and HFC Business

### Aditya Birla Housing Finance Limited

#### 1 Nature and Term of Outstanding Derivative Contracts:

##### a) Cross Currency Interest Rate Swaps (CCIRS)

₹ in Crore

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
i) Total notional principal amount of CCIRS agreement undertaken during the Year	354.45	354.45
ii) Total notional principal amount of CCIRS agreement outstanding as on end of the Year	354.45	354.45
iii) Maturity Date of CCIRS	30th October, 2022	30th October, 2022
iv) Hedge Ratio	1:1	1:1
v) Currency Pair	USD/INR	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:

₹ in Crore

Hedging Instrument	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
CCIRS	14.20	(3.07)

##### c) Movement in Hedge Reserve

₹ in Crore

Cash Flow Hedge Reserve Account	Realised	Unrealised	Total
<b>As at 31<sup>st</sup> March, 2022</b>			
i) Balance at the beginning of the Year	-	(12.05)	(12.05)
ii) Add: Changes in the fair value during the Year	22.29	17.22	39.51
iii) Less: Amounts reclassified to profit or loss	22.29	11.83	34.12
iv) Balance at the end of the Year	-	<b>(6.65)</b>	<b>(6.65)</b>
<b>As at 31<sup>st</sup> March, 2021</b>			
i) Balance at the beginning of the Year	-	(9.79)	(9.79)
ii) Add: Changes in the fair value during the Year	20.23	(13.77)	6.45
iii) Less: Amounts reclassified to profit or loss	20.23	(11.51)	8.71
iv) Balance at the end of the Year	-	<b>(12.05)</b>	<b>(12.05)</b>

Particulars	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
i) Name of the Counter Party	State Bank of India	State Bank of India
ii) Hedge Designation	Effective	Effective
iii) Exchange Rate (USD/INR)	70.89	70.89
iv) Interest Rate (p.a.)	7.79%	7.79%

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## 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	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities
<b>As at 31<sup>st</sup> March, 2022</b>			
<b>Part I</b>			
(i) Cross Currency Interest Rate Swaps	1,413.68	-	77.71
(ii) INR Interest Rate swaps	250.00	0.19	0.28
(iii) Currency forward	0.08	-	0.01
<b>Total</b>	<b>1,663.76</b>	<b>0.19</b>	<b>78.00</b>
<b>Part II</b>			
(i) Cash Flow Hedging			
- Interest Rate derivatives	250.00	0.19	0.28
- Cross Currency Interest Rate Swaps	1,413.68	-	77.71
- Currency Forward	0.08	-	0.01
<b>Total</b>	<b>1,663.76</b>	<b>0.19</b>	<b>78.00</b>
<b>As at 31<sup>st</sup> March, 2021</b>			
<b>Part I</b>			
(i) Cross Currency Interest Rate Swaps	1,463.68	-	30.63
(ii) Currency forward	0.36	-	0.01
<b>Total</b>	<b>1,464.04</b>	<b>-</b>	<b>30.64</b>
<b>Part II</b>			
(i) Cash Flow Hedging			
- Cross Currency Interest Rate Swaps	1,463.68	-	30.63
- Currency Forward	0.36	-	0.01
<b>Total</b>	<b>1,464.04</b>	<b>-</b>	<b>30.64</b>

### 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 borrowings 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 borrowings as per table below to cash outflows in INR with a notional amount of ₹ 1,463.68 Crore at fixed interest rate.

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Name of Lender	Foreign Currency Denominated Borrowing Amount	Interest Rate type	Notional Amount of swap (₹)	Interest Rate Swap type
<b>As at 31 March, 2022</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>1,896.66</b>		<b>1,463.68</b>	
<b>As at 31 March, 2021</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.

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, 2022</b>				
Cross Currency Interest Rate Swaps	1,413.68	(77.71)	Derivative Liability	(35.19)
Currency Forward	0.08	(0.01)	Derivative Liability	0.01
Interest Rate Swaps	250.00	0.09	Derivative Liability	0.09
<b>Total</b>	<b>1,663.76</b>	<b>(77.62)</b>		<b>(35.09)</b>
<b>As at 31<sup>st</sup> March, 2021</b>				
Cross Currency Interest Rate Swaps	1,463.68	30.53	Derivative Liability	(12.66)
Currency Forward	0.36	0.01	Derivative Liability	(0.01)
<b>Total</b>	<b>1,464.04</b>	<b>30.54</b>		<b>(12.66)</b>

Particulars	Notional Amounts	Accumulated fair value adjustment - Liability	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, 2022</b>				
Fixed Rate NCD	250.00	(0.03)	Derivative financial instruments	(0.03)
<b>Total</b>	<b>250.00</b>	<b>(0.03)</b>		<b>(0.03)</b>
<b>As at 31<sup>st</sup> March, 2021</b>				
Fixed Rate NCD	-	-	Derivative financial instruments	-
<b>Total</b>	<b>-</b>	<b>-</b>		<b>-</b>

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forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

The Impact of Hedged Items on the Balance Sheet is, as follows:

Particulars	₹ in Crore	
	Change in Fair Value Used for Measuring Ineffectiveness for the Year	Cash Flow Hedge Reserve as at end of the Year
<b>As at 31<sup>st</sup> March, 2022</b>		
Cross Currency Interest Rate Swaps	54.48	(5.70)
<b>Total</b>	<b>54.48</b>	<b>(5.70)</b>
<b>As at 31<sup>st</sup> March, 2021</b>		
Cross Currency Interest Rate Swaps	(12.66)	(25.00)
<b>Total</b>	<b>(12.66)</b>	<b>(25.00)</b>

Particulars	₹ in Crore	
	Total Hedging Gain / (Loss) Recognised in OCI	Ineffectiveness Recognised in Profit or Loss
<b>As at 31 March, 2022</b>		
Foreign Currency Denominated Floating Rate Borrowing	19.30	-
<b>Total</b>	<b>19.30</b>	<b>-</b>
<b>As at 31 March, 2021</b>		
Foreign Currency Denominated Floating Rate Borrowing	(12.66)	-
<b>Total</b>	<b>(12.66)</b>	<b>-</b>

## Note c): Movements in cash flow hedging reserve

Particulars	₹ in Crore	
	Cash Flow Hedging Reserve	
	As at 31 March, 2022	As at 31 March, 2021
<b>As at 1<sup>st</sup> April</b>	<b>(25.00)</b>	<b>(12.34)</b>
Add/Less: Changes in Fair Value	25.79	(16.91)
Add/Less: Deferred Tax	(6.49)	4.26
<b>As at 31<sup>st</sup> March</b>	<b>(5.70)</b>	<b>(25.00)</b>

## Note d): The following table shows the maturity profile of hedging derivatives based on their notional amounts.

Particulars	₹ in Crore		
	0 to 12 Months	1 to 5 Years	Total
<b>As at 31<sup>st</sup> March, 2022</b>			
(i) Cross Currency Interest Rate Swaps	1,413.68	-	1,413.68
(ii) Currency Forward	0.08	-	0.08
(iii) Interest Rate Swaps	-	250.00	250.00
<b>Total</b>	<b>1,413.76</b>	<b>250.00</b>	<b>1,663.76</b>
<b>As at 31<sup>st</sup> March, 2021</b>			
(i) Cross Currency Interest Rate Swaps	-	1,463.68	1,463.68
(ii) Currency Forward	0.36	-	0.36
<b>Total</b>	<b>0.36</b>	<b>1,463.68</b>	<b>1,464.04</b>

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## 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."

### 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.

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## 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.

## 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.



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## C. 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.

The sources of risks which the Group is exposed to and their management are given below:

Risks	Exposure Arising From	Measurement	Management
<b>Market Risk:</b>			
- Foreign Exchange Risk	Committed commercial transactions, Financial Assets and Liabilities not denominated in INR	Cash Flow Forecasting, Sensitivity Analysis	Forward foreign exchange contracts and currency swaps
- 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 and Duration Management for Mutual Fund Schemes
- Equity Price Risk	Investments (other than Subsidiaries, Joint Ventures and Associates which are carried at cost)	Financial Performance of the Investee Companies 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
<b>Credit Risk</b>	Trade Receivables, Investments, Derivative Financial Instruments, ICDs	Ageing Analysis, Credit Rating, Counter party Credit Evaluation	Diversification of mutual fund investments and portfolio credit monitoring, credit limit and credit worthiness monitoring, criteria based approval process
<b>Liquidity Risk</b>	Borrowings and Other Liabilities	Rolling Cash Flow Forecasts, Long Range Business Forecast	Adequate unused credit lines and borrowing facilities, sufficient cash and marketable securities
<b>Commodity Price Risks</b>	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.

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

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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/joint ventures.

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 2022 are not denominated in Indian Rupees. The sensitivities do not take into account the Group'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 31st March, 2022

	USD	EUR	GBP	JPY	CAD	CNY/CNH	SEK	AUD	CHF	Others*	Total
₹ in Crore											
<b>Effect of 5% Strengthening of INR</b>											
On Profit	(36.07)	20.85	(1.91)	35.23	(2.04)	0.00	33.01	0.17	0.02	0.01	49.27
On Equity	(4.15)	(0.46)	(1.22)	-	-	-	1.24	-	(0.10)	0.01	(4.68)
<b>Effect of 5% Diminishing of INR</b>											
On Profit	36.07	(20.85)	1.91	(35.23)	2.04	(0.00)	(33.01)	(0.17)	(0.02)	(0.01)	(49.27)
On Equity	4.15	0.46	1.22	-	-	-	(1.24)	-	0.10	(0.01)	4.68

\* Others represents currency in Bangladeshi Taka, Kuwaiti Dinar, Sri Lankan Rupees, Mozambique New Metical, Omani Rial, Philippines Peso, Tanzanian Shilingi, etc.

Effect as 31st March, 2021

	USD	EUR	GBP	JPY	CAD	CNY/CNH	SEK	AUD	Others*	Total
₹ in Crore										
<b>Effect of 5% Strengthening of INR</b>										
On Profit	(78.60)	1.82	(1.50)	0.41	(2.03)	(5.40)	0.04	6.75	0.01	(78.50)
On Equity	(14.22)	(0.34)	(1.01)	-	-	-	-	1.02	0.01	(14.54)
<b>Effect of 5% Diminishing of INR</b>										
On Profit	78.60	(1.82)	1.50	(0.41)	2.03	5.40	(0.04)	(6.75)	(0.01)	78.50
On Equity	14.22	0.34	1.01	-	-	-	-	(1.02)	(0.01)	14.54

\* Others represents currency in Bangladeshi Taka, 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 Group 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 Group pays interest at the fixed rate to the swap counterparty in INR and receives the floating interest payments based on LIBOR in foreign currency.

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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.

## (a) Cash Flow Hedge

Details of Foreign Exchange Forward Contracts and Interest Rate and Cross Currency Swap Outstanding as on 31<sup>st</sup> March, 2022

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)	
		Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
<b>Foreign Exchange Risk</b>									
<b>1) Foreign exchange forward contracts Outstanding as on 31<sup>st</sup> March 2022</b>									
a	USD	1.08	1.07	73.48	76.99	79.71	82.38	0.43	(0.14)
b	EUR	0.16	0.27	87.88	87.44	14.06	23.61	(0.53)	(0.53)
c	AUD	0.44	-	58.34	-	25.67	-	0.12	-
d	GBP	-	0.24	-	105.92	-	25.42	-	(0.62)
<b>2) Cross Currency Interest Rate Swaps Outstanding as on 31<sup>st</sup> March 2022</b>									
a	USD *	0.01	-	76.68	-	0.60	-	0.54	1.31
<b>3) Currency Options Outstanding as on 31<sup>st</sup> March 2022</b>									
a	USD	-	-	-	-	-	-	-	-

\* It has been repaid on 31<sup>st</sup> August 2021

Details of Foreign Exchange Forward Contracts and Interest Rate and Cross Currency Swap Outstanding as on 31<sup>st</sup> March, 2021

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)	
		Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
<b>Foreign Exchange Risk</b>									
<b>1) Foreign exchange forward contracts Outstanding as on 31<sup>st</sup> March 2021</b>									
a	USD	0.45	0.67	74.38	74.51	33.68	49.62	0.03	(0.23)
b	EUR	0.33	0.09	92.53	89.77	30.11	8.22	(1.19)	(0.29)
c	CNH	0.59	0.00	11.40	1.00	6.74	0.00	(0.11)	0.00
d	SEK	-	0.04	-	81.06	-	3.32	-	0.04
e	AUD	0.44	-	58.57	-	25.90	-	(0.09)	-
f	GBP	-	0.22	-	102.59	-	22.22	-	0.22
<b>2) Cross Currency Interest Rate Swaps Outstanding as on 31<sup>st</sup> March 2021</b>									
a	USD	8.32	-	65.20	-	542.44	-	68.90	-
<b>3) Currency Options Outstanding as on 31<sup>st</sup> March 2021</b>									
a	USD	20.00	-	72.50	-	1,450.00	-	27.83	-

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## 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)
0 to 2 years	31 <sup>st</sup> March, 2022	1.04%	7.00	(0.34)
0 to 2 years	31 <sup>st</sup> March, 2021	5.36%	14.32	(21.51)

## 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)
0 to 2 years	31 <sup>st</sup> March, 2022	-	-	-	-
0 to 2 years	31 <sup>st</sup> March, 2021	7.84%	67.53	7.32	36.86

## Currency Options:

Particulars	As at	Average Exchange Rate (USD/INR)	Nominal Amount USD Crore	Fair Value Assets/(Liabilities) (₹ in Crore)
0 to 2 years	31 <sup>st</sup> March, 2022	72.52	20.00	396.68
0 to 2 years	31 <sup>st</sup> March, 2021	72.52	20.00	345.78

\*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	As at 31 <sup>st</sup> March, 2022		As at 31 <sup>st</sup> March, 2021	
	Effective Hedge (OCI)	Ineffective Hedge (Profit and Loss)	Effective Hedge (OCI)	Ineffective Hedge (Profit and Loss)
	₹ In Crore			
Gain/(Loss)	(2.26)	-	8.48	2.50

## (b) Fair Value Hedge

Details of Foreign Exchange Forward Contracts Outstanding as on 31<sup>st</sup> March, 2022

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	
a	USD	30.41	0.40	76.71	75.96	2,332.72	30.36	(4.59)	12.56	05-04-2022 to 30-09-2022
b	EUR	2.79	1.34	89.79	86.98	250.32	116.94	0.42	1.02	25-04-2022 to 27-09-2022
c	CHF	-	0.03	-	83.26	-	2.86	-	-	30-06-2022
d	JPY	0.50	-	0.66	-	0.33	-	-	0.02	31-05-2022
e	AUD	5.03	-	57.08	-	287.09	(0.00)	0.00	(3.79)	08-04-2022 to 24-03-2023
f	CNY/RMB/CNH	0.48	0.07	11.95	11.95	5.73	0.84	(0.00)	(0.01)	29-04-2022
g	GBP	-	0.19	-	104.50	-	20.24	0.81	-	25-04-2022 to 27-09-2022

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Details of Foreign Exchange Forward Contracts Outstanding as on 31<sup>st</sup> March, 2021

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	
a	USD	13.51	0.42	74.75	73.76	1,009.89	30.86	(3.77)	5.24	12-04-2021 to 30-09-2021
b	EUR	0.94	0.50	91.16	76.76	85.94	38.74	0.74	2.45	12-04-2021 to 18-02-2022
c	CNH	0.66	-	11.02	-	7.25	-	0.11	0.01	30-06-2021
d	JPY	11.82	-	0.70	-	8.28	-	-	0.40	30-06-2021
e	AUD	1.26	-	57.12	-	71.88	-	-	(0.05)	15-04-2021 to 10-02-2022
f	GBP	-	0.15	-	100.41	-	15.29	(0.22)	-	20-04-2021 to 22-11-2021

## 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:

Particulars	Total Borrowings	Floating Rate Borrowings	Fixed Rate Borrowings	₹ in Crore
				Non-Interest Bearing Borrowings
INR	12,392.10	1,877.74	10,126.41	387.95
USD	3,335.29	303.59	3,031.70	-
<b>Total as at 31<sup>st</sup> March, 2022</b>	<b>15,727.39</b>	<b>2,181.33</b>	<b>13,158.11</b>	<b>387.95</b>
INR	21,057.50	8,797.13	11,829.51	430.86
USD	4,820.40	240.60	4,579.80	-
BHD	0.84	0.84	-	-
<b>Total as at 31<sup>st</sup> March, 2021</b>	<b>25,878.74</b>	<b>9,038.57</b>	<b>16,409.31</b>	<b>430.86</b>

Note: Interest rate risk hedged for Foreign Currency borrowings has been shown under Fixed Rate borrowings.

### Interest Rate Sensitivities for Floating Rate Borrowings (impact of increase in 1%):

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).

Particulars	31 <sup>st</sup> March, 2022		31 <sup>st</sup> March, 2021	
	Impact On		Impact On	
	Profit Before Tax	Equity	Profit Before Tax	Equity
INR	(18.78)	(12.22)	(87.97)	(57.23)
USD	(3.04)	(1.98)	(2.41)	(1.57)
BHD	-	-	(0.01)	(0.01)

Note: If the rate is decreased by 100 bps the Profit Before Tax will increase by an equal amount.

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The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate borrowings, which is monitored on continuous basis. For foreign currency 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 Group constantly monitors the credit markets and rebalances its financing strategies to achieve an optimal maturity profile and financing cost.

### 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, 2022, would increase/decrease by ₹ 579.20 (for the year ended 31<sup>st</sup> March, 2021 by ₹ 399.08 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, 2022 is ₹ 5,050.47 Crore (excluding ₹ 371.89 Crore of Insurance and NBFC/HFC Business) {31<sup>st</sup> March, 2021: ₹ 4,114.20 Crore (excluding ₹ 227.58 Crore of Insurance and NBFC/HFC Business)}.

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.

#### Movement of Loss Allowance:

	₹ in Crore	
Particulars	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
<b>Provision at the beginning of the year:</b>	<b>222.58</b>	<b>242.80</b>
Add: Provided during the Year	13.50	26.53
Less: Utilised during the Year	(10.96)	(11.76)
Less: Written Back during the Year	(26.22)	(0.03)
Less: Transferred to Liabilities Classified as Held for Sale	-	(33.00)
Effect of Foreign Conversion	2.91	(1.96)
<b>Provision at the end of the year:</b>	<b>201.81</b>	<b>222.58</b>

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## b. Investments, Derivative Instruments, Cash and Cash Equivalents and Bank Deposits:

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.

Investments of surplus funds are made only with approved Financial Institutions/Counterparties. 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 and NBFC/HFC Business) as on 31<sup>st</sup> March, 2022 is ₹ 23,251.83 Crore (31<sup>st</sup> March, 2021 ₹ 24,098.69 Crore).

### Financial Guarantees:

The Group has given corporate guarantees of ₹ 1.70 Crore (previous year ₹ 1.70 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. 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 and long range business forecasts on the basis of expected cash flows.

The table below provides details of financial liabilities and financial assets as on the reporting date.

	₹ in Crore			
As at 31st March, 2022	Less than 1 Year	1 to 5Years	More than 5 Years	Total
<b>Financial Liabilities</b>				
Borrowings (including Current Maturities of Long-term Debts)*	7,028.72	5,430.36	4,190.45	16,649.53
Trade Payables	10,638.57	-	-	10,638.57
Supplier's Credit	183.40	-	-	183.40
Interest Accrued but not Due on Borrowings	314.84	-	-	314.84
Other Financial Liabilities (excluding Derivative Liabilities)	4,927.62	48.06	2.44	4,978.12
Lease Liabilities *	193.96	725.35	854.64	1,773.95
Deferred Premium Payable *	47.95	190.94	191.20	430.09
Derivative Liabilities	22.88	-	-	22.88
<b>Liquid Financial Assets</b>				
Surplus Investments in Mutual Funds, Bonds, Fixed Deposits with Corporates and Banks and Larsen & Toubro Shares.	10,154.58	888.38	384.88	11,427.84

\* Contractual amount

# Notes

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₹ in Crore				
As at 31st March, 2021	Less than 1 Year	1 to 5Years	More than 5 Years	Total
<b>Financial Liabilities</b>				
Borrowings (including Current Maturities of Long-term Debts)*	8,439.57	8,171.77	9,810.35	26,421.69
Trade Payables	7,350.05	-	-	7,350.05
Interest Accrued but not Due on Borrowings	355.25	-	-	355.25
Other Financial Liabilities (excluding Derivative Liabilities)	4,091.75	11.45	0.70	4,103.90
Lease Liabilities *	188.35	763.99	937.23	1,889.57
Deferred Premium Payable *	47.82	191.14	238.95	477.91
Derivative Liabilities	15.16	2.21	-	17.37
<b>Liquid Financial Assets</b>				
Derivative Assets	24.60	-	-	24.60
Surplus Investments in Mutual Funds, Bonds, Fixed Deposits with Corporates and Banks and Larsen & Toubro Shares.	15,847.11	1,087.33	314.27	17,248.71

\* 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 the 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 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
Total Debt (Bank and Other Borrowings)	15,727.39	25,878.74
Less: Liquid Investments (Mutual Funds, Bonds, Fixed Deposits with Corporates and Banks and Larsen & Toubro Shares)	11,427.84	17,248.71
Net Debt	4,299.55	8,630.03
Owner's Equity	75,698.23	64,475.96
<b>Net Debt to Equity</b>	<b>0.06</b>	<b>0.13</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, Outside liabilities to Net Worth etc., which is maintained by the Group.



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## 4.12 ADDITIONAL INFORMATION DETAILS

### 4.12.1 Government Grants (Ind AS 20)

- a) Other Operating Revenue (Note 3.1) includes incentives against capital investments received by UltraTech Cement Limited amounting to ₹ 456.43 Crore (Previous Year ₹ 233.03 Crore) under the State Investment Promotion Scheme.
- b) Repairs to plant and machinery are net of subsidy received by UltraTech Cement Limited [under State Investment Promotion Scheme] ₹ 0.97 Crore (Previous Year ₹ 0.37 Crore).
- c) Cost of materials consumed includes grants towards royalty expense amounting to ₹ 13.26 Crore (Previous Year ₹ 12.26 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 ₹ 74.44 Crore (Previous Year ₹ 48.83 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 in Previous Year of ₹ 15.87 Crore from a State Government, repayable in full after six years. Using prevailing market interest rate 7.45% p.a. for an equivalent loan, the fair value of loan at initial recognition is estimated at ₹ 10.07 Crore. The difference of ₹ 5.80 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.

**4.12.2** 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.

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

ABCL 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 to make additional provisions as considered appropriate, over-and-above, the extant provisions as per the Group's ECL policy, for expected credit losses. ABCL 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 statements. Given the continued uncertainty over the potential macro-economic condition, 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 statements. ABCL 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.

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**4.13** 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 2022, which are as under:

Name of the Company	Abbreviation	Country of Incorporation	Grasim's Ownership Interest %	
			31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
<b>Subsidiaries:</b>				
ABNL Investments Limited	ABIL	India	100.00	100.00
Samruddhi Swastik Trading And Investments Limited	SSTIL	India	100.00	100.00
Aditya Birla Solar Limited	ABSL	India	100.00	100.00
Aditya Birla Renewables Limited	ABREL	India	100.00	100.00
Aditya Birla Renewables SPV1 Limited (74% of ABREL and 26% of UTCL)	ABRSPV1	India	88.90	88.90
Aditya Birla Renewables Subsidiary Limited (74% of ABREL)	ABRSL	India	74.00	74.00
Aditya Birla Renewable Energy Limited (74% of ABREL and 26% of UTCL)	ABReEL	India	88.90	88.90
Aditya Birla Renewable Solar Limited (74% of ABREL)	ABReSL	India	74.00	74.00
ABReL SPV2 Limited (100% of ABREL)	ABRSPV2	India	100.00	100.00
Aditya Birla Renewables Utkal Limited (74% of ABREL)	ABRUL	India	74.00	74.00
ABReL Solar Power Limited (26% of Grasim & 76 % of ABREL) (w.e.f. 31 <sup>st</sup> August 2021)	ASPL	India	100.00	-
ABReL Renewables EPC Limited (100% of ABREL) (w.e.f. 9 <sup>th</sup> March, 2022)	ABRELEPC	India	100.00	-
ABReL Century Energy Limited (w.e.f. 10 <sup>th</sup> March, 2022) (74% of ABREL)	ABRELCEPC	India	74.00	-
Waacox Energy Private Limited (100% of ABREL) (w.e.f. 5 <sup>th</sup> Jul 2021) #	WEPL	India	100.00	-
Aditya Birla Capital Limited	ABCL	India	54.18	54.21
Aditya Birla PE Advisors Private Limited (100% of ABCL)	ABPEAPL	India	54.18	54.21
Aditya Birla Capital Technology Services Limited (100% of ABCL) (formerly known as Aditya Birla MyUniverse Limited)	ABCTSL	India	54.18	54.21
Aditya Birla Trustee Company Private Limited (100% of ABCL)	ABTCPL	India	54.18	54.21
ABCAP Trustee Company Private Limited (100% of ABCL)	ABCTPL	India	54.18	54.21
Aditya Birla Money Limited (73.80% of ABCL)	ABML	India	39.93	40.01
Aditya Birla Financial Shared Services Limited (100% of ABCL)	ABFSSL	India	54.18	54.21
Aditya Birla Finance Limited (100% of ABCL)	ABFL	India	54.18	54.21
Aditya Birla Insurance Brokers Limited (50.002% of ABCL)	ABIBL	India	27.09	27.11
Aditya Birla Housing Finance Limited (100% of ABCL)	ABHFL	India	54.18	54.21
Aditya Birla Money Mart Limited (100% of ABCL)	ABMML	India	54.18	54.21
Aditya Birla Money Insurance Advisory Services Limited (100% of ABMML)	ABMIASL	India	54.18	54.21
Aditya Birla Sun Life Insurance Company Limited (51% of ABCL)	ABSLI	India	27.63	27.65
Aditya Birla Sun Life Pension Management Limited (100% of ABSLI)	ABSPML	India	27.63	27.65
Aditya Birla Health Insurance Company Limited (51% of ABCL)	ABHICL	India	27.63	27.65
Aditya Birla ARC Limited(100% of ABCL)	ABARC	India	54.18	54.21
Aditya Birla Stressed Asset AMC Private Limited (100% of ABCL)	ABSA	India	54.18	54.21
ABARC-AST-001-Trust (100% of ABCL)	ABARCT	India	54.18	54.21
ABARC-AST-008-Trust (100% of ABCL)		India	54.18	54.21
Aditya Birla Special Situation Fund -1 (100% of ABCL)	ABSSF	India	54.18	54.21
UltraTech Cement Limited (UTCL)	UltraTech	India	57.27	57.28
Dakshin Cements Limited (100% of UTCL) (struck off w.e.f. 9 <sup>th</sup> April, 2021)	DCL	India	-	57.28
UltraTech Cement Lanka Private Limited (80% of UTCL)	UTCLPL	Sri Lanka	45.82	45.82
Harish Cement Limited (100% of UTCL)	HCL	India	57.27	57.28
PT UltraTech Mining Indonesia (80% of UTCL)	PUMI	Indonesia	45.82	45.82

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Name of the Company	Abbreviation	Country of Incorporation	Grasim's Ownership Interest %	
			31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
PT UltraTech Investments Indonesia (100% of UTCL)	PTUII	Indonesia	57.27	57.28
UltraTech Cement Middle East Investments Limited (100% of UTCL)	UCMEIL	UAE	57.27	57.28
Star Cement Co. LLC, Dubai (100% of UCMEIL)	SCCLD	UAE	57.27	57.28
Star Cement Co. LLC, Ras-Al-Khaimah (100% of UCMEIL)	SCCLRAK	UAE	57.27	57.28
Al Nakhla Crusher LLC, Fujairah (100% of UCMEIL)	ANCL	UAE	57.27	57.28
Arabian Cement Industry LLC, Abu Dhabi (100% of UCMEIL)	ACIL	UAE	57.27	57.28
UltraTech Cement Bahrain Company WLL, Bahrain (formerly known as Arabian Gulf Cement Co WLL) (100% of UCMEIL)	UTCBC	Bahrain	57.27	57.28
Bhagwati Lime Stone Company Private Limited (100% of UTCL)	BLCPL	India	57.27	57.28
Gotan Limestone Khanij Udyog Private Ltd. (100% of UTCL)	GKU	India	57.27	57.28
PT UltraTech Cement Indonesia (99% of PTUII)	PTUCI	Indonesia	56.70	56.70
PT UltraTech Mining Sumatera (100% of PTUII)	PTUMS	Indonesia	57.27	57.28
UltraTech Nathdwara Cement Limited (100% of UTCL)	UNCL	India	57.27	57.28
Smooth Energy Private Limited (struck off w.e.f. October 26, 2021)	SEPL	India	-	57.28
Bahar Ready Mix Concrete Limited (struck off w.e.f. November 2, 2021)	BRMCL	India	-	57.28
Merit Plaza Limited (100% of UNCL)	MPL	India	57.27	57.28
Swiss Mercandise Infrastructure Limited (100% of UNCL)	SMIL	India	57.27	57.28
Krishna Holdings PTE Limited (55.54% of UNCL and 44.46% of MHL)	KHPL	Singapore	57.27	57.28
Bhumi Resources PTE Limited (100% of UNCL)	BHUMI	Singapore	57.27	57.28
Murari Holdings Limited (100% of UNCL)	MUHL	British Virgin Islands	57.27	57.28
Mukundan Holdings Limited (100% of UNCL)	MHL	British Virgin Islands	57.27	57.28
Star Super Cement Industries LLC (51% by MUHL and 49% by MHL)	SSCILLC	UAE	57.27	57.28
Binani Cement (Tanzania) Limited (100% of SSCILLC)	BCTL	Tanzania	57.27	57.28
BC Tradelink Limited, Tanzania (100% of SSCILLC)	BCTL	Tanzania	57.27	57.28
PT Anggana Energy Resources (Anggana), Indonesia (100% of BHUMI)	PTAER	Indonesia	57.27	57.28
Binani Cement (Uganda) Limited (100% of SSCILLC)	BCUL	Uganda	57.27	57.28
3B Binani Glassfibre Sarl (3B) (upto 31 <sup>st</sup> March, 2022) (100% of UNCL)	3B	Luxembourg	-	57.28
Project Bird Holding II Sarl (merged with 3B w.e.f. 12 <sup>th</sup> April, 2021) (100% of 3B)	PBHIS	Luxembourg	-	57.28
3B-Fibreglass Srl (upto 31 <sup>st</sup> March, 2022)(100% of 3B)	3BFS	Belgium	-	57.28
3B-FibreGlass Norway as (upto 31 <sup>st</sup> March, 2022) (100% of PBHIS)	3BFN	Norway	-	57.28
Tunfib Sarl (upto 31 <sup>st</sup> March, 2022) (67% of 3B)	TS	Tunisia	-	38.38
Goa Glass Fibre Ltd. (upto 31 <sup>st</sup> March, 2022) (100% of 3B)	GGFL	India	-	57.28
<b>Joint Venture Companies (JVs):</b>				
AV Group NB Inc.	AVNB	Canada	45.00	45.00
Birla Jingwei Fibres Company 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
Birla Advanced Knits Private Limited	BAKPL	India	50.00	0.00
Aditya Group AB	AGAB	Sweden	33.33	33.33
AV Terrace Bay Inc.	AVTB	Canada	40.00	40.00
Aditya Birla Power Composites Limited	ABPCL	India	51.00	51.00
Aditya Birla Sun Life Trustee Company Private Limited (50.85% of ABCL)	ABSTPL	India	27.55	27.55

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Name of the Company	Abbreviation	Country of Incorporation	Grasim's Ownership Interest %	
			31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2021
Aditya Birla Wellness Private Limited (51% of ABCL)	ABWPL	India	27.63	27.65
Bhaskarpara Coal Company Limited (47.37% of UTCL)	BCCL	India	27.14	27.14
Aditya Birla Sun Life AMC Limited (51% of ABCL)*	ABSAMC	India	-	27.65
Aditya Birla Sun Life AMC Ltd., Dubai (100% Subsidiary of ABSAMC)	ABSAMCD	UAE	-	27.65
Aditya Birla Sun Life AMC Pte. Ltd., Singapore (100% Subsidiary of ABSAMC)	ABSAMCS	Singapore	-	27.65
Aditya Birla Sun Life AMC (Mauritius) Ltd. (100% Subsidiary of ABSAMC)	ABSAMCM	Mauritius	-	27.65
<b>Associates:</b>				
Aditya Birla Science & Technology Co. Private Ltd.	ABSTCL	India	49.50	49.50
Madanpur (North) Coal Company Private Ltd. (11.17% of UTCL)	MCCPL	India	6.40	6.40
Aditya Birla Sun Life AMC Limited (50.01% of ABCL)*	ABSAMC	India	27.10	-
Aditya Birla Sun Life AMC (Mauritius) Ltd. (100% Subsidiary of ABSAMC)	ABSAMCM	Mauritius	27.10	-
Aditya Birla Sun Life AMC Ltd., Dubai (100% Subsidiary of ABSAMC)	ABSAMCD	UAE	27.10	-
Aditya Birla Sun Life AMC Pte. Ltd., Singapore (100% Subsidiary of ABSAMC)	ABSAMCS	Singapore	27.10	-
Renew Surya Uday Pvt Ltd (W.e.f. 25 <sup>th</sup> November 2021)	RUSPL	India	26.00	-
Waacox Energy Private Limited (49% of ABREL) (upto 4 <sup>th</sup> Jul 2021)	WEPL	India	-	49.00
Aditya Birla Idea Payment Bank (under liquidation w.e.f. 18 <sup>th</sup> September, 2019)	ABIPB	India	-	-

\* w.e.f. 7<sup>th</sup> October, 2021 Aditya Birla Sun Life AMC Limited ceases to be Joint Venture and has become an associate. (Refer note 2.39)

## 4.14 ADDITIONAL INFORMATION AS REQUIRED BY PARAGRAPH 2 OF THE GENERAL INSTRUCTION FOR PREPARATION OF CFS AS PER SCHEDULE III OF THE COMPANIES ACT, 2013

### Year Ended 31st March 2022

Sr. No	Name of the Entity	₹ in Crore							
		Net Assets (Total Assets minus Total Liabilities)		Share in Profit or Loss #		Share in Other Comprehensive Income (OCI) #		Share in Total Comprehensive Income (TCI) #	
		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 TCI	Amount (₹ in Crore)
<b>A</b>	<b>Parent</b>								
	Grasim Industries Limited	41.85%	48,615.79	27.23%	3,051.27	98.12%	3,219.07	43.28%	6,270.34
<b>B</b>	<b>Subsidiaries</b>								
	<b>Indian</b>								
1	UltraTech Cement Limited (incl. Subsidiaries)	43.41%	50,432.21	65.45%	7,334.26	1.46%	47.83	50.96%	7,382.09
2	Aditya Birla Capital Limited (incl. Subsidiaries)	33.23%	38,606.39	11.80%	1,321.93	-0.63%	(20.63)	8.98%	1,301.31
3	Samruddhi Swastik Trading and Investment Limited	0.05%	60.65	0.01%	1.32	0.00%	-	0.01%	1.32
4	ABNL Investments Limited	0.09%	109.88	0.01%	0.64	0.04%	1.35	0.01%	1.99
5	Aditya Birla Renewables Limited (incl. Subsidiaries)	0.36%	416.25	0.06%	6.32	0.09%	2.91	0.06%	9.24
6	Aditya Birla Solar Limited	0.09%	103.53	0.08%	8.57	0.00%	(0.00)	0.06%	8.57
	<b>Subtotal (B)</b>	<b>77.24%</b>	<b>89,728.91</b>	<b>77.39%</b>	<b>8,673.05</b>	<b>0.96%</b>	<b>31.46</b>	<b>60.08%</b>	<b>8,704.51</b>

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

₹ 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 (TCI) #	
		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 TCI	Amount (₹ in Crore)
<b>C</b>	<b>Associates</b>								
	<b>Indian</b>								
1	Aditya Birla Science & Technology Company Private Limited	0.02%	28.50	0.04%	4.46	0.00%	0.00	0.03%	4.46
2	Madanpur (North) Coal Company Limited	0.00%	0.88	0.00%	0.01	0.00%	-	0.00%	0.01
3	Renew Surya Uday Pvt Ltd	0.01%	15.47	0.00%	0.16	0.00%	-	0.00%	0.16
4	Aditya Birla Sun Life AMC Limited (Refer Note 2.39 (A) (2))	4.82%	5,595.15	2.92%	327.32	0.04%	1.32	2.27%	328.64
5	Waacox Energy Private Limited (Upto 4 <sup>th</sup> July 2021)	0.00%	-	0.00%	0.33	0.00%	-	0.00%	0.33
	<b>Subtotal (C)</b>	<b>4.85%</b>	<b>5,640.00</b>	<b>2.97%</b>	<b>332.28</b>	<b>0.04%</b>	<b>1.32</b>	<b>2.30%</b>	<b>333.61</b>
<b>D</b>	<b>Joint Ventures</b>								
	<b>Indian</b>								
1	Bhubaneswari Coal Mining Limited	0.14%	167.89	0.15%	17.12	0.00%	0.03	0.12%	17.15
2	Aditya Birla Wellness Private Limited	0.01%	10.73	0.01%	1.08	0.00%	0.03	0.01%	1.11
3	Aditya Birla Sun Life Trustee Company Private Limited	0.00%	0.66	0.00%	0.03	0.00%	-	0.00%	0.03
4	Bhaskarpara Coal Company Limited	0.01%	6.54	0.00%	0.01	0.00%	-	0.00%	0.01
5	Aditya Birla Power Composites Limited	0.02%	18.01	-0.01%	(1.63)	0.00%	-	-0.01%	(1.63)
6	Birla Advanced Knits Pvt Ltd	0.01%	14.87	0.00%	(0.13)	0.00%	-	0.00%	(0.13)
	<b>Foreign</b>								
1	AV Group NB Inc.	0.65%	752.69	0.06%	6.33	0.84%	27.66	0.23%	33.99
2	Birla Jingwei Fibres Company Limited	0.06%	66.57	0.10%	10.67	0.12%	4.02	0.10%	14.69
3	Aditya Birla Elyaf Sanayi Ve Ticaret Anonim Sirketi	0.00%	0.64	0.00%	0.08	-0.01%	(0.20)	0.00%	(0.12)
4	Aditya Group AB	0.32%	370.95	0.28%	30.90	-0.10%	(3.39)	0.19%	27.51
5	AV Terrace Bay Inc.	0.00%	0.62	-0.00%	(16.41)	0.07%	2.14	-0.10%	(14.27)
	<b>Subtotal (D)</b>	<b>1.21%</b>	<b>1,410.17</b>	<b>0.43%</b>	<b>48.05</b>	<b>0.92%</b>	<b>30.29</b>	<b>0.54%</b>	<b>78.34</b>
	Consolidation Adjustements and Eliminations (E)	-25.15%	(29,220.16)	-8.02%	(898.36)	-0.04%	(1.35)	-6.21%	(899.71)
	<b>TOTAL (A+B+C+D+E)</b>	<b>100.00%</b>	<b>116,174.71</b>	<b>100.00%</b>	<b>11,206.29</b>	<b>100.00%</b>	<b>3,280.80</b>	<b>100.00%</b>	<b>14,487.09</b>

# Before Non-Controlling Interest

Note: Figures provided above are net of intercompany eliminations

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

## Year ended 31st March 2021

₹ 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 (TCI) #	
		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 TCI	Amount (₹ in Crore)
<b>A</b>	<b>Parent</b>								
	Grasim Industries Limited	41.88%	42,947.86	12.95%	905.00	94.79%	4,588.91	46.45%	5,493.91
<b>B</b>	<b>Subsidiaries</b>								
	<b>Indian</b>								
1	UltraTech Cement Limited (incl. Subsidiaries)	43.08%	44,180.40	78.14%	5,459.32	0.35%	16.96	46.30%	5,476.28
2	Aditya Birla Capital Limited (incl. Subsidiaries)	36.14%	37,064.77	8.99%	628.03	1.46%	70.63	5.91%	698.66
3	Sun God Trading and Investment Limited	0.01%	6.36	0.00%	0.04	0.02%	0.96	0.01%	1.00
4	Samruddhi Swastik Trading and Investment Limited	0.06%	59.33	0.03%	1.89	0.00%	-	0.02%	1.89
5	ABNL Investments Limited	0.10%	101.57	0.04%	2.95	0.01%	0.37	0.03%	3.32
6	Aditya Birla Renewables Limited	0.29%	297.54	-0.08%	(5.62)	-0.04%	(2.02)	-0.06%	(7.64)
7	Aditya Birla Solar Limited	0.09%	94.96	0.29%	19.93	0.00%	-	0.17%	19.93
8	Aditya Birla Renewables SPV1 Limited	0.07%	71.62	0.14%	9.56	-0.01%	(0.67)	0.08%	8.89
9	Aditya Birla Renewables Subsidiary Limited	0.03%	29.07	0.07%	4.67	0.00%	-	0.04%	4.67
10	Aditya Birla Renewables Utkal Limited	0.01%	5.83	0.01%	0.84	0.00%	-	0.01%	0.84
11	Aditya Birla Renewables Energy Limited	0.01%	12.65	0.00%	0.24	-0.02%	(0.73)	0.00%	(0.49)
12	Aditya Birla Renewables Solar Limited	0.00%	0.16	0.00%	(0.33)	0.00%	-	0.00%	(0.33)
13	ABReL SPV 2 Limited	0.00%	(0.48)	-0.01%	(0.47)	0.00%	-	0.00%	(0.47)
	<b>Subtotal (B)</b>	<b>79.88%</b>	<b>81,923.78</b>	<b>87.61%</b>	<b>6,121.05</b>	<b>1.77%</b>	<b>85.50</b>	<b>52.48%</b>	<b>6,206.55</b>
<b>C</b>	<b>Associates</b>								
	<b>Indian</b>								
1	Aditya Birla Science & Technology Company Private Limited	0.02%	24.04	0.06%	4.54	0.00%	0.03	0.04%	4.57
2	Madanpur (North) Coal Company Limited	0.00%	0.86	0.00%	0.01	0.00%	-	0.00%	0.01
3	Waacox Energy Private Limited	0.03%	31.78	0.02%	1.38	0.00%	-	0.01%	1.38
	<b>Subtotal (C)</b>	<b>0.06%</b>	<b>56.68</b>	<b>0.08%</b>	<b>5.93</b>	<b>0.00%</b>	<b>0.03</b>	<b>0.05%</b>	<b>5.96</b>

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

Sr. No	Name of the Entity	₹ in Crore							
		Net Assets (Total Assets minus Total Liabilities)		Share in Profit or Loss #		Share in Other Comprehensive Income (OCI) #		Share in Total Comprehensive Income (TCI) #	
		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 TCI	Amount (₹ in Crore)
<b>D</b>	<b>Joint Ventures</b>								
	<b>Indian</b>								
1	Bhubaneswari Coal Mining Limited	0.15%	150.74	0.32%	22.47	0.00%	(0.09)	0.19%	22.38
2	Aditya Birla Sun Life AMC Limited	5.33%	5,467.82	3.66%	255.85	0.02%	0.75	2.17%	256.60
3	Aditya Birla Wellness Private Limited	0.01%	9.62	0.00%	(0.06)	0.00%	0.02	0.00%	(0.04)
4	Aditya Birla Sun Life Trustee Company Private Limited	0.00%	0.63	0.00%	0.06	0.00%	-	0.00%	0.06
5	Bhaskarpara Coal Company Limited	0.01%	6.53	0.00%	0.01	0.00%	-	0.00%	0.01
6	Aditya Birla Power Composites Limited	0.02%	15.75	0.00%	(0.12)	0.00%	-	0.00%	(0.12)
	<b>Foreign</b>								
1	AV Group NB Inc.	0.70%	718.70	-0.55%	(38.13)	1.77%	85.83	0.40%	47.70
2	Birla Jingwei Fibres Company Limited	0.05%	51.88	-0.22%	(15.52)	0.05%	2.63	-0.11%	(12.89)
3	Aditya Birla Elyaf Sanayi Ve Ticaret Anonim Sirketi	0.00%	0.99	0.00%	0.06	0.00%	(0.11)	0.00%	(0.05)
4	Aditya Group AB	0.33%	343.43	-0.59%	(40.96)	1.29%	62.56	0.18%	21.60
5	AV Terrace Bay Inc.	0.01%	14.89	0.00%	-	0.31%	14.89	0.13%	14.89
	<b>Subtotal (D)</b>	<b>6.61%</b>	<b>6,780.98</b>	<b>2.63%</b>	<b>183.66</b>	<b>3.44%</b>	<b>166.48</b>	<b>2.96%</b>	<b>350.14</b>
	Consolidation Adjustments and Eliminations (E)	-28.42%	(29,147.70)	-3.28%	(228.94)	0.00%	-	-1.94%	(228.94)
	<b>TOTAL (A+B+C+D+E)</b>	<b>100.00%</b>	<b>102,561.60</b>	<b>100.00%</b>	<b>6,986.70</b>	<b>100.00%</b>	<b>4,840.92</b>	<b>100.00%</b>	<b>11,827.62</b>

# Before Non-Controlling Interest

\$ 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.

## 4.15 DISTRIBUTION MADE AND PROPOSED (IND AS 1):

Particulars	₹ in Crore	
	As at 31 <sup>st</sup> March, 2022	As at 31 <sup>st</sup> March, 2021
<b>Cash Dividend Declared and Paid on Equity Shares:</b>	592.26	263.19
Final dividend for the year ended on 31 <sup>st</sup> March, 2021: ₹ 5 per share and Special Dividend ₹ 4 per share of face value of ₹ 2 each (31 <sup>st</sup> March, 2020: Final dividend ₹ 4 per share of face value of ₹ 2 each)		
<b>Proposed Dividend on Equity Shares*:</b>	658.32	592.26
Final dividend for the Year ended on 31 <sup>st</sup> March, 2022: ₹ 5 per share and Special Dividend of ₹ 5 per share of face value of ₹ 2 each (31 <sup>st</sup> March, 2021: Final dividend ₹ 5 per share and Special Dividend ₹ 4 per share of face value of ₹ 2 each)		

# Proposed dividends on equity shares are subject to approval of Annual General Meeting, and are not recognised as a liability as at 31<sup>st</sup> March.

# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

## 4.16 OTHER STATUTORY INFORMATION

(i) - Relationship with Struck Off Companies

Financial Services Segment	Name of the Company	Nature of Transaction with Struck Off Company	Balance Outstanding as on 31 <sup>st</sup> March 2022	Relationship with Struck Off Company
Life Insurance	Aligarh Locks Private Limited	Receivable	0.03	Policy Holder
Life Insurance	Atharv Associates Private Limited	Payable	β	Group Master Policyholder
Life Insurance	Columbia Asia Neighborhood Hospitals Pri Vate Limited	Payable	0.01	Group Master Policyholder
Life Insurance	Debnath Engineering Enterprises Private Limited	Payable	β	Group Master Policyholder
Life Insurance	GAAP Solutions Private Limited	Payable	0.07	Group Master Policyholder
Life Insurance	GBS Associates Private Limited	Payable	β	Group Master Policyholder
Life Insurance	Hariom Enterprises Private Limited	Payable	β	Group Master Policyholder
Life Insurance	Jayalakshmi Constructions Private Limited	Payable	β	Group Master Policyholder
Life Insurance	Keller Ground Engineering India Private Limited	Payable	0.01	Group Master Policyholder
Life Insurance	Lintas India Limited	Payable	0.13	Group Master Policyholder
Life Insurance	Mahalaxmi Enterprises Private Limited	Payable	β	Group Master Policyholder
Life Insurance	Pragati Enterprises Private Limited	Payable	β	Group Master Policyholder
Life Insurance	Sahayata Trademart Private Limited	Payable	β	Policy Holder
Life Insurance	Sika (India) Limited	Payable	β	Policy Holder
Life Insurance	Micro Focus Limited	Payable	-	Vendor
Life Insurance	Perfect Services Private Limited	Payable	-	Agent
General Insurance Broking	Rainbow Automotive Pvt Ltd	Payable	β	Vendor
General Insurance Broking	Dimple Motors Pvt Ltd	Payable	β	Vendor
General Insurance Broking	Vintage Motors Pvt. Ltd	Payable	β	Vendor
General Insurance Broking	The Riders Zone Pvt Ltd	Payable	β	Vendor
Housing Finance	Maark Vision Architects Private Limited	Receivable	3.25	Loan to Customer
Housing Finance	Sandhya Hotels Private Limited	Receivable	5.24	Loan to Customer
NBFC	Maxin Hydro Dynamic India Private Limited	Receivable	0.04	Loan to Customer
NBFC	Emirate Fashions Private Limited	Receivable	0.10	Loan to Customer
NBFC	Thanco Natural Foods Private Limited	Receivable	0.20	Loan to Customer
NBFC	Bee Luxe Private Limited	Receivable	0.09	Loan to Customer
NBFC	Alaric Healthcare Private Limited	Receivable	0.08	Loan to Customer
Stock and Securities Broking	Ceeplast Trading Company Private Limited	Receivable	β	Customer
Stock and Securities Broking	Chaturbhujia Securities Private Limited	Receivable	β	Customer
Stock and Securities Broking	Doniv Enterprises Private Limited	Receivable	β	Customer
Stock and Securities Broking	Orion Media Private Limited	Receivable	β	Customer
Stock and Securities Broking	Pusha Steels Limited	Receivable	β	Customer
Stock and Securities Broking	Gurukul Commosales Private Limited	Receivable	β	Customer

Note: Figures of ₹ 50,000 or less have been denoted by β.

- (ii) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- (iii) As on 31<sup>st</sup> March, 2022 there is no unutilised amounts in respect of any issue of securities and long term borrowings from banks and financial institutions. The borrowed funds have been utilised for the specific purpose for which the funds were raised.



# Notes

forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2022

- (iv) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- (v) The Company has not traded or invested in Crypto Currency or Virtual Currency during the financial year.
- (vi) The Company has not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961)
- (vii) The Scheme of Arrangements has been approved by the Hon'ble National Company Law Tribunal (NCLT) in terms of sections 230 to 232 of the Companies Act, 2013. Effect of such Scheme of Arrangements has been accounted for in the books of account of the Company 'in accordance with the aforesaid Schemes' and 'in accordance with accounting standards'.
- (viii) The Company is in compliance with the number of layers prescribed under Clause (87) of Section 2 of the Companies Act read with the Companies (Restriction on number of Layers) Rules, 2017.
- (ix) The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (x) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

**4.17** Previous years' figures have been regrouped/rearranged wherever necessary to conform to the current year classification in order to comply with the requirements of the amended Schedule III to the Companies Act, 2013 effective from 1<sup>st</sup> April, 2021.

## **4.18 AUTHORISATION OF FINANCIAL STATEMENTS:**

The consolidated financial statements for the year ended on 31<sup>st</sup> March, 2022 were approved by the Board of Directors on 24<sup>th</sup> May, 2022.

Signatures to Notes '1' to '4'

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

For and on behalf of the Board of Directors of  
**GRASIM INDUSTRIES LIMITED**  
CIN-L17124MP1947PLC000410

**Vikas R Kasat**  
Partner  
Membership No.: 105317

**Jayesh Gandhi**  
Partner  
Membership No.: 037924

**Harikrishna Agarwal**  
Managing Director  
DIN: 09288720

**Dr. Santrupt Misra**  
Non-Executive Director  
DIN: 00013625

Mumbai  
Dated: 24<sup>th</sup> May 2022

**Ashish Adukia**  
Chief Financial Officer

**Sailesh Kumar Daga**  
Company Secretary  
Membership No.: F4164

Mumbai  
Dated: 24<sup>th</sup> May 2022

## OTHER FINANCIAL INFORMATION

### Related Party Transactions

For details of the related party transactions, as per the requirements under applicable Indian Accounting Standards, i.e., Ind AS 24 -- Related Party Disclosures, entered into by our Company for Fiscal 2023 and Fiscal 2022, see “*Financial Statements – Note 4.7 - Related Party Transactions*” on pages 296 and 490, respectively.

## ACCOUNTING RATIOS

### Accounting Ratios

The following tables present certain accounting and other ratios computed on the basis of amounts derived from the Audited Consolidated Financial Statements and Unaudited Consolidated Financial Results included in the section entitled “Financial Statements” beginning on page 118:

Particulars	Consolidated	
	As at and for the six-month period ended September 30, 2023	As at and for the year ended March 31, 2023
Basic EPS (in ₹)	41.73*	103.98
Diluted EPS (in ₹)	41.69*	103.88
Return on Net Worth (in %)	3.29%*	8.67%
Net Asset Value per Equity Share (in ₹)	1,263.07	1,195.85
Adjusted EBITDA (in ₹ crore)	9,490.51	20,477.64

\* Not annualized

The formulae used in the computation of the above ratios are as follows:

<b>Basic EPS</b>	Profit/(loss) after tax attributable to owners of our Company / Weighted average number of Equity Shares outstanding at the end of the period/year, as adjusted for treasury shares
<b>Diluted EPS</b>	Profit/(loss) after tax attributable to owners of our Company / Weighted average number of Equity Shares outstanding at the end of the period/year, as adjusted for treasury shares and for the effects of all dilutive potential equity shares
<b>Return on Net Worth</b>	Profit attributable to owners for the period/year / Net Worth (“ <b>Equity attributable to owners of the Company</b> ”)
<b>Net Asset Value per Equity Share</b>	Net Worth (“ <b>Equity attributable to owners of the Company</b> ”) / Number of Equity Shares issued, subscribed and fully paid outstanding as at the end of the period/year*
<b>Adjusted EBITDA</b>	Adjusted EBITDA is calculated as Profit from Ordinary Activities for the period / Profit from continuing operations for the year, before share in profit of Equity Accounted Investees, Exceptional Items, Tax, Finance costs (other than finance costs related to NBFC/HFC’s business) and depreciation and amortization expenses

\*Including 28,295 Equity Shares to be issued as fully paid up pursuant to acquisition of the cement business of Aditya Birla Nuvo Limited under scheme of arrangement without the payment being received in cash.

#### (a) Calculation of Return on Net Worth:

Particulars	Consolidated	
	As at and for the six-month period ended September 30, 2023	As at and for the year ended March 31, 2023
Profit attributable to owners of the Company (A)	2,740.22	6,827.26
Equity Share capital (B)	131.70	131.69
Other equity (C)	83,038.54	78,610.30
Net Worth (D)= [B + C]	83,170.24	78,741.99
<b>Return on Net Worth [A / D] * 100 (%)</b>	3.29%	8.67%

(₹ in crore)

#### (b) Calculation of Net Worth and Net asset value per Equity Share:

Particulars	Consolidated	
	As at and for the six-month period ended September 30, 2023	As at and for the year ended March 31, 2023
Equity Share capital (A)	131.70	131.69
Other equity (B)	83,038.54	78,610.30
<b>Net Worth (C) [A + B]</b>	83,170.24	78,741.99
<b>No. of Equity shares issued, subscribed and fully paid outstanding (D)*</b>	658,477,086	658,460,421
<b>Net Asset Value per Equity Share [C / (D/10<sup>7</sup>)] (₹)</b>	1,263.07	1,195.85

(₹ in crore, except per share data)

\*Including 28,295 Equity Shares to be issued as fully paid up pursuant to acquisition of the cement business of Aditya Birla Nuvo Limited under scheme of arrangement without the payment being received in cash.

#### (c) Details of Adjusted EBITDA:

Particulars	Consolidated	
	As at and for the six-month period ended September 30, 2023	As at and for the year ended March 31, 2023
Profit for the period/year (A)	4,600.40	11,078.20
Total tax expense (B)	1,699.19	3,648.51

(₹ in crore)

Particulars	Consolidated	
	As at and for the six-month period ended September 30, 2023	As at and for the year ended March 31, 2023
Other Finance cost (C)	758.78	1,320.27
Depreciation and amortisation expense (D)	2,427.68	4,551.59
Exceptional items (E)	-	88.03
Share in (Profit)/Loss of Equity Accounted Investees(F)	4.46	(208.96)
<b>Adjusted EBITDA (G) = [A+B+C+D+E+F]</b>	<b>9,490.51</b>	<b>20,477.64</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion of our financial condition and results of operations should be read in conjunction with the "Financial Statements" beginning on page 118. Unless otherwise indicated or the context requires, the financial information for Fiscal 2023 and Fiscal 2022 included herein is derived from our Audited Consolidated Financial Statements, as of and for the year ended March 31, 2023 and 2022 and our Unaudited Consolidated Financial Results as of and for the six months ended September 30, 2023 and 2022. Financial information as of and for the six months ended September 30, 2023 and 2022 are not indicative of future operating results and are not comparable with annual financial information.*

*Our Audited Consolidated Financial Statements as of and for the year ended March 31, 2023 and 2022 in this Letter of Offer have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, and the SEBI ICDR Regulations, each as amended. Our Unaudited Consolidated Financial Results and Unaudited Standalone Financial Results as of and for the six months ended September 30, 2023 and 2022 have been prepared in accordance with the recognition and measurement principles laid down in Ind AS 34 and pursuant to the requirements of Regulations 33 and 52(4), read with Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended. These financial statements may differ in certain significant respects from generally accepted accounting principles in other countries, including IFRS and U.S. GAAP. Our Company's financial year commences on April 1 and ends on March 31 of the subsequent year, and references to a particular Fiscal are to the 12 months ended March 31 of that year.*

*Some of the information in this section, including information with respect to our business plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read "Forward-Looking Statements" on page 16 for a discussion of the risks and uncertainties related to those statements. You should also read the sections "Risk Factors", "Industry Overview", "Financial Statements" and "Our Business" on pages 19, 77, 118 and 98, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Prospective investors in the Equity Shares are cautioned not to place undue reliance on these forward-looking statements.*

*Unless otherwise specified or the context requires, references in this section to the "Company" or the "Issuer" are to Grasim Industries Limited on a standalone basis, and references to "Group", "we", "us" or "our" are to Grasim Industries Limited and its consolidated subsidiaries, associates and joint venture companies as per Ind AS, as at and during the relevant year or period end and as the context requires.*

### OVERVIEW

Our Company is the flagship enterprise of the Aditya Birla Group, which is widely recognized as one of the largest business groups in India. Our Company was incorporated in 1947, commenced its operations as a textiles manufacturer and has since evolved into a diversified conglomerate with a leading position across many of its businesses.

Our operating segments comprise viscose, chemicals, cement, financial services and others (primarily textiles, insulators, paints, B2B e-commerce and renewable energy):

- **Viscose:** In the Indian market, we are the largest producer of viscose staple fibre ("**VSF**"), which is a man-made, bio-degradable fibre that is fast emerging as a sustainable alternative to cotton (*Source: CARE Report*) and viscose filament yarn ("**VFY**"). We had an installed capacity of 842 KTPA for the production of VSF and 51 KTPA for the production of VFY, as of September 30, 2023.
- **Chemicals:** Our chemicals business comprises three categories - chlor alkali, chlorine derivatives and speciality chemicals (epoxy polymers and curing agents). We are India's largest player of caustic soda. (*Source: CARE Report*) Our chlorine derivatives include stable bleaching powder, chlorinated paraffin wax and poly aluminium chloride, amongst others. We had an installed capacity of 1,358 KTPA for caustic soda and 123 KTPA for specialty chemicals, as of September 30, 2023.
- **Cement:** Our subsidiary, UltraTech Cement Limited ("**UTCL**") is India's largest manufacturer of grey cement and ready-mix concrete and is the third largest cement producer in the world, excluding China. (*Source: CARE Report*) It is also one of the prominent manufacturers of white cement in India. UTCL is a public company listed on the BSE Limited and National Stock Exchange of India Limited (together, the "**Indian Stock Exchanges**") and had a market capitalization of approximately ₹ 2,38,383 crore, as of September 30, 2023.
- **Financial Services:** Our subsidiary, Aditya Birla Capital Limited ("**ABCL**"), is a leading diversified financial services entity engaged in a number of businesses that include non-banking finance, housing finance, life insurance, health insurance, asset management, stock and securities broking and other financial services such as wealth services, insurance advisory and asset reconstruction. ABCL is a public company listed on the Indian Stock Exchanges and had a market capitalization of approximately ₹ 46,766 crore, as of September 30, 2023.

- **Textiles:** We are one of the leading producers of niche textiles that include linen yarn and fabric, woolen yarn and premium cotton fabrics and are also present in the worsted spinning segment. The retail arm of our textiles business operates under the brand ‘Linen Club’ and is a prominent linen fabric brand in India with a pan India presence through a number of exclusive brand outlets and multi-brand outlets.
- **Insulators:** We are a large manufacturer of electrical insulator in India and globally, catering to various applications such as transmission lines, substations, equipment and railways.
- **Paints:** We forayed into the decorative paints business and are in the process of setting up six paint manufacturing plants with an aggregate installed capacity of 1,332 MLPA. We plan to commission these in a phased manner beginning from the fourth quarter of Fiscal 2024. We will operate our paints business under the brand ‘Birla Opus’.
- **B2B e-commerce:** We entered into the B2B e-commerce business in Fiscal 2023 offering integrated procurement solutions through our e-commerce platform with a primary focus to supply MSMEs different categories of building materials. We operate our B2B e-commerce business under the brand ‘Birla Pivot’
- **Renewable Energy:** Our subsidiary, Aditya Birla Renewables Limited (“**ABRL**”) provides clean energy solutions for a sustainable future, through solar, wind and hybrid (solar-wind) power plants.

The following table sets forth details of our operating segments as per Ind AS 108 – Operating Segments, Adjusted EBITDA and Adjusted EBITDA Margin (%) for the years/ periods indicated:

Revenue:	Six months ended September 30,		Fiscal	
	2023	2022	2023	2022
Viscose	7,472.49	8,203.02	15,148.58	12,209.85
Chemicals	4,134.16	5,441.79	10,421.68	7,887.88
Cement	33,749.23	29,056.56	63,239.98	52,598.83
Financial Services	14,738.12	12,388.34	27,365.17	22,094.34
Others <sup>(1)</sup>	1,788.68	1,599.93	3,232.23	2,321.44
Inter segment revenue/ Eliminations	(596.81)	(1,162.56)	(1,780.56)	(1,411.21)
<b>Revenue from operations</b>	<b>61,285.87</b>	<b>55,527.08</b>	<b>1,17,627.08</b>	<b>95,701.13</b>
<b>Total Income</b>	<b>61,866.25</b>	<b>55,947.19</b>	<b>1,21,239.13</b>	<b>96,522.47</b>
Adjusted EBITDA <sup>(2)</sup>	9,490.51	9,016.46	20,477.64	17,772.41
Adjusted EBITDA Margin <sup>(3)</sup> (%)	15.49	16.24	17.41	18.57

<sup>(1)</sup> Others primarily includes textiles, insulators, paints, B2B e-commerce and renewable energy.

<sup>(2)</sup> Adjusted EBITDA is calculated as Profit from Ordinary Activities for the period/ Profit from continuing operations for the year, before Share in Profit of Equity Accounted Investees, Exceptional Items, Tax, Finance costs (other than finance cost relating to NBFC/HFC’s business) and depreciation and amortization expenses.

<sup>(3)</sup> Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by revenue from operations.

For reconciliation in relation to Adjusted EBITDA and Adjusted EBITDA Margin, see “– Non-GAAP Measures” on page 581.

## Significant Factors Affecting Our Results of Operations

### Macroeconomic conditions

Macroeconomic conditions in India and the international markets in which we operate, have a significant effect on our business and results of operations. These factors include levels of economic stability or instability, political uncertainty and other political developments, social upheavals and different rates of economic growth in the jurisdictions in which we operate. Our Company is engaged in the production of commodities such as viscose and caustic soda, which are impacted by global trends in terms of demand, supply and pricing. Fluctuation in the global pricing of products that our Company manufactures impact the domestic prices that we are able to command. For instance, we have witnessed an aggressive pricing policy by China for certain products affect domestic market sentiment and required us to revise prices. The performance of products such as VSF and VFY is affected by demand in end-use industries, and domestically, by festive orders. Our VSF sales volume improved during the six months ended September 30, 2023 owing to improvement in domestic demand driven by the festive season, while export led demand continued to remain muted. However, our VFY sales were impacted by subdued demand in end-use industries and muted export demand. In the textiles segment, demand in high-end textile products remained subdued and higher flax prices resulted in lower EBITDA.

Similarly, our cement business is impacted by macroeconomic conditions since they affect the level of construction activity and infrastructure development in India and consequently the demand for our products. Overall economic growth and an increase in GDP are likely to result in an increase in demand for our products, thereby positively impacting our financial condition and results of operations. Conversely, a slowdown in the Indian economy could adversely affect our business, especially if such a slowdown were to be continued and prolonged.

Further, the growth prospects of our financial services business, including the quality of our assets, our ability to grow our asset portfolio and implement our strategy are influenced by the growth rate of the economy, inflationary expectations, interest rate volatility and other macroeconomic factors. The level of credit disbursed, the quantum of investment customers are able to make and the recovery of loans, are all affected by such factors. Any slowdown in the growth of the economy, coupled with inflationary pressures and increase in unemployment rates, could adversely impact our business. Our NBFC and housing finance

businesses are also affected by the state of the real estate and housing finance sectors in India, as adverse developments in such sectors affect the interest rates at which we are able to lend to our customers, the rate at which we raise funds, the ability of our customers to repay loans and the value of underlying collateral.

Fluctuations in exchange rates and inflation rates could have an effect on certain key aspects of our operations, including the demand for our products, our ability to export products, the cost of our operations, the prices at which we can sell our products, finance costs required to fund our operations and our profit margins.

#### ***Ability to optimize operating expenses***

Our results of operations depend on our ability to manage our operating expenses, specially our raw material costs, power and fuel and freight and handling expenses. We attempt to achieve efficiency in our operations through various measures and have focused on backward integration, efficient procurement, improving manpower productivity, digitisation initiatives, leveraging advanced analytics, automation, and artificial intelligence to enhance our operations. We are also making significant investments in modernising our existing facilities. However, our operating expenses may rise in the future and our inability to effectively pass on such increases to our customers may affect our profitability.

Our business segments such as viscose, chemicals, textiles and cement have extensive raw material requirements, including caustic soda, grade pulp, salt, water and limestone. An increase in raw material expenses will impact our profitability while a decrease would have the converse effect. For instance, softening of input prices for pulp, caustic soda and power resulted in improvement in EBITDA for our viscose business in the six months ended September 30, 2023. Our cement business, in particular, is dependent on various domestic and foreign suppliers for the supply of coal, fuel oil and pet coke, as well as other raw materials, including gypsum and additives such as silica sand and iron ore. We attempt to reduce our dependence on external supply of raw materials by producing a portion of our caustic soda in-house. We have also minimised our reliance on power grids and energy exchanges by setting up captive power plants. However, power and fuel costs and raw material expenses play a significant role in determining our results of operations. In the six months ended September 30, 2023 and 2022 and Fiscals 2023 and 2022, our cost of materials consumed and power and fuel expenses collectively amounted to ₹ 22,278.01 crore, ₹ 21,330.88 crore, ₹ 44,790.99 crore and ₹ 32,410.30 crore, or 36.35%, 38.42%, 38.08% and 33.87% of our revenue from operations, respectively. The availability and price of our raw materials are subject to a number of factors beyond our control, including economic factors, seasonal factors, environmental factors and changes in government policies and regulations. The price at which we are able to acquire raw materials and fuel depends on the demand, availability and accessibility of such raw materials.

#### ***Government policies and regulatory environment***

The sectors in which we operate are heavily regulated by various government agencies. The production of chemicals such as chlor-alkali, as well as disposal of waste from our manufacturing plants, is the subject matter of extensive regulation, including those in connection with the environment. In our cement business, our mining rights for limestone are subject to compliance with certain conditions, including the payment of royalties. Such conditions and the amount of royalty payable are subject to change by central and state governments and they may terminate our mining right or refuse to renew them. Our mining leases are also subject to compliance with terms of legislation such as the Mines and Minerals (Development and Regulation) Act, 1957, and change in law may remove our existing entitlements. For instance, in the event the right of first refusal that is currently provided post-expiration of the existing mining lease tenure is abolished, we will need to compete with other bidders in the open market, at substantially higher prices.

Our financial services business is subject to several regulations, directions and notifications published by the RBI and the National Housing Bank, Insurance Regulatory and Development Authority of India, Securities and Exchange Board of India, among others. Such regulations relate to, among other things, capital adequacy requirements, NPA provisioning norms, maintenance of minimum net-owned funds, foreign investment limitations, solvency requirements, investment regulation, marketing and selling practices, and other lending stipulations and operational restrictions. Any change in the regulatory framework affecting NBFCs and housing finance companies could affect our results of operations and growth prospects. For instance, our NBFC business will be subject to additional regulatory compliances and restrictions, including with respect to standard asset provisioning, exposure and leverage pursuant to its classification as an “upper layer” NBFC by the RBI in September 2022.

We are also eligible for certain incentives and subsidies from the central and state governments, including in relation to export of our products. Changes in government, policies enacted, licensing and certification requirements or enforcement trends in our lines of business may impact the continuation of schemes, incentives and grants from which we benefit and may result in increased costs of compliance. To the extent incentives are not available to us in the future, our tax liabilities may increase, which may impact our results of operations.

#### ***Competition and pricing pressure***

A key driver affecting our results of operations has been the sales volume of our existing products, which in turn are affected by consumer preferences, availability of alternative products and pricing of our products. We face intense competition across our businesses and our results of operations may be affected by the launch of competitive products in our markets. An increase in the competition we face may result in us having to reduce the prices we charge for such products, which in turn may impact our profit margins. Further, our ability to increase our revenues is dependent on our ability to continue to launch new products

successfully, identify new markets for expansion, and maintain the value of our brand. such initiatives may require us to incur additional expenditure on advertisement and sales promotion activities. In our financial services business, we may need to lend at lower interest rates despite an increasing rate environment, in order to compete with other lenders in India.

Our competitors may have greater financial resources than we do, may have access to a cheaper cost of capital and may be able to produce products more efficiently or invest larger amounts of capital into their businesses. Our competitors may enter into joint ventures, undertake strategic acquisitions or establish co-operative relationships among themselves or with third parties, thereby increasing their ability to address the needs of our target customers. Any increase in competition may reduce our market share, decrease growth in our business, increase operating expenses and reduce our customer base, which could adversely affect our financial condition and results of operations.

### ***Organic and inorganic expansion***

In addition to growing through our organic efforts, we rely on strategic acquisitions and similar investments to provide us access to businesses, products and markets from time to time. Our business strategy involves constant evaluation and identification of business portfolios with strong growth opportunities that we can invest in. For example, in Fiscal 2019, we acquired Soktas India Private Limited, which manufactures and distributes premium cotton fabrics and acquired the chlor-alkali business of KPR Industries India Limited. In Fiscal 2020, our Company formed a joint venture with Maschinenfabrik Reinhausen GmbH (MR), Germany for the manufacture and sale of composite hollow core insulators. We also entered into an agreement with Lubrizol Advanced Materials to manufacture and supply chlorinated polyvinyl chloride resin, which would also help us improve captive chlorine integration. In 2021, we undertook brownfield expansion for viscose at Vilayat and caustic soda at Rehla and Balabhadrapuram and commissioned a chloromethane plant at Vilayat. In 2023, a composite scheme of arrangement was approved by our Subsidiary, UltraTech Cement Limited, and Kesoram Industries Limited (“**Kesoram**”) and their respective shareholders and creditors for demerger of Kesoram’s cement business into UltraTech Cement Limited.

We recently forayed into the paints business under the 'Birla Opus' brand and our Company’s board has approved a capital expenditure plan of ₹10,139.00 crore for such business, of which, we had spent ₹ 4,907.63 crore, as of September 30, 2023. We have also forayed into the B2B e-commerce sector and we offer integrated procurement solutions through our e-commerce platform to MSMEs in the construction business under the brand 'Birla Pivot'. We may continue to make investments in such businesses or enter into strategic partnerships in the future. We may also enter into new lines of business on our own and expand our operations organically, based on our strategic goals.

However, the success of acquisitions, joint ventures, partnerships, capacity expansions and entry into new business segments depends on a number of factors including our ability to realize anticipated growth opportunities and synergies from combining businesses. Such growth initiatives may divert management attention and require us to incur expenses in the form of finance costs, capital expenditure, integration costs, in addition to taking on liabilities of any acquired company.

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Basis of Preparation**

The Audited Consolidated Financial Statements have been 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 and the guidelines issued by the Securities and Exchange Board of India (SEBI), as applicable. The accounting policies have been applied consistently to all periods presented in the financial statements. The accounting policies summarized below are the accounting policies used in the preparation of our latest annual financial statements.

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;
- (ii) Certain financial assets and liabilities at fair value;
- (iii) Assets held for disposal - measured at the lower of 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.

The Unaudited Consolidated Financial Results have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting", prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance with Regulations 33 and 52(4), read with Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### **Principles of Consolidation**

The consolidated financial statements comprise the financial statements of our Company and its Subsidiaries (referred



together as the “Group”), joint ventures and associates. The consolidated financial statements 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.

***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.

***Non-Controlling Interest (NCI):***

Non-controlling interest in the net assets of the consolidated subsidiaries consists of:

- (i) The amount of equity attributable to non-controlling shareholders at the date on which the investments in the subsidiary companies were made.
- (ii) 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.

***Loss of Control:***

When the Group loses control over a subsidiary, it derecognises 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.

***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.

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, form 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.

### ***Transaction Eliminated on Consolidation***

The financial statements of our Company, its subsidiaries, joint ventures and associates used in the consolidation procedure are drawn up to the same reporting date, March 31, 2023.

The financial statements of our Company and its subsidiary companies are combined on a line-by-line basis by adding together 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.

### **Significant Accounting Judgements, Estimates and Assumptions**

The preparation of financial statements, in conformity, with 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 recognised 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. Our Company bases 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 our Company. Such changes are reflected in the assumptions when they occur.

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 Composites Limited as Joint Ventures:**

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, the Group needs to jointly decide with other shareholders of the respective entity on certain relevant activities. 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

The Company holds more than half of the equity shareholding in the Aditya Birla Power Composites Limited. However, as per the shareholders' agreement, the Company needs to jointly decide with other shareholders of the respective entity on certain relevant activities. Hence, these entities have been consolidated as per equity method of accounting: (a) Aditya Birla Power Composites 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.

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.

#### **Estimation of Uncertainties Relating to Global Health Pandemic from COVID-19:**

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, intangibles, investments and other assets. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Company has used internal and external sources of information. The Company has reviewed the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements, and the Company will continue to closely monitor any material changes to future economic conditions.

#### **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 rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

#### **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.

#### **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.

#### **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. 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.

#### **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 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.

#### **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.

#### **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, the 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 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.

#### **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.

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 has 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.

#### **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 inter-dependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- (i) The Company's internal credit grading model, which assigns PDs to the individual grades
- (ii) 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
- (iii) The segmentation of financial assets when their ECL is assessed on a collective basis
- (iv) Development of ECL models, including the various formulas and the choice of inputs
- (v) Determination of associations between macro-economic scenarios, and economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
- (vi) Selection of forward-looking macro-economic 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.

#### **Business Combination:**

For the purpose of accounting of business combination, following key judgements are made:

#### **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 cash flows 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.

#### **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.

#### **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.

#### **Fair Valuation of Current Assets and Liabilities:**

The Current Assets and Liabilities are taken at fair value on the date of acquisition.

#### **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 remeasured and the settlement is accounted for within other equity. Otherwise, other contingent consideration is remeasured 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 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.

#### **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 as per Ind AS 1 and other criteria set out in Division II of 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.

#### **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 recognised as at 1st 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 assets 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 derecognised 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.

#### 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".

#### 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.

#### Major assets class where useful life considered as provided in Schedule II:

Sr. No.	Nature of the Assets	Estimated Useful Life of the Assets
1.	Plant and Machinery - Continuous Process Plant	25 years
2.	Reactors	3 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 and Tube Wells	5 years

In 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.

#### Assets where useful life differs from Schedule II:

Sr. 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)	7.5 - 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

Sr. No.	Nature of the Assets	Useful Life as Prescribed by Schedule II of the Companies Act, 2013	Estimated Useful Life of the Assets
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 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.

#### **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 1st 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 derecognition 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:**

Sr. 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 Licence/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)	5 - 25 years
11.	Right to Manage and Operate Manufacturing Facility	15 years



Sr. No.	Nature of the Assets	Estimated Useful Life of the Assets
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
17.	Surface Rights	Over the period of respective mining agreement

#### **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; and (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.

#### **Discontinued Operations and Non-Current Assets (or Disposal Groups) Classified as Held for Sale:**

A discontinued operation is a component of the group's business, the operations and cash flows 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 (i) is a part of single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or (ii) 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.

Non-current assets and disposal groups are classified as held for sale, if their carrying amount is intended to be recovered principally through a sale (rather than through continuing use), when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset (or disposal group), and the sale is highly probable and is expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets and disposal groups classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

#### **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. 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.

**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 materials, 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.

**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.

**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.

**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.

**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 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 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 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.

Remeasurement, 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.

Remeasurement 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:

- (i) service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- (ii) net interest expense or income; and
- (iii) Remeasurement.

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 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.

#### **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 Consolidated Statement of Profit and Loss.

#### **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 the 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.

##### **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 Options 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 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.

### **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: (i) 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; (ii) exchange differences relating to qualifying effective cash flow hedges; and (iii) exchange difference arising on restatement of long-term monetary items that in substance forms part of 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.

### **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 reclassified to the Statement of Profit and Loss.

### **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 remeasured 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 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 reclassified 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.

### **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: (i) In the principal market for the asset or liability, or (ii) 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 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, the 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.

### **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. However, trade receivables that do not contain a significant financing component are measured at transaction price (net of variable consideration). Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

#### *Subsequent Measurement:*

For the purposes of subsequent measurement, financial assets are classified in four categories:

- (i) Debt instruments at amortised cost

- (ii) Debt instruments at Fair Value through Other Comprehensive Income (FVTOCI)
- (iii) Debt instruments, derivatives and equity instruments, mutual funds at Fair Value through Profit or Loss (FVTPL)
- (iv) 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 Instrument 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 derecognition 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 Instrument at FVTPL:**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised 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 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.

#### **Equity Investments:**

Investments 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 recognised 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:

- (i) Loans and advances to customers;
- (ii) Debt investment securities;
- (iii) Trade and other receivables;
- (iv) Lease receivables;
- (v) Irrevocable loan commitments issued; and
- (vi) 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: (i) 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 (ii) 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.

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. 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:

- (i) significant financial difficulty of the borrower or issuer;
- (ii) a breach of contract such as a default or past due event;
- (iii) 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;
- (iv) the disappearance of an active market for a security because of financial difficulties; or
- (v) 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 unlikelihood 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.

#### ***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: (i) the borrower is past due more than 90 days on any material credit obligation to the Group; or (ii) 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.

#### ***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:

- (i) Qualitative factors, such as contractual cash flows after modification, are no longer SPPI
- (ii) change in currency or change of counterparty
- (iii) the extent of change in interest rates, maturity, covenants
- (iv) 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 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 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.

#### ***Presentation of Allowance for ECL in the Balance Sheet:***

Loss allowances for ECL are presented in the Balance Sheet as follows: (i) for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets; and (ii) 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: (i) Loans and borrowings, (ii) payables, or (iii) 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 Group'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 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.

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.

**Derecognition of Financial Liabilities:**

The Group derecognises 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 derecognised 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 reclassification 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.

### **Revenue Recognition:**

#### *Revenue from Contracts with Customers*

Revenue is recognised when the Company satisfies a performance obligation on the basis of approved contracts regarding the transfer of goods or services to a customer. This is achieved when control of the product has been transferred to customer.

The Company considers the terms of the contract in determining the transaction price. The transaction price is based upon the amount the Company expects to be entitled to in exchange for transferring of promised goods and services to the customer after deducting incentive programs, including but not limited to discounts, volume rebates etc. Transaction price excludes taxes and duties collected on behalf of the government.

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 re-assessed 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 good or service to the customer, and when the customer pays for that good or service will be one year or less.

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 Service Tax (GST).

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.

Dividend income is accounted for when the right to receive the income is established.

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.

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 when such policies are re-instated. In case of linked business, top-up premium paid by policyholders are considered as single premium and are unitised 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 good or service 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.**

**Leases:**

The Group assesses whether a contract contains a lease, at the inception of the 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 the contract involves the use of identified asset; the Company has substantially all of the economic benefits from the use of the asset through the period of lease; and the Company has the right to direct the use of the asset.

**As a Lessee:**

The Group 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 remeasurements 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, the 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: (i) Fixed payments, including in-substance fixed payments; (ii) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; (iii) Amounts expected to be payable under a residual value guarantee; and (iv) 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.

**Covid-19 related Rent Concessions:**

The amendments provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess

whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession, the same way it would account for the change under Ind AS 116, if the change was not a lease modification. The amendments are applicable for annual reporting periods beginning on or after the 1st April 2020.

#### **Short-Term Leases and Leases of Low-Value Assets**

The Group 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.

#### **Leasehold Assets Depreciation:**

Leasehold Land and Buildings	Over the period of Lease
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#### **Contract Liability:**

Contract liability is recognised when a payment for customer is already received before a related performance obligation is satisfied. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is received.

As these are contracts that the Company expects, and has the ability, to fulfil through delivery of a non-financial item, these are presented as advance from customers, and are recognised as revenue as and when control of respective commodities is transferred or service is provided to the customers under the agreements.

#### **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.

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.

##### **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. Claw-back of the first year commission paid, if any, in future is accounted in the year in which it is recovered.

##### **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.

##### **Deferred Acquisition Cost (DAC)/Deferment Origination Fees (DOF):**

The Group has identified commission, rewards and recognition paid to its agents pertaining to 1st 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 1st, 2nd and 3rd year, have been deferred over the period of the policy contract. Acquisition cost and origination fees is deferred only for Investment Contracts.

**Re-insurance Assets:**

Re-insurance Asset, being net contractual rights receivable under re-insurance contract, has been recognised on the basis of Actuarial valuation.

**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 costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

**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.

**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. Interest expenses are included in finance cost and interest income, if any, related to income tax is included in other income.

Current income tax, relating to items recognised outside of 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.

**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: (i) 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; and (ii) 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.

#### **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.

#### **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.

#### **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 assets to which they relate. The unwinding of the discount is shown as a finance cost in the Statement of Profit and Loss.

### **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 has 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.

#### **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 recognised in the Statement of Profit and Loss.

#### **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.

#### **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.

### **CHANGES IN ACCOUNTING POLICIES**

There has been no change in our accounting policies during the six months ended September 30, 2023 and 2022 and Fiscals 2023 and 2022.

### **PRINCIPAL COMPONENTS OF INCOME AND EXPENDITURE**

#### **Income**

Our total income comprises our revenue from operations and other income.

#### ***Revenue from Operations***

Our revenue from operations comprises revenue from contracts with customers and other operating revenues. Revenue from contracts with customers include (i) sale of products and services (other than financial services), (ii) sale of financial services, (iii) interest and dividend income of financial services, and (iv) net gain/ (loss) on fair value changes of financial services business.



The products/ services included in each of our business services are as follows: Viscose: Fibre and yarn; Chemicals: Caustic soda, specialty chemicals and chlorine derivatives; Cement: Grey cement, white cement and allied products; Financial services: Non-bank financial services, life insurance services, asset management, housing finance, equity broking, wealth management, general insurance advisory and health insurance; and Others: Remaining businesses which are not part of the above segments, which mainly represents textiles, insulators, Birla Opus (Paints), Birla Pivot (B2B e-commerce) and renewable energy business.

*Sale of products and services (other than financial services):* Our revenue from sale of products and services (other than financial services) comprises sale of manufactured products, sale of traded products and sale of services.

*Sale of financial services:* Stemming from our Subsidiary, Aditya Birla Finance Limited's insurance business, our interest and dividend income of financial services primarily comprises income from life insurance premium, income from health insurance premium and income from other financial services.

*Interest and dividend income of financial services:* Our interest and dividend income of financial services comprises interest income and dividend income. Interest income primarily includes interest on loans, interest income from investments, interest on deposits with banks, interest on deposits with others. Dividend income is earned on financial assets measured at fair value through OCI.

*Net gain/ (loss) on fair value changes of financial services business:* Our realized net gain/ (loss) on fair value changes of financial services business primarily comprises net gain/ (loss) on financial instruments at fair value through profit or loss, net gain/ (loss) on financial instruments at fair value through OCI, and net gain/ (loss) on financial instruments at amortised cost.

### ***Other Income***

Our other income primarily comprises (i) interest income on investments, bank accounts and others (measured at amortised cost); (ii) dividend income from non-current investments (measured at FVTOCI) and current investments (measured at FVTOCI); and (iii) gain/ (loss) on financial instruments on sale of investments (net) – mutual funds (measured at FVTPL) and on fair value change of investments measured at FVTPL.

### **Expenses**

Our expenses primarily comprise: (i) cost of materials consumed; (ii) purchases of stock-in-trade; (iii) employee benefits expense; (iv) power and fuel; (v) freight and handling expenses; (vi) change in valuation of liability in respect of insurance policies; (vii) benefits paid – insurance business; (viii) finance cost relating to NBFC/ HFC's business; (ix) other finance costs; (x) depreciation and amortisation expenses; and (x) other expenses.

#### ***Cost of materials consumed***

Cost of materials consumed comprises (i) the cost of raw materials used in the manufacture of our products; (ii) the cost of packing materials; (iii) the cost of stores and spares; and (iv) the cost of other materials and incidental expenses.

#### ***Purchases of stock-in-trade***

Purchases of stock-in-trade primarily includes cost of goods purchased for trading.

#### ***Employee Benefits Expenses***

Our employee benefits expenses comprise (i) salaries, bonus and commission; (ii) contribution to provident and other funds; (iii) contribution to gratuity fund; (iv) staff welfare expenses; and (v) expenses on employee stock option scheme.

#### ***Power and fuel***

Our power and fuel expenses represent costs incurred on procuring power from power producers, who are both public utilities and private producers, and other energy expenses, as well as the cost of fuel for our manufacturing operations.

#### ***Freight and handling expenses***

Freight and handling expenses comprise our costs incurred on transporting and handling products across locations, being our outward freight and material handling charges.

#### ***Benefits paid – insurance business***

Benefits paid – insurance business includes insurance claims, maturity and withdrawals.

#### ***Finance cost relating to NBFC/ HFC's business***

Our finance costs relating to NBFC/ HFC's business comprise (i) interest expenses; (ii) interest on lease liabilities; and (iii) other borrowing costs, which pertain to our NBFC and housing finance business.

### Other finance costs

Other finance costs include (i) interest expenses, net of interest capitalized; (ii) interest on lease liabilities; (iii) other borrowing costs (including interest on income tax); (iv) unwinding of discount on mine restoration provision; and (v) exchange (gain)/loss on Lease Liabilities and foreign currency borrowings (net).

### Depreciation and amortisation expenses

Depreciation and amortisation expenses comprise (i) depreciation on property, plant and equipment; (ii) depreciation on investment property; (iii) amortisation on intangible assets; (iv) depreciation on right-of-use assets; and (v) obsolescence.

### Other Expenses

Our other expenses include (i) consumption of stores, spare parts and components, and incidental expenses; (ii) consumption of packaging materials; (iii) processing charges; (iv) repairs to machinery, buildings and others; (v) advertisement, sales promotion and other selling expenses; (vi) bad debts and allowance for doubtful debts and advances (net); (vii) insurance; (viii) lease rent; (ix) rates and taxes; (x) exchange rate difference (net); and (xi) miscellaneous expenses; net of the captive consumption of cement.

## SEGMENTAL REPORTING

Our business segments are viscose, chemicals, cement, financial services and others. The following tables set forth our segment information, as per Ind AS 108 – Operating Segments, for the periods/ years indicated:

### Six months ended September 30, 2023

(₹ in crore)

	Viscose	Chemicals	Cement	Financial Services	Others	Inter Segment Revenue / Eliminations	Total
Total Revenue from Operations	7,472.49	4,134.16	33,749.23	14,738.12	1,788.68	(596.81)	61,285.87
Segment Results	857.93	594.78	5,940.93	1,927.10	52.59	-	9,373.33
Unallocated Corporate Income/(Expenses)							117.18
Adjusted EBITDA <sup>(1)</sup>							9,490.51

<sup>(1)</sup> Adjusted EBITDA is calculated as Profit from Ordinary Activities for the period/ Profit from continuing operations for the year, before Share in Profit of Equity Accounted Investees, Exceptional Items, Tax, Finance costs (other than finance cost relating to NBFC/HFC's business) and depreciation and amortization expenses.

### Six months ended September 30, 2022

(₹ in crore)

	Viscose	Chemicals	Cement	Financial Services	Others	Inter Segment Revenue / Eliminations	Total
Total Revenue from Operations	8,203.02	5,441.79	29,056.56	12,388.34	1,599.93	(1,162.56)	55,527.08
Segment Results	824.03	1,414.93	5,216.49	1,264.47	233.14	-	8,953.06
Unallocated Corporate Income/(Expenses)							63.40
Adjusted EBITDA <sup>(1)</sup>							9,016.46

<sup>(1)</sup> Adjusted EBITDA is calculated as Profit from Ordinary Activities for the period/ Profit from continuing operations for the year, before Share in Profit of Equity Accounted Investees, Exceptional Items, Tax, Finance costs (other than finance cost relating to NBFC/HFC's business) and depreciation and amortization expenses.

### Fiscal 2023

(₹ in crore)

	Viscose	Chemicals	Cement	Financial Services	Others	Inter Segment Revenue / Eliminations	Total
Sales (As reported)	15,126.76	8,773.43	63,224.42	27,348.09	3,154.38	-	1,17,627.08
Sales (Inter-Segment)	21.82	1,648.25	15.56	17.08	77.85	(1,780.56)	-
Total Revenue	15,148.58	10,421.68	63,239.98	27,365.17	3,232.23	(1,780.56)	1,17,627.08
Segment Results	1,031.27	2,271.47	11,122.93	5,603.40	290.06	-	20,319.13
Unallocated Corporate Income/(Expenses)							158.51
Adjusted EBITDA <sup>(1)</sup>							20,477.64

<sup>(1)</sup> Adjusted EBITDA is calculated as Profit from Ordinary Activities for the period/ Profit from continuing operations for the year, before Share in Profit of Equity Accounted Investees, Exceptional Items, Tax, Finance costs (other than finance cost relating to NBFC/HFC's business) and depreciation and amortization expenses.

## Fiscal 2022

(₹ in crore)

	Viscose	Chemicals	Cement	Financial Services	Others	Inter Segment Revenue / Eliminations	Total
Sales (As reported)	12,191.70	6,574.30	52,585.97	22,087.24	2,261.92	-	95,701.13
Sales (Inter-Segment)	18.15	1,313.58	12.86	7.10	59.52	(1,411.21)	-
Total Revenue	12,209.85	7,887.88	52,598.83	22,094.34	2,321.44	(1,411.21)	95,701.13
Segment Results	1,721.20	1,533.90	12,022.16	2,068.54	328.20	-	17,674.00
Unallocated Corporate Income/(Expenses)							98.41
Adjusted EBITDA <sup>(1)</sup>							17,772.41

<sup>(1)</sup> Adjusted EBITDA is calculated as Profit from Ordinary Activities for the period/ Profit from continuing operations for the year, before Share in Profit of Equity Accounted Investees, Exceptional Items, Tax, Finance costs (other than finance cost relating to NBFC/HFC's business) and depreciation and amortization expenses.

## Other Financial Information

The following table sets forth below certain financial information of our Company, as of and for the periods indicated:

	For the six months ended September 30,		For the year ended March 31,	
	2023	2022	2023	2022
	(₹ in crore)			
Revenue from operations	12,679.57	13,998.28	26,839.71	20,856.84
Adjusted EBITDA <sup>(1)</sup>	2,143.14	3,076.06	4,198.23	4,111.47
Profit after tax	1,150.01	1,772.86	2,123.73	3,051.27

Note:

<sup>(1)</sup> Adjusted EBITDA of our Company is calculated as Profit from Ordinary Activities for the period/ Profit from continuing operations for the year, before Exceptional Items, Tax, Finance costs and depreciation and amortization expenses.

	As of September 30,		As of March 31,	
	2023	2022	2023	2022
	(₹ in crore, except ratios)			
Total Debt	8,078.25	4,612.53	5,254.23	4,120.77
Total Equity	49,797.90	48,454.78	46,954.93	48,615.79
Debt-equity ratio <sup>(1)</sup>	0.16	0.10	0.11	0.08
Current assets	11,064.15	12,121.18	10,719.56	11,507.79
Current liabilities	8,639.68	8,170.15	8,276.86	7,873.01
Current ratio <sup>(2)</sup>	1.28	1.48	1.30	1.46
Total debts to total assets <sup>(3)</sup>	0.12	0.07	0.08	0.07
Net worth <sup>(4)</sup>	49,797.90	48,454.78	46,954.93	48,615.79

Notes:

<sup>(1)</sup> Debt to equity ratio represents the ratio of our Company's total debts to our Company's total equity attributable to shareholders as of the relevant date.

<sup>(2)</sup> Current ratio represents the ratio of our Company's current assets to our Company's current liabilities (excluding current borrowings) as of the relevant date.

<sup>(3)</sup> Total debt to total assets represents the ratio of our Company's total debts to our Company's total assets as of the relevant date.

<sup>(4)</sup> Net worth represents the total equity of our Company.

## NON-GAAP MEASURES

Certain measures which are Net Worth, Return on Net Worth, Net Asset Value per Equity Share, EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin (together, "Non-GAAP Measures"), presented in this Letter of Offer are a supplemental measure of our performance and liquidity that is not required by, or presented in accordance with, Ind AS, IFRS, US GAAP or any other GAAP. Further, these Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS, IFRS, US GAAP or any other GAAP and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years/ period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, IFRS, US GAAP or any other GAAP. In addition, these Non-GAAP Measures are not standardised terms, hence a direct comparison of these Non-GAAP Measures between companies may not be possible. Other companies may calculate these Non-GAAP Measures differently from us, limiting its usefulness as a comparative measure. Although such Non-GAAP Measures are not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that they are useful to an investor in evaluating us as they are widely used measures to evaluate a company's operating or financial performance.

### Reconciliation of non-GAAP measures

The tables below reconciles our profit for the period/ year from Continuing Operations under Ind AS to our definition of Adjusted EBITDA and Adjusted EBITDA Margin for the periods/ years specified:

Particulars	Six months ended September 30, 2023	Six months ended September 30, 2022	Fiscal 2023	Fiscal 2022
	(₹ in crore, except percentages)			
Profit for the period/ year from Continuing Operations (A)	4,600.40	4,267.94	11,078.20	10,690.55
Total tax expense of Continuing Operations (B)	1,699.19	1,957.08	3,648.51	1,936.31
Exceptional items (C)	-	88.03	88.03	69.11
Share In (Profit)/ Loss of Equity Accounted Investees (D)	4.46	(143.33)	(208.96)	(380.33)
Other finance costs (E)	758.78	641.91	1,320.27	1,295.70
Depreciation and amortisation expenses (F)	2,427.68	2,204.83	4,551.59	4,161.07
<b>Adjusted EBITDA<sup>(1)</sup> (G=A+B+C+D+E+F)</b>	<b>9,490.51</b>	<b>9,016.46</b>	<b>20,477.64</b>	<b>17,772.41</b>
<b>Revenue from operations (H)</b>	<b>61,285.87</b>	<b>55,527.08</b>	<b>1,17,627.08</b>	<b>95,701.13</b>
<b>Adjusted EBITDA margin (%)<sup>(2)</sup> (G/H)</b>	<b>15.49%</b>	<b>16.24%</b>	<b>17.41%</b>	<b>18.57%</b>

Notes:

<sup>(1)</sup> Adjusted EBITDA is calculated as Profit from Ordinary Activities for the period/ Profit from continuing operations for the year, before Share in Profit of Equity Accounted Investees, Exceptional Items, Tax, Finance costs (other than finance cost relating to NBFC/HFC's business) and depreciation and amortization expenses.

<sup>(2)</sup> Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by revenue from operations.

For a reconciliation of Net Worth, Return on Net Worth and Net Asset Value per Equity Share, see "Accounting Ratios" on page 549.

### RESULTS OF OPERATIONS

The following table sets forth certain information with respect to our results of operations on a consolidated basis for the years/ periods indicated:

Particulars	Six Months Ended September 30,				Fiscal			
	2023		2022		2023		2022	
	(₹ crore)	Percentage of Total Income	(₹ crore)	Percentage of Total Income	(₹ crore)	Percentage of Total Income	(₹ crore)	Percentage of Total Income
<b>Continuing Operations</b>								
<b>Income</b>								
<b>Revenue from operations</b>	<b>61,285.87</b>	<b>99.06%</b>	<b>55,527.08</b>	<b>99.25%</b>	<b>1,17,627.08</b>	<b>97.02%</b>	<b>95,701.13<sup>(1)</sup></b>	<b>99.15%</b>
Other income	580.38	0.94%	420.11	0.75%	3,612.05	2.98%	821.34	0.85%
<b>Total Income</b>	<b>61,866.25</b>	<b>100.00%</b>	<b>55,947.19</b>	<b>100.00%</b>	<b>1,21,239.13</b>	<b>100.00%</b>	<b>96,522.47</b>	<b>100.00%</b>
<b>Expenses</b>								
Cost of materials consumed	10,974.45	17.74%	10,618.61	18.98%	21,622.26	17.83%	16,889.60	17.50%
Purchases of stock-in-trade	1,426.27	2.31%	878.88	1.57%	1,824.35	1.50%	1,404.56	1.46%
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(463.92)	(0.75)%	(745.68)	(1.33)%	(834.66)	(0.69)%	(921.74)	(0.95)%
Employee benefits expense	3,842.46	6.21%	3,518.86	6.29%	7,193.86	5.93%	6,327.71	6.56%
Power and fuel	11,303.56	18.27%	10,712.27	19.15%	23,168.73	19.11%	15,520.70	16.08%
Freight and handling expenses	8,060.24	13.03%	6,883.56	12.30%	15,024.93	12.39%	12,584.10	13.04%
Change in valuation of liability in respect of insurance policies	2,764.76	4.47%	3,134.49	5.60%	7,451.57	6.15%	4,240.83	4.39%
Benefits paid – insurance business (net)	3,211.88	5.19%	2,747.29	4.91%	5,467.75	4.51%	6,702.55	6.94%
Finance costs relating to NBFC/	3,499.30	5.66%	1,977.77	3.54%	4,723.46	3.90%	3,480.30	3.61%

Particulars	Six Months Ended September 30,				Fiscal			
	2023		2022		2023		2022	
	(₹ crore)	Percentage of Total Income	(₹ crore)	Percentage of Total Income	(₹ crore)	Percentage of Total Income	(₹ crore)	Percentage of Total Income
HFC's business								
Other finance costs	758.78	1.23%	641.91	1.15%	1,320.27	1.09%	1,295.70	1.34%
Depreciation and amortisation expense	2,427.68	3.92%	2,204.83	3.94%	4,551.59	3.75%	4,161.07	4.31%
Other expenses	7,756.74	12.54%	7,204.68	12.88%	15,119.24	12.47%	12,521.45	12.97%
<b>Total expenses</b>	<b>55,562.20</b>	<b>89.81%</b>	<b>49,777.47</b>	<b>88.97%</b>	<b>1,06,633.35</b>	<b>87.95%</b>	<b>84,206.83</b>	<b>87.24%</b>
Share in Profit/(Loss) of equity accounted investee	(4.46)	(0.01%)	143.33	0.26%	208.96	0.17%	380.33	0.39%
<b>Profit from Continuing Operations Before Tax and Exceptional Items</b>	<b>6,299.59</b>	<b>10.18%</b>	<b>6,313.05</b>	<b>11.28%</b>	<b>14,814.74</b>	<b>12.22%</b>	<b>12,695.97</b>	<b>13.15%</b>
Exceptional items	-	-	(88.03)	(0.16)%	(88.03)	(0.07)%	(69.11)	(0.07)%
<b>Profit from Continuing Operations Before Tax</b>	<b>6,299.59</b>	<b>10.18%</b>	<b>6,225.02</b>	<b>11.13%</b>	<b>14,726.71</b>	<b>12.15%</b>	<b>12,626.86</b>	<b>13.08%</b>
Tax Expense (Net)								
Current tax	1,576.31	2.55%	1,742.24	3.11%	3,432.67	2.83%	1,954.40	2.02%
Deferred tax	122.88	0.20%	214.84	0.38%	215.84	0.18%	(18.09)	(0.02)%
<b>Total tax expense</b>	<b>1,699.19</b>	<b>2.75%</b>	<b>1,957.08</b>	<b>3.50%</b>	<b>3,648.51</b>	<b>3.01%</b>	<b>1,936.31</b>	<b>2.00%</b>
<b>Profit for the year from continuing operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,078.20</b>	<b>9.14%</b>	<b>10,690.55</b>	<b>11.08%</b>
<b>Profit for the Year from Discontinued Operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>515.74</b>	<b>0.53%</b>
<b>Profit for the Year/ Period</b>	<b>4,600.40</b>	<b>7.44%</b>	<b>4,267.94</b>	<b>7.63%</b>	<b>11,078.20</b>	<b>9.14%</b>	<b>11,206.29</b>	<b>11.61%</b>
<b>Profit attributable to:</b>								
Owners of the Company	2,740.22	4.43%	2,942.56	5.26%	6,827.26	5.63%	7,549.78	7.82%
Non-controlling interest	1,860.18	3.01%	1,325.38	2.37%	4,250.94	3.51%	3,656.51	3.79%

Note:

(1)

Particulars	Fiscal 2022
	(₹ crore)
Revenue from Contract with customers (A)	94,588.74
Other Operating Revenues (B)	1,112.39
<b>Total (A+B)</b>	<b>95,701.13</b>

## SIX MONTHS ENDED SEPTEMBER 30, 2023 COMPARED TO SIX MONTHS ENDED SEPTEMBER 30, 2022

### Total income

Our total income increased by 10.58% from ₹ 55,947.19 crore in the six months ended September 30, 2022 to ₹ 61,866.25 crore in the six months ended September 30, 2023. This increase was primarily due to increase in our revenue from operations, as set forth below.

### Revenue from operations

Our revenue from operations increased by 10.37% from ₹ 55,527.08 crore in the six months ended September 30, 2022 to ₹ 61,285.87 crore in the six months ended September 30, 2023, primarily due to increase in revenue from our cement business and our financial services business. Segment revenue from cement increased from ₹ 29,056.56 crore in the six months ended September 30, 2022 to ₹ 33,749.23 crore in the six months ended September 30, 2023. At the same time, segment revenue from financial services increased from ₹ 12,388.34 crore in the six months ended September 30, 2022 to ₹ 14,738.12 crore in the six months ended September 30, 2023.

### ***Other income***

Our other income increased from ₹ 420.11 crore in the six months ended September 30, 2022 to ₹ 580.38 crore in the six months ended September 30, 2023.

### **Expenses**

Total expenses increased by 11.62% from ₹ 49,777.47 crore in the six months ended September 30, 2022 to ₹ 55,562.20 crore in the six months ended September 30, 2023.

### ***Cost of materials consumed***

Cost of materials consumed increased by 3.35% from ₹ 10,618.61 crore in the six months ended September 30, 2022 to ₹ 10,974.45 crore in the six months ended September 30, 2023.

### ***Purchases of stock-in-trade***

Purchases of stock-in-trade increased by 62.28% from ₹ 878.88 crore in the six months ended September 30, 2022 to ₹ 1,426.27 crore in the six months ended September 30, 2023.

### ***Employee benefits expense***

Our employee benefits expense increased by 9.20% from ₹ 3,518.86 crore in the six months ended September 30, 2022 to ₹ 3,842.46 crore in the six months ended September 30, 2023.

### ***Power and fuel***

Our power and fuel expenses increased by 5.52% from ₹ 10,712.27 crore in the six months ended September 30, 2022 to ₹ 11,303.56 crore in the six months ended September 30, 2023.

### ***Freight and handling expenses***

Freight and handling expenses increased by 17.09% from ₹ 6,883.56 crore in the six months ended September 30, 2022 to ₹ 8,060.24 crore in the six months ended September 30, 2023.

### ***Benefits paid – insurance business (net)***

Benefits paid – insurance business increased by 16.91% from ₹ 2,747.29 crore in the six months ended September 30, 2022 to ₹ 3,211.88 crore in the six months ended September 30, 2023.

### ***Finance cost relating to NBFC/ HFC's business***

Finance cost relating to NBFC/ HFC's business increased by 76.93% from ₹ 1,977.77 crore in the six months ended September 30, 2022 to ₹ 3,499.30 crore in the six months ended September 30, 2023.

### ***Other finance costs***

Other finance costs increased by 18.21% from ₹ 641.91 crore in the six months ended September 30, 2022 to ₹ 758.78 crore in the six months ended September 30, 2023.

### ***Depreciation and amortization expenses***

Our depreciation and amortization expenses increased by 10.11% from ₹ 2,204.83 crore in the six months ended September 30, 2022 to ₹ 2,427.68 crore in the six months ended September 30, 2023.

### ***Other expenses***

Our other expenses increased by 7.66% from ₹ 7,204.68 crore in the six months ended September 30, 2022 to ₹ 7,756.74 crore in the six months ended September 30, 2023.

### **Profit before tax and exceptional items**

Our profit before tax and exceptional items was ₹ 6,299.59 crore in the six months ended September 30, 2023 compared to profit before tax and exceptional items of ₹ 6,313.05 crore in the six months ended September 30, 2022.

### **Exceptional items**

We had exceptional items amounting to ₹ (88.03) crore in the six months ended September 30, 2022. This was on account of provision for interest payable on custom duty due to the decision to pay custom duty on import of capital goods cleared at zero duty under the EPCG scheme in prior periods. There were no such exceptional items in the six months ended September 30, 2023.

## **Tax expenses**

Our tax expense decreased by 13.18% from ₹ 1,957.08 crore in the six months ended September 30, 2022 to ₹ 1,699.19 crore in the six months ended September 30, 2023. Current tax expense decreased from ₹ 1,742.24 crore in the six months ended September 30, 2022 to ₹ 1,576.31 crore in the six months ended September 30, 2023. Further, our deferred tax expense decreased from ₹ 214.84 crore in the six months ended September 30, 2022 to ₹ 122.88 crore in the six months ended September 30, 2023.

## **Profit for the period**

Our profit for the period increased from ₹ 4,267.94 crore in the six months ended September 30, 2022 to ₹ 4,600.40 crore in the six months ended September 30, 2023.

## **FISCAL 2023 COMPARED TO FISCAL 2022**

### **Total income**

Our total income increased by 25.61% from ₹ 96,522.47 crore in Fiscal 2022 to ₹ 1,21,239.13 crore in Fiscal 2023, as set forth below.

### **Revenue from operations**

Our revenue from operations increased by 22.91% from ₹ 95,701.13 crore in Fiscal 2022 to ₹ 1,17,627.08 crore in Fiscal 2023. Our other operating revenues also increased by 5.17% from ₹ 1,112.39 crore in Fiscal 2022 to ₹ 1,169.95 crore in Fiscal 2023.

The increase in our revenue from contracts with customers was primarily attributable to the following:

- (i) increase in revenues from sale of products and services (other than financial services) by 22.92%, from ₹ 72,494.40 crore in Fiscal 2022 to ₹ 89,109.04 crore in Fiscal 2023, on account of growth in performance in our Subsidiary's cement business, as well as performance across the viscose, chemicals and textiles business. In particular, revenue from sale of manufactured products increased by 22.10%, from ₹ 68,679.50 crore in Fiscal 2022 to ₹ 83,857.22 crore in Fiscal 2023, and revenue from sale of traded products increased by 37.87%, from ₹ 3,807.20 crore in Fiscal 2022 to ₹ 5,248.92 crore in Fiscal 2023.

Our viscose business was driven significantly by sales volume growth of 18.11% year-on-year in our VSF business, from 602 KT in Fiscal 2022 to 711 KT in Fiscal 2023. Our Company's chemicals business has also grown owing to improvement in electrochemical unit (ECU) realisation, in addition to an overall increase in our sales volume.

- (ii) increase in revenues from sale of financial services by 20.10%, from ₹ 12,918.24 crore in Fiscal 2022 to ₹ 15,514.50 crore in Fiscal 2023, primarily due to improved performance by our Subsidiary's insurance business.
- (iii) Increase in revenue from interest and dividend income of financial services by 33.50% from ₹ 8,761.10 crore in Fiscal 2022 to ₹ 11,696.17 crore in Fiscal 2023. This was primarily on account of increase in interest income, with interest on loans increasing by 35.49%, from ₹ 6,628.52 crore in Fiscal 2022 to ₹ 8,980.66 crore in Fiscal 2023.

### **Other income**

Our other income increased from ₹ 821.34 crore in Fiscal 2022 to ₹ 3,612.05 crore in Fiscal 2023, primarily due to gain on account of fair value of investment in health insurance business on conversion of Aditya Birla Health Insurance Company Limited from a subsidiary to a joint venture.

### **Expenses**

Total expenses increased by 26.63% from ₹ 84,206.83 crore in Fiscal 2022 to ₹ 1,06,633.35 crore in Fiscal 2023, primarily for the reasons set forth below.

### **Cost of materials consumed**

Our cost of materials consumed increased by 28.02% from ₹ 16,889.60 crore in Fiscal 2022 to ₹ 21,622.26 crore in Fiscal 2023, owing to purchases of raw materials and incidental expenses.

### **Purchases of stock-in-trade**

Purchases of stock-in-trade increased by 29.89% from ₹ 1,404.56 crore in Fiscal 2022 to ₹ 1,824.35 crore in Fiscal 2023 due to increase in purchase of traded goods.

### **Employee benefits expense**

Our employee benefits expense increased by 13.69% from ₹ 6,327.71 crore in Fiscal 2022 to ₹ 7,193.86 crore in Fiscal 2023, primarily due to an increase in salaries, wages and bonus from ₹ 5,622.84 crore in Fiscal 2022 to ₹ 6,413.76 crore in Fiscal 2023.

### ***Power and fuel***

Our power and fuel expense increased by 49.28% from ₹ 15,520.70 crore in Fiscal 2022 to ₹ 23,168.73 crore in Fiscal 2023.

### ***Freight and handling expenses***

Our freight and handling expense increased by 19.40% from ₹ 12,584.10 crore in Fiscal 2022 to ₹ 15,024.93 crore in Fiscal 2023.

### ***Benefits paid – insurance business (net)***

Benefits paid for our insurance business decreased by 18.42% from ₹ 6,702.55 crore in Fiscal 2022 to ₹ 5,467.75 crore in Fiscal 2023.

### ***Finance cost relating to NBFC/ HFC's business***

Finance cost relating to NBFC/ HFC's business increased by 35.72% from ₹ 3,480.30 crore in Fiscal 2022 to ₹ 4,723.46 crore in Fiscal 2023 primarily owing to increase in interest expense from ₹ 3,444.89 crore in Fiscal 2022 to ₹ 4,689.79 crore in Fiscal 2023.

### ***Other finance costs***

Our finance costs for businesses other than our NBFC/ HFC business increased by 1.90% from ₹ 1,295.70 crore in Fiscal 2022 to ₹ 1,320.27 crore in Fiscal 2023. This was particularly owing to decrease in interest capitalised from ₹ 158.24 crore in Fiscal 2022 to ₹ 51.77 crore in Fiscal 2023.

### ***Depreciation and amortization expenses***

Our depreciation and amortization expense increased by 9.39% from ₹ 4,161.07 crore in Fiscal 2022 to ₹ 4,551.59 crore in Fiscal 2023, primarily due to increase in gross block of tangible assets.

### ***Other expenses***

Other expenses increased by 20.75% from ₹ 12,521.45 crore in Fiscal 2022 to ₹ 15,119.24 crore in Fiscal 2023, primarily as a result of increase in:

- consumption of stores, spare parts and components, and incidental expenses from ₹ 1,464.09 crore in Fiscal 2022 to ₹ 1,712.41 crore in Fiscal 2023;
- consumption of packing materials from ₹ 2,061.15 crore in Fiscal 2022 to ₹ 2,231.14 crore in Fiscal 2023;
- expense for repairs to machinery, buildings and others from ₹ 1,498.45 crore in Fiscal 2022 to ₹ 1,824.74 crore in Fiscal 2023; and
- miscellaneous expenses from ₹ 2,580.35 crore in Fiscal 2022 to ₹ 3,412.71 crore in Fiscal 2023.

### **Profit from continuing operations before tax and exceptional items**

For the reasons discussed above, our profit from continuing operations before tax and exceptional items was ₹ 14,814.74 crore in Fiscal 2023 compared to profit from continuing operations before tax and exceptional items of ₹ 12,695.97 crore in Fiscal 2022.

### **Exceptional items**

We had exceptional items amounting to ₹ (88.03) crore in Fiscal 2023, as we provided for interest payable on custom duty upon decision to pay custom duty for import of capital goods which were cleared at zero duty under the EPCG scheme in earlier years. In comparison, our exceptional items stood at ₹ (69.11) crore in Fiscal 2022 owing to the provision made against disputed water charges pertaining to prior years.

### **Tax expenses**

Our tax expense of continuing operations (net) increased from ₹ 1,936.31 crore in Fiscal 2022 to ₹ 3,648.51 crore in Fiscal 2023. Current tax expense increased from ₹ 1,954.40 crore in Fiscal 2022 to ₹ 3,432.67 crore in Fiscal 2023. We had deferred tax expense of ₹ 215.84 crore in Fiscal 2023, compared to deferred tax credit of ₹ 18.09 crore in Fiscal 2022.

### **Profit for the year from continuing operations**

Our profit for the year from continuing operations was ₹ 11,078.20 crore in Fiscal 2023, compared to ₹ 10,690.55 crore in Fiscal 2022.



## Profit for the year from discontinued operations

In Fiscal 2022, we earned profit from discontinued operations amounting to ₹ 515.74 crore, compared to nil in Fiscal 2023.

On January 1, 2022, our Company consummated the sale and transfer of Indo Gulf Fertiliser Business (comprising of manufacture, trading and sale of soil health products and other agri-inputs) to Indorama India Private Limited as contemplated in the scheme of arrangement entered into in the previous year, and recognised pre-tax gain of ₹ 540.15 crore for Fiscal 2022, included under discontinued operations as exceptional items. Our Company has provided ₹ 29.36 crore towards outstanding liabilities of maintenance charges of UPSIDC pertaining to Indo Gulf Fertiliser Business, included under discontinued operations as exceptional items.

In Fiscal 2022, our step-down subsidiary, UltraTech Nathdwara Cement Limited ("UNCL"), entered into an agreement with Galata Chemicals Holding GmbH, Germany ("Galata"), as per which Galata along with its affiliates has made necessary payments to UNCL for the purposes of refinancing the loans given to 3B Binani Glassfibre Sarl ("3B") and acquisition of entire shareholding of UNCL in 3B. UNCL has, *inter-alia*, transferred its entire shareholding in 3B to Galata as on March 31, 2022. Consequently, 3B ceased to be a wholly-owned subsidiary of our Company and we recognised ₹ 159.92 crore as an exceptional gain for Fiscal 2022.

## Profit for the year

Our profit for the year decreased marginally from ₹ 11,206.29 crore in Fiscal 2022 to ₹ 11,078.20 crore in Fiscal 2023.

## LIQUIDITY AND CAPITAL RESOURCES

We have historically financed the expansion of our business and operations through a combination of internal accruals and external borrowings.

### Cash Flows

The following table sets forth certain information relating to our cash flows in the periods/ years indicated:

Particulars	For the six months ended September 30,		For the year ended March 31,	
	2023	2022	2023	2022
	(₹ crore)			
Net cash generated from/ (used in) operating activities	(9,032.82)	(7,589.76)	(12,685.14)	7,037.65
Net cash generated from/ (used in) investing activities	(9,620.04)	(3,359.04)	(13,686.71)	(3,543.18)
Net cash generated from/ (used in) financing activities	18,548.81	10,852.62	26,469.13	(6,733.13)
Net increase/ (decrease) in cash and cash equivalents from continuing operations	(104.05)	(96.18)	97.28	(3,238.67)

### Operating Activities

#### Six months ended September 30, 2023

Net cash flows used in operating activities was ₹ 9,032.82 crore for the six months ended September 30, 2023. While our profit before tax after exceptional items and before share in profit/ (loss) of equity accounted investees was ₹ 6,304.05 crore, we had an operating profit before working capital changes of ₹ 12,131.58 crore. This increase was primarily due to addition of non-cash items such as depreciation and amortization expenses of ₹ 2,427.68 crore, finance costs of ₹ 758.78 crore and changes in valuation of liabilities in respect of insurance policies in force of ₹ 2,764.76 crore. Our working capital adjustments the six months ended September 30, 2023 primarily consisted of an increase in loans of financing business of ₹ 15,523.69 crore, on account of increased loan disbursements to customers, as well as investments of life insurance policyholders of ₹ 2,745.77 crore and inventories of ₹ 1,095.62 crore.

#### Six months ended September 30, 2022

Net cash flows used in operating activities was ₹ 7,589.76 crore for the six months ended September 30, 2022. While our profit before tax after exceptional items and before share in profit/ (loss) of equity accounted investees was ₹ 6,081.69 crore, we had an operating profit before working capital changes of ₹ 11,935.64 crore. This increase was primarily due to addition of non-cash items such as depreciation and amortization expenses of ₹ 2,204.83 crore and changes in valuation of liabilities in respect of insurance policies in force of ₹ 3,134.49 crore. Our working capital adjustments the six months ended September 30, 2022 primarily consisted of an increase in loans of financing business of ₹ 10,638.70 crore as well as investments of life insurance policyholders of ₹ 3,383.84 crore and inventories of ₹ 1,778.69 crore.

#### Fiscal 2023

Net cash flows used in operating activities was ₹ 12,685.14 crore in Fiscal 2023. While our profit before tax after exceptional items and before share in profit/ (loss) of equity accounted investees was ₹ 14,517.75 crore, we had an operating profit before working capital changes of ₹ 25,165.01 crore. This increase was primarily due to addition of non-cash items such as depreciation

and amortization expenses of ₹ 4,551.59 crore, finance costs of ₹ 1,320.27 crore and changes in valuation of liabilities in respect of insurance policies in force of ₹ 7,451.57 crore. These were partially offset on account of fair value gain on investment in Aditya Birla Health Insurance Company Limited upon its conversion from subsidiary to joint venture, of ₹ 2,754.27 crore. Our working capital adjustments for Fiscal 2023 primarily consisted of an increase in loans of financing business of ₹ 27,972.19 crore, on account of increased loan disbursements to customers, as well as investments of life insurance policyholders of ₹ 7,486.55 crore.

#### *Fiscal 2022*

Net cash generated from operating activities was ₹ 7,037.65 crore in Fiscal 2022. While our profit before tax after exceptional items and before share in profit/ (loss) of equity accounted investees was ₹ 12,246.53 crore, we had an operating profit before working capital changes of ₹ 21,407.96 crore. This increase was primarily due to addition of non-cash items such as depreciation and amortization expenses of ₹ 4,161.07 crore, finance costs of ₹ 1,295.70 crore, changes in valuation of liabilities in respect of insurance policies in force of ₹ 4,240.83 crore. Our working capital adjustments for Fiscal 2022 primarily consisted of an increase in loans of financing business of ₹ 7,100.48 crore, inventories of ₹ 3,340.81 crore and investments of life insurance policyholders of ₹ 3,396.75 crore.

#### **Investing Activities**

##### *Six months ended September 30, 2023*

Net cash used in investing activities was ₹ 9,620.04 crore in the six months ended September 30, 2023, primarily on account of purchase of property, plant and equipment and other intangible assets of ₹ 8,802.49 crore, purchase of mutual fund units, shares and bonds (non-current) of ₹ 4,251.49 crore, purchase/ (sale) of investments and shareholders' investment of life insurance business (current) net of ₹ 1,414.51 crore and investments in other bank deposits of ₹ 1,322.53 crore. This was partially offset by sale of mutual fund units, shares and bonds (non-current) of ₹ 5,920.45 crore.

##### *Six months ended September 30, 2022*

Net cash used in investing activities was ₹ 3,359.04 crore in the six months ended September 30, 2022, primarily on account of purchase of property, plant and equipment and other intangible assets of ₹ 5,785.92 crore, purchase of mutual fund units, shares and bonds (non-current) of ₹ 2,278.15 crore, investment in joint ventures and associates of ₹ 819.84 crore, and investments in other bank deposits of ₹ 750.51 crore. This was partially offset by sale of mutual fund units, shares and bonds (non-current) of ₹ 5,384.93 crore.

#### *Fiscal 2023*

Net cash used in investing activities was ₹ 13,686.71 crore in Fiscal 2023, primarily on account of purchase of property, plant and equipment and other intangible assets of ₹ 12,036.16 crore, purchase of mutual fund units, shares and bonds (non-current) of ₹ 7,605.95 crore and investments in joint ventures and associates of ₹ 858.73 crore. This was partially offset by sale of mutual fund units, shares and bonds (non-current) of ₹ 6,858.23 crore.

#### *Fiscal 2022*

Net cash used in investing activities was ₹ 3,543.18 crore in Fiscal 2022, primarily on account of purchase of property, plant and equipment and other intangible assets of ₹ 8,587.68 crore, purchase of mutual fund units, shares and bonds (non-current) of ₹ 6,613.64 crore, purchase/ (sale) of investments and shareholders' investment of life insurance business (current) net of ₹ 4,176.52 crore. This was partially offset by sale of mutual fund units, shares and bonds (non-current) of ₹ 14,386.13 crore and redemption/ (investment) in other bank deposits of ₹ 1,264.97 crore.

#### **Financing Activities**

##### *Six months ended September 30, 2023*

Net cash generated from financing activities was ₹ 18,548.81 crore in the six months ended September 30, 2023, primarily on account of proceeds from non-current borrowings of ₹ 23,000.84 crore, proceeds/ (repayments) of current borrowings (net) of ₹ 5,526.86 crore and proceeds from shares issued by subsidiary company (including securities premium) (net of share issue expenses) of ₹ 2,090.82 crore. These were partially offset by repayment of non-current borrowings of ₹ 9,857.92 crore and dividend paid of ₹ 1,125.33 crore.

##### *Six months ended September 30, 2022*

Net cash generated from financing activities was ₹ 10,852.62 crore in the six months ended September 30, 2022, primarily on account of proceeds from non-current borrowings of ₹ 16,477.20 crore, proceeds/ (repayments) of current borrowings (net) of ₹ 4,567.96 crore. These were partially offset by repayment of non-current borrowings of ₹ 8,507.99 crore and dividend paid of ₹ 1,121.45 crore.

## Fiscal 2023

Net cash generated from financing activities was ₹ 26,469.13 crore in Fiscal 2023 on account of proceeds from non-current borrowings amounting to ₹ 39,810.27 crore and proceeds/ (repayments) of current borrowings (net) of ₹ 5,748.28 crore. These were partially offset by repayment of non-current borrowings amounting to ₹ 16,403.82 crore, interest and finance charges paid of ₹ 1,193.80 crore and dividend paid of ₹ 1,150.56 crore.

## Fiscal 2022

Net cash used in financing activities was ₹ 6,733.13 crore in Fiscal 2022 on account of repayment of non-current borrowings amounting to ₹ 21,014.15 crore, interest and finance charges paid of ₹ 1,322.55 crore and dividend paid of ₹ 1,065.50 crore. These were partially offset by proceeds/ (repayments) from non-current borrowings amounting to ₹ 15,178.98 crore and proceeds of current borrowings (net) of ₹ 1,544.38 crore.

## Financial Indebtedness

As of September 30, 2023, our total borrowings (non-current borrowings and current borrowings) were ₹ 1,20,068.09 crore (excluding interest).

## Off-Balance Sheet Commitments and Arrangements

Other than as disclosed in this Letter of Offer, as of March 31, 2023, we had no other off-balance sheet commitments and arrangements that materially affect our financial condition or results of operations.

## Capital Expenditures

Our capital expenditures (including capital work-in-progress) consists principally of investments towards our new lines of business and expansion of capacity in existing businesses. In the six months ended September 30, 2023 and 2022 and Fiscals 2023 and 2022, we had a cash outflow of ₹ 8,802.49 crore and ₹ 5,785.92 crore, ₹ 12,036.16 crore and ₹ 8,587.68 crore, respectively, towards purchase of property, plant and equipment and other intangible assets.

## Credit Ratings

Our Company's credit ratings as of the date of this Letter of Offer are set forth below:

Nature of Instrument	Name of Credit Rating Agency	Credit Rating Assigned
Commercial paper	CRISIL Ratings Limited, ICRA Limited	A1+
NCD	CRISIL Ratings Limited, ICRA Limited	AAA (Stable)
Long term bank facilities	CRISIL Ratings Limited, CareEdge Ratings Limited	AAA (Stable) Long Term
Short term bank facilities	CRISIL Ratings Limited, CareEdge Ratings Limited	A1+ Short Term

For further information on our credit ratings, see “*Risk Factors – We require substantial financing for our business operations and the failure to obtain additional financing on terms commercially acceptable to us may adversely affect our ability to grow and our future profitability. Further, fluctuations in interest rates could adversely affect our results of operations, cash flows and financial condition.*” on page 20.

## Qualitative Disclosure about Market Risk

Our risk is managed through risk management frameworks, including ongoing identification, measurement and monitoring, subject to risk limits and other controls. Our activities expose us to, *inter alia*, market risk, liquidity risk and credit risk and foreign exchange risk. A brief description of our risks is set forth below.

### Market 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. Our overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on our financial performance.

### Liquidity risk

Liquidity risk is the possibility that we will not be able to fund all cash outflow commitments as they fall due. 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. Our treasury team is responsible for managing liquidity, funding as well as settlement.

### 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 expose us to cash flow interest risk, whereas fixed interest rate instruments

expose us to fair value interest risk. We monitor the credit markets and revisit our financing strategies to achieve an optimal maturity profile and financing cost. We manage our interest rate risk by having a balanced portfolio of fixed and variable rate borrowings, which is monitored on continuous basis.

#### *Equity price risk*

Equity market risk is the potential for financial loss arising from declines or volatility in equity market prices. We are exposed to equity price risk arising from equity investments (other than joint ventures and associates, which are carried at cost). A portion of our exposure to equity market risk arises in connection with benefit guarantees on contracts.

#### *Operational risks*

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. 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 our strategic planning and budgeting process.

#### *Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss to another party by failing to discharge an obligation. 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. Our policy is to maintain accurate and consistent risk ratings across our credit portfolio.

#### *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. Our exposure to the risk of fluctuation in foreign exchange rates primarily relates to our external commercial borrowings. We use derivative instruments like cross currency swaps to hedge exposure to foreign currency risk.

For our insurance business, the principal risk that we face 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, our objective is to ensure that sufficient reserves are available to cover these liabilities. In terms of our insurance business, we are exposed to persistency risk, mortality risk, morbidity risk, longevity risk, investment return risk, expense risk, product and pricing risk, reinsurance risk and concentration risk.

For further information on our risk management policies, see "- *Financial Risk Management Objectives (Ind AS 107)*" on page 312.

### **Auditor's Observations**

Except as set out below, there have been no reservations/ qualifications/ adverse remarks/ emphasis of matters highlighted by the relevant statutory auditors of our Company in the six months ended September 30, 2023, and 2022, and Fiscals 2023 and 2022. The opinion of the relevant statutory auditors was not modified in respect of the following matters:

#### *Six months ended September 30, 2023*

- (a) Our Statutory Auditors have drawn attention to Note 7 of the accompanying financial statements, which refers to orders dated August 31, 2016 (penalty of ₹ 1,449.51 crore) and January 19, 2017 (penalty of ₹ 68.30 crore) of the Competition Commission of India ("CCI") against which our Material Subsidiary, UltraTech, had filed appeals. Upon the National Company Law Appellate Tribunal ("NCLAT") disallowing its appeal against the CCI order dated August 31, 2016, UltraTech has filed an appeal before the Hon'ble Supreme Court of India, which has by its order dated October 5, 2018, granted a stay against the NCLAT order. Consequently, UltraTech has deposited an amount of ₹ 144.95 crore equivalent to 10% of the penalty of ₹ 1,449.51 crore recorded as an asset. UltraTech, backed by legal opinions, believes that it has a good case in both the matters basis which no provision has been recognized in the books of account. Our statutory auditors' opinion is not modified in respect of this matter.
- (b) Our Statutory Auditors have drawn attention to Note 7 of the accompanying financial statements, where in case of UltraTech Nathdwara Cement Limited ("UNCL"), a wholly owned subsidiary of UltraTech, one of the joint auditors of our Company has reviewed the financial results and without modifying their conclusion on the unaudited consolidated financial results of UNCL for the quarter ended September 30, 2023 and year-to-date results for the period from April 1, 2023 to September 30, 2023 reported that the Order dated August 31, 2016 (penalty of ₹ 167.32 crore) was passed by the CCI against which UNCL had filed appeal. Upon the NCLAT disallowing its appeal against the CCI order dated August 31, 2016, UNCL filed an appeal before the Hon'ble Supreme Court of India, which has by its order dated October 5, 2018, granted a stay against the NCLAT order. Consequently, UNCL has deposited an amount of ₹ 16.73 crore, equivalent to

10% of the penalty of ₹ 167.32 crore, recorded as asset in the consolidated financial results. Based on the legal opinion obtained by UltraTech on a similar matter, UNCL believes that it has a good case in this matter basis which, no provision has been recognised in the consolidated financial results. Our statutory auditors' opinion is not modified in respect of this matter.

#### Fiscal 2023

- (a) Our Statutory Auditors have drawn attention to Note 4.1.2 (a) of the consolidated financial statements, which refer to orders dated August 31, 2016 (penalty of ₹ 1,449.51 crore) and January 19, 2017 (penalty of ₹ 68.30 crore) of the CCI against which Ultratech had filed appeal. Upon the NCLAT disallowing its appeal against the CCI order dated August 31, 2016, Ultratech has filed an appeal before the Hon'ble Supreme Court of India, which has by its order dated October 5, 2018, granted a stay against the NCLAT order. Consequently, Ultratech has deposited an amount of ₹ 144.95 crore, equivalent to 10% of the penalty of ₹ 1,449.51 crore recorded as asset. Ultratech, backed by legal opinions, believes that it has a good case in both the matters basis which no provision has been recognized in the books of account. Our statutory auditors' opinion is not modified in respect of this matter.
- (b) Our Statutory Auditors have drawn attention to Note 4.1.2 (a) of the consolidated financial statements, where in case of UNCL, one of the joint auditors of our Company has audited the financial statements and without modifying their opinion on the audited consolidated financial statements of UNCL for the year ended March 31, 2023 reported that the order dated August 31, 2016 (penalty of ₹ 167.32 crore) was passed by the CCI against which UNCL had filed appeal. Upon the NCLAT disallowing its appeal against the CCI order dated August 31, 2016, UNCL filed an appeal before the Hon'ble Supreme Court of India, which has by its order dated October 5, 2018, granted a stay against the NCLAT order. Consequently, UNCL has deposited an amount of ₹ 16.73 crore equivalent to 10% of the penalty of ₹ 167.32 crore recorded as asset in the consolidated annual financial results. Based on the legal opinion obtained by Ultratech on a similar matter, UNCL believes that it has a good case in this matter basis which, no provision has been recognised in the books of account of UNCL. Our statutory auditors' opinion is not modified in respect of this matter."

#### Fiscal 2022

- (a) The statutory auditors of UltraTech, without modifying their opinion on the audited consolidated financial statements of UltraTech, have drawn attention to the following (4.1.2(a) of the consolidated financial statements):
- (i) In terms of orders dated August 31, 2016 (penalty of ₹ 1,449.51 crore) and January 19, 2017 (penalty of ₹ 68.30 crore) of the CCI against which UltraTech had filed appeal, upon the NCLAT disallowing its appeal, UltraTech has filed an appeal before the Hon'ble Supreme Court of India, which has by its order dated October 5, 2018, granted a stay against the NCLAT order. Consequently, UltraTech has deposited an amount of ₹ 144.95 crore, equivalent to 10% of the penalty of ₹ 1,449.51 crore recorded as asset. UltraTech, backed by legal opinions, believes that it has a good case in both the matters basis which no provision has been recognized in the books of account.
- (ii) The statutory auditors of UNCL, one of the joint auditors of UltraTech, has audited the financial statements and without modifying their opinion on the audited consolidated financial statements of UNCL for the year ended March 31, 2022 reported that the order dated August 31, 2016 (penalty of ₹ 167.32 crore) was passed by the CCI against which UNCL had filed appeal. Upon the NCLAT disallowing its appeal against the CCI order dated August 31, 2016, UNCL filed an appeal before the Hon'ble Supreme Court of India, which has by its order dated October 5, 2018, granted a stay against the NCLAT order. Consequently, UNCL has deposited an amount of ₹ 16.73 crore, equivalent to 10% of the penalty of ₹ 167.32 crore recorded as asset in the consolidated annual financial statements. Based on the legal opinion obtained by UltraTech on a similar matter, UNCL believes that it has a good case in this matter basis which, no provision has been recognised in the books of accounts of UNCL.
- (b) The statutory auditors of ABCL, without modifying their opinion on the audited consolidated financial statements of ABCL, have stated that the extent to which the COVID-19 pandemic will impact the estimation of the carrying value of certain assets and liabilities and the financial performance of the Group, joint venture and associate companies, is dependent on future developments, which are highly uncertain and referred to note 4.12.3 of the consolidated financial statements. Further, the statutory auditors of ABCL have stated that the statutory joint auditors of Aditya Birla Finance Limited have also drawn attention to a note in the financial statements on the same matter, vide their report dated May 11, 2022. Further, the statutory auditors of ABCL, without modifying their opinion on the audited consolidated financial statements of ABCL have stated that:
- (i) The statutory joint auditors of Aditya Birla Sun Life Insurance Company Limited ("ABSLICL"), have drawn attention to a note in the financial statements, without modifying their opinion, which describes the uncertainties arising from the COVID 19 pandemic: For the year ended March 31, 2022, ABSLICL has assessed the impact of COVID-19 Pandemic ("COVID-19") on its operations as well its financial statements, including but not limited to the areas of valuation of investment assets, valuation of policy liabilities and solvency. Based on the assessment, ABSLICL is carrying a provision (net of reinsurance) of ₹ 60 crore for COVID-19 related non reported claims and IBNR as at March 31, 2022, which is included in the policyholder liabilities. Further, there have been no material changes in the controls or processes followed in the financial statement closing process of ABSLICL. The impact of COVID-19 in

the future may be different from that estimated as at the date of approval of these financial results and ABSLICL will continue to closely monitor any material changes to future economic condition.

(ii) The statutory joint auditors of Aditya Birla Health Insurance Company Limited ("**ABHICL**") have drawn attention to a note in the financial statements, without modifying their opinion, which describes the uncertainties arising from the COVID 19 pandemic: ABHICL has considered the possible effects that may arise out of still unfolding COVID-19 including but not limited to its assessment of various elements of the financial statement. ABHICL is well-positioned to manage the COVID-19 impact given its focus on digital, customer experience, and health-first model. ABHICL has launched various COVID-19 related products and benefits and enabled digital journeys to enable revenue. On customer and wellness management, various initiatives such as healthcare at home, fitness at home, tele-medicines, digital servicing, etc to improve overall customer experience and health outcomes. ABHICL will continue to closely monitor any impact on revenue due to regional or local lockdown as well as COVID-19 related claims. Institute of Chartered Accountants of India (ICAI) has issued an advisory on "Impact of Corona Virus on Financial Reporting" to be considered for Financial Reporting. The impact of COVID-19 has been assessed on different components of Financial Statements specifically those required under the Guidance.

- Pursuant to such assessment, there are no indicators of impairment to Non-Financial Assets and Financial Assets as at the relevant reporting date.
- An assessment was also carried out of the investment portfolio considering the impact on the economic and credit environment of the economy and there is no additional impairment required specific due to COVID-19.
- There is no change in the discount rate emanating from the impact of COVID-19 on ABHICL's lease/defined benefit plan other than what has already been factored in. ABHICL remains comfortable on solvency and there is no indication or reason to believe that there is any uncertainty in continuing as a going concern in light of COVID-19's impact on business.

#### **Unusual or infrequent Events or Transactions**

Except as described in this Letter of Offer, there have been no unusual or infrequent events or transactions that have in the past or may in the future affect our business operations or future financial performance.

#### **Known Trends or Uncertainties**

Our business has been subject, and we expect it to continue to be subject to significant economic changes arising from the trends identified above in "*—Significant Factors affecting our Results of Operations*" and the uncertainties described in "*Risk Factors*" on pages 552 and 19, respectively. Except as discussed in this Letter of Offer, there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on our revenues or income.

#### **Significant Economic Changes that Materially Affect or are Likely to Affect Income from Continuing Operation**

Our business has been subject, and we expect it to continue to be subject to significant economic changes that materially affect or are likely to affect income from continuing operations identified above in "*—Significant Factors affecting our Results of Operations*" and the uncertainties described in "*Risk Factors*" on pages 552 and 19, respectively.

#### **New Products or Business Segments**

Except as described in this Letter of Offer, we have not publicly announced any new products or business segments nor have there been any material increases in our revenues due to increased disbursements and the introduction of new products.

#### **Future Relationship Between Cost and Income**

Other than as described elsewhere in the sections "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 19, 98 and 551, respectively, there are no known factors that will have a material adverse impact on our operations and financial condition.

#### **Significant Dependence on a Single or Few Customers or Suppliers**

We are dependent on certain Aditya Birla group companies for the sale of certain products, as disclosed in "*Risk Factors – Our Company derives a significant part of our revenue from major customers and we do not have long term contracts with all of these customers. If one or more of such customers choose not to source their requirements from our Company or to terminate their contracts with us, our business, financial condition, cash flows and results of operations may be adversely affected*" on page 35. Further, we depend on a limited number of suppliers for certain of our key raw materials, as disclosed in "*Risk Factors - Our operations are dependent on the continued supply of raw materials, the supply and price of which can be subject to significant variation due to factors beyond our control*" on page 33.

## **Competitive Conditions**

We operate in a competitive environment. See sections, “*Our Business*”, “*Industry Overview*”, “*Risk Factors— We engage in highly competitive businesses and any failure to effectively compete could have a material adverse effect on us*” and “*— Significant Factors affecting our Results of Operations - Competition and pricing pressure*” on pages 98, 77, 19 and 553, respectively.

## **Seasonality/Cyclical of Business**

The Indian cement industry is seasonal and cyclical in nature. For further information, see “*Risk Factors – The Indian cement industry is cyclical and is affected by a number of factors beyond our control which could affect our business, cash flows and results of operations adversely. Further, our results of operations are subject to seasonal changes in demand for cement products which can be affected adversely on account of fluctuations in revenues.*” on page 39.

## **Significant Developments After September 30, 2023 That May Affect our Future Results of Operations**

Other than as disclosed in this Letter of Offer, no circumstances have arisen since September 30, 2023 that could materially and adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our liabilities within the next 12 months.

## SECTION VI: LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATION AND DEFAULTS

*Our Company and our Subsidiaries are subject to various legal proceedings from time to time, primarily arising in the ordinary course of business. Our Company has, solely for the purpose of this Issue, disclosed in this section, all outstanding matters which involve (i) issues of moral turpitude or criminal liability on the part of our Company and Subsidiaries, including all criminal proceedings filed against the Company or its Subsidiaries; (ii) material violations of statutory regulations by our Company and Subsidiaries; (iii) outstanding matters in relation to material civil or tax litigation; (iv) economic offences where proceedings have been initiated against our Company and Subsidiaries; and (v) any outstanding matter which has been considered material and reported to the Stock Exchanges in accordance with the LODR Materiality Policy (as defined hereafter).*

*All outstanding civil and tax proceedings involving our Company and its Subsidiaries and all outstanding proceedings in relation to violation of statutory regulations by our Company and its Subsidiaries, where the amount involved in such proceedings is equivalent to or in excess of 5% of the average of absolute value of profit or loss after tax, as per the last three audited consolidated financial statements of our Company, which is determined to be ₹311.36 crore, adopted by the Rights Issue Committee through its resolution dated December 12, 2023 (“**Materiality Threshold**”), in conformity with the ‘Policy for Determination of Materiality of Events’ (“**LODR Materiality Policy**”) framed in accordance with Regulation 30 of the SEBI LODR Regulations and adopted by our Board, have been disclosed in this section. Additionally, all outstanding matters involving our Company or Subsidiaries, where the amount involved, either does not meet the Materiality Threshold or is unquantifiable, but which are material in the opinion of our Board or where an adverse outcome may result in material or adverse impact on the operations or financial position of our Company or Subsidiaries, have been disclosed in this section.*

*Pre-litigation notices received by our Company and Subsidiaries from third parties (excluding notices pertaining to any offence involving issues of moral turpitude, criminal liability, material violations of statutory regulations or proceedings related to economic offences) shall not be evaluated for materiality until such time as our Company and our Subsidiaries are impleaded as defendants in litigation proceedings before any judicial forum.*

#### **Litigation involving our Company**

##### ***Litigation against our Company***

##### ***Criminal Proceedings***

1. A criminal complaint has been filed by the assistant director of factories and boilers, Berhampur, Odisha before the Sub-divisional Magistrate Chatrapur, Ganjam (“**Trial Court**”) against the relevant occupier of the relevant factory of our Company, namely O. P. Rungta and the relevant unit head (together, “**Accused**”) under section 92 of the Factories Act, 1948 (“**Factories Act**”). The Complaint alleges instances of violation of, *inter alia*, sections 7-A of the Factories Act and rule 62-C of the Orissa Factories Rules, 1950, as applicable, at the relevant factory premises. An application under section 482 of the Code of Criminal Procedure, 1973 (“**CrPC**”) seeking to quash the aforesaid criminal complaint has been filed by the Accused before the High Court of Orissa (“**High Court**”). An order dated August 24, 2021 has been passed by the High Court, against the Trial Court with the direction that no adverse action be taken. The matter is currently pending.
2. Three criminal complaints under the Factories Act, 1948 were filed by the relevant factory inspector in relation to the fatal accidents/ injuries which occurred within the factory premises against our Company and its occupier. The matters are currently pending before the labour courts at Godhra and Hooghly.
3. Two criminal complaints, one in relation to our CFI Business and the other in relation to our Pulp and Fibre Business, were filed by the Madhya Pradesh Pollution Control Board before Chief Judicial Magistrate, Ujjain against our Company and certain senior officials of our Company for alleged violations of provisions of the Water (Prevention and Control of Pollution) Act, 1974, due to alleged discharge of polluted water outside our relevant factory’s premises. Revision petitions have been filed by our Company before the Court of District Judge, Ujjain to challenge the cognizance orders passed by the Judicial Magistrate First Class. The matters are currently pending.
4. A criminal complaint (“**Complaint**”) was filed against our Company and seven of our employees (together, “**Employees**”) by Suresh Goel before the Metropolitan Magistrate, Patiala House Court, New Delhi (“**Magistrate**”) for breach of trust for holding title deeds of his property which were provided as a security for an outstanding amount due and payable to our Company. Pursuant to (i) an order passed by the Magistrate dated July 16, 2021; and (ii) an order passed by the Additional Sessions Judge, Patiala House Courts, New Delhi dated August 29, 2023, the names of the Employees were dropped from the Complaint. The matter is currently pending only against the Company.
5. Two criminal complaints (“**Complaints**”) were filed against our Company and certain officials of our Company (“**Officials**”) before the Chief Judicial Magistrate, Kozhikode (“**CJM**”) by the Kerala State Pollution Control Board (“**KSPCB**”), for violation of a consent-to-operate approval issued by KSPCB. The CJM imposed fines of ₹5,000 each and ordered simple imprisonment of the accused Officials of our Company for one and a half years and accordingly



disposed the Complaints by way of order dated November 13, 2003 (“**Order 1**”). Our Company and the Officials preferred an appeal before the Sessions Court which passed an order dated July 13, 2005, dismissing the aforesaid appeal. Criminal revision petitions have been filed by our Company and the Officials in relation to order dated July 13, 2005, before the High Court of Kerala (“**High Court**”). The High Court passed an order dated August 9, 2005 and suspended the aforesaid imprisonment of the Officials. The matter is currently pending.

6. A criminal complaint was filed against officials of our Company by an individual before the Judicial Magistrate First Class, Nagda (“**Magistrate**”) pursuant to an incident of leakage of oleum gas at our Company’s staple fibre division, Nagda. The Magistrate passed an ex-parte order on August 10, 2022 (“**Order**”), without issuing any notice to our Company, exonerated 16 accused persons and took cognizance against the unit head (factory manager) of our Company. The original complainant filed a revision petition before the Additional Sessions Judge, Ujjain (“**ASJ**”) seeking to set aside the Order. The ASJ by way of an order dated March 3, 2023 dismissed the aforesaid revision petition. The matter is currently pending.
7. A criminal complaint was filed before the Chief Judicial Magistrate, Madhya Pradesh by the relevant factory inspector against the occupier and factory manager of our Company’s factory at Vikram Woollen, Gwalior (“**Unit**”) on the ground that the Unit falls within the meaning of ‘hazardous process’ under section 2(c)(b) of the Factories Act, 1943 due to which it was alleged that certain compliances were not followed by the Unit. The matter is currently pending.
8. A criminal proceeding was initiated before the Chief Judicial Magistrate, Daltonganj, Jharkhand on account of a first information report filed by the relevant contract labourer engaged with our Company, *inter alia* against the relevant unit head and the relevant manager of our Company’s factory (“**Accused Persons**”) under sections 34, 284, 285, 287 and 307 of the Indian Penal Code, 1860, alleging that the aforesaid labourer suffered acid burns during the course of his engagement with our Company. By way of order dated July 21, 2023 passed by the Sessions Judge, Palamau anticipatory bail was granted to the Accused Persons. The matter is currently pending.

#### *Material Civil Proceedings*

Nil

#### *Material Tax Proceedings*

Nil

#### *Proceedings before regulatory authorities involving material violations of statutory regulations*

1. The Competition Commission of India (“**CCI**”) by way of its order dated October 5, 2017 (“**Order**”) held that our Company and Aditya Birla Chemical (India) Limited (“**ABCIL**”) (which has subsequently merged into our Company) among others, were guilty of bid-rigging tenders issued by Delhi Jal Board and imposed a penalty of ₹4.39 crore on our Company (“**Penalty**”), among others. Our Company has filed an appeal before the National Company Law Appellate Tribunal (“**NCLAT**”) on the grounds, *inter alia*, that the CCI incorrectly held our Company and ABCIL constitutes a single economic entity. Thereafter, the NCLAT granted a stay by way of an order dated December 5, 2017 on the Order, subject to a deposit of 10% of the amount of the Penalty, which has been deposited by our Company. The matter is currently pending.
2. Five show cause notices have been issued to the relevant occupiers of certain factories of our Company by the Directorate of Industrial Safety and Health to the aforesaid occupiers (“**SCN**”). The SCNs allege disparate instances of violation of, *inter alia*, section 7-A(2)(a) of the Factories Act, 1948 (“**Factories Act**”), rule 57, rule 114 and rule 115(2) of the Maharashtra Factories Rules, 1963 by our Company in relation to its alleged failure to adopt necessary health and safety measures at the relevant factory premises. Our Company has responded to these SCNs and these matters are currently pending.
3. Two proceedings have been initiated before the National Green Tribunals (“**NGT**”) by certain individuals against our Company relating to alleged violations under Environment (Protection) Act, 1986. The first matter relates to alleged contamination of water by our Company. The NGT passed an order dated April 7, 2021 (“**Order 1**”) and levied an environmental compensation of ₹0.75 crore. Our Company has challenged Order 1 before the Supreme Court of India (“**SC**”) and stay on the operation of the Order 1 has been granted by way of an order dated May 11, 2021. The other matter relates to alleged improper disposal of hazardous wastes. The NGT passed an order dated August 28, 2018 (“**Order 2**”) directing our Company to shift mercury sludge from the secured landfill to a treatment storage and disposal facility. The NGT further passed an order dated July 19, 2019 (“**Order 3**”) directing (i) our Company to pay interim environmental compensation of ₹1.00 crore; and (ii) the constitution of a committee to further assess the environmental compensation payable by our Company. Our Company has challenged Order 2 and Order 3 before the SC. The SC has passed an order dated November 4, 2019 and has deferred the proceedings. The matters are currently pending.
4. A complaint has been filed by an individual against our Company, for alleged encroachment on river water before the National Green Tribunal (“**NGT**”). On February 5, 2020, our Company received a letter from the Jharkhand State Pollution Control Board (“**JSPCB**”) alleging that our Company had encroached on a water body and our Company was

directed to pay a compensation amount of ₹0.40 crore (“**Compensation**”). The NGT pursuant to its order dated September 23, 2020 directed our Company to comply with the said letter of the JSPCB. Our Company has deposited the Compensation under protest. An intervention application (“**IA**”) was filed by our Company before the NGT. The IA was disposed and the NGT passed an order dated March 10, 2021 and held that the aforesaid letter from the JSPCB be treated as a proposal until our Company is given a due opportunity to be heard by the JSPCB. The matter is currently pending before the Member Secretary, Pollution Control Board, Jharkhand and the order has been reserved.

5. Two outstanding proceedings involving our Company have been initiated by the Irrigation Department, State of Gujarat in relation to demand for water usage charges. In the first matter, the executive engineer, Junagadh Irrigation Division (“**Executive Engineer**”) passed an order dated January 9, 2004 (“**Order 1**”) and raised a bill against our Company. An appeal preferred by our Company against the Order 1 was partly allowed and the matter was remanded to the competent authority by way of order dated May 27, 2004 passed by the collector, Junagadh. The executive engineer, Irrigation Division, Junagadh, passed an order dated June 11, 2007 (“**Order 2**”) to recover water charges from our Company. Order 2 was challenged by our Company before the office of the collector, Junagadh who set aside Order 2 by way of its order dated October 16, 2009 (“**Order 3**”). The Narmada Water Resources and Water Supply and Kalpsar Department issued a show cause notice (“**SCN**”) on November 21, 2011 to our Company to show cause as to why Order 3 may not be set aside. Our Company filed a writ petition before the High Court of Gujarat (“**High Court**”) to quash the SCN. The single judge bench of the High Court by way of its order dated September 21, 2015 set aside the SCN and allowed the aforesaid writ petition. An appeal was filed by the State of Gujarat before the High Court challenging Order 3 and seeking to levy water charges on our Company aggregating to ₹108.42 crore till 2017. The matter is currently pending. In the second matter, the Executive Engineer raised another demand for fixed water charges aggregating to ₹1.88 crore (“**Demand**”). Our Company has preferred an appeal by way of an application dated April 13, 2015, before the High Court on the grounds, *inter alia*, that the Demand has been raised without any authority of law and is ex facie illegal. The matter is currently pending.
6. The Competition Commission of India (“**CCI**”) by way of its order dated June 22, 2011 on the basis of a complaint made by an informant against, *inter alia*, our Company and other man-made fibre manufacturers, directed the Director General (“**DG**”) to conduct an investigation into an alleged cartel between the said manufacturers to fix price and other market conditions. The DG in its report (“**DG Report**”) did not find any violation of section 3 of the Competition Act, 2002, (“**Act**”). Subsequently, the DG independently and without any CCI direction investigated and found instances of alleged abuse of dominant position in the relevant market under section 4 of the Act. Thereafter, our Company filed an application dated May 17, 2013 before the CCI, to quash/ set aside the DG Report, in respect of its finding under section 4 of the Act. The CCI dismissed this application by way of an order dated May 30, 2013 (“**CCI Order**”) and our Company challenged the CCI Order before the High Court of Delhi (“**High Court**”) by way of a writ petition dated July 1, 2013 (“**Writ Petition**”). A single judge of the High Court held that the DG Report, to the extent that it found violation of section 4 of the Act, was an act ultra vires of its power, and disposed of the Writ Petition by way of its order dated December 17, 2013 (“**Order 1**”). The CCI filed a letters patent appeal dated January 17, 2014 against Order 1. The division bench of the High Court passed an order dated February 7, 2014 and suspended Order 1 (“**Order 2**”). Further, the division bench of the High Court by way of an order dated September 12, 2019 (“**Order 3**”) set aside the Order 1 and restored the CCI Order. Thereafter, our Company has filed an appeal before the Supreme Court of India by way of a special leave petition dated December 17, 2019, against Order 3. The matter is currently pending.
7. The Competition Commission of India (“**CCI**”) by way of its prima facie order dated November 10, 2016 (“**Order 1**”) directed the Director General (“**DG**”) to conduct investigation into the alleged abuse of dominance by our Company, pursuant to information filed by undisclosed informant. Our Company filed a review/ recall application dated July 12, 2017 (“**Review/ Recall Application**”), impugning the Order 1. Thereafter, a writ petition dated August 31, 2017 was filed by our Company before the High Court of Delhi (“**High Court**”) which was disposed of by the High Court by way of an order dated September 6, 2017. Separately, pursuant to a response filed by our Company to the DG’s report and hearings before the CCI, an order was passed by the CCI dated March 16, 2020 (“**Order 2**”) against our Company by way of which a penalty of ₹301.61 crore was imposed on our Company and our Company was directed, *inter alia*, to refrain from adopting unfair/ discriminatory pricing practices and create a publicly accessible and non-discriminatory discount policy. Our Company has filed an appeal against the Order 2 before the National Company Law Appellate Tribunal, New Delhi on the grounds, *inter alia*, that the CCI had incorrectly determined the ‘relevant market’ which led to the incorrect finding of our Company having a dominant position and that the CCI has disregarded requisite factors for determination of a ‘relevant market’ under the Competition Act, 2002. Separately, the CCI has passed another order dated June 3, 2021 (“**Order 3**”) and levied a penalty of ₹3.49 crore on our Company for alleged non-compliance with Order 2. Our Company has subsequently filed a writ petition before the High Court to quash Order 3 and seeking directions to restrain the CCI from issuing directions to our Company requiring it to comply with Order 2. The High Court passed an order dated July 26, 2021 which records that the CCI will not take precipitative steps in this matter. The matter is currently pending.
8. The Competition Commission of India (“**CCI**”) based on information filed by certain undisclosed informants, directed the Director General (“**DG**”) to investigate the alleged abuse of dominance by our Company in the viscose staple market. Our Company filed its response to DG’s report and subsequently a hearing was conducted by CCI. The CCI passed an order dated August 6, 2021 (“**Order**”) concluding that our Company has allegedly abused its dominant position and directing it to cease and desist from indulging in alleged anticompetitive practices. Since a monetary penalty had already

been imposed on our Company by way of another order dated March 16, 2020 passed by the CCI with respect to substantially similar conduct, the CCI did not impose any monetary penalty on our Company. Our Company has filed an appeal before the National Company Law Appellate Tribunal at New Delhi, against the Order, on the grounds, *inter alia*, that the CCI has disregarded requisite factors for finding abuse of dominance by the Company determination of under the Competition Act, 2002 and that the CCI has arrived at such finding without any evidentiary basis. The matter is currently pending.

9. The Harihar polyfibers division and grasilene division of our Company received a show cause notice dated May 10, 2022 (“**SCN**”) from the Karnataka State Pollution Control Board (“**KSPCB**”) pursuant to a visit conducted by the chairman of KSPCB on April 26, 2022. The SCN observed, *inter alia*, that our Company was discharging a huge quantity of effluent into a certain river and had not adopted waste dump management. Our Company responded to the SCN by way of its reply dated June 2, 2022 stating *inter alia* that effluent discharged by our Company is much below norms specified by the KSPCB and that our Company has adopted an effective solid waste management practice. A personal hearing was taken up on July 26, 2022. Further to the hearing, KSPCB issued two show cause notices dated November 8, 2022 and directed our Company to obtain a response from Ministry of Environment and Forest (“**MoEF**”) with respect to non-applicability of the relevant environment impact assessment notification (“**EIA Notification**”). The MoEF issued clarification on March 6, 2023 that the said EIA Notification was not applicable to our Company and the same has been submitted to KSPCB. The matter is currently pending.
10. The National Green Tribunal (“**NGT**”), West Zone, Pune, in an original application where our Company was not a party, issued directions for environment study of the Dahej and its nearby industrial and special economic zone region, pursuant to a joint committee report. The first report which was submitted by the joint committee showed our Company’s Cellulosic Division as a compliant unit. However, as per the directions of NGT by way of an order dated February 2, 2022 (“**Order**”), a second survey was conducted, and a second report (“**Report**”) was submitted wherein it was recommended that our Company pay environment damage compensation of ₹17.70 crore (“**EDC**”) in respect of our Company’s cellulosic division. Our Company has filed its objections to the Order and the findings of the Report and the imposition of EDC on the grounds, *inter alia*, that the Report was beyond the scope of the Order and that our Company was not given an opportunity to be heard and prayed that the EDC imposed on our Company be set aside and permission to intervene in the aforementioned original application be granted to our Company. The matter is currently pending.
11. The Government of Kerala passed an order (“**Order**”) issuing directions to repossess 187.13 acres of land belonging to our Company on the ground on that our Company’s factory operations had ceased on the aforesaid land. Our Company filed a writ petition before the High Court of Kerala (“**High Court**”) and obtained an order passed by the High Court dated October 17, 2017 staying the Order which directed resumption of our Company’s possession of the aforesaid land until disposal of the petition by the High Court. The matter is currently pending.
12. A government labour officer visited our Company’s relevant unit (“**Unit**”) for inspection and submitted the report thereof to the State Contract Labour Advisory Board (“**Board**”). The Board visited the Unit for inspection on December 18, 2009 and submitted its report which, *inter alia*, banned the employment of contract labour for certain jobs. A notification to this effect was also published in the official gazette on June 14, 2011 (“**Notification**”). Our Company has challenged the Notification and its operation before the High Court of Gujarat (“**High Court**”). The High Court passed an order dated October 17, 2011 granting stay on the implementation, execution and operation of the Notification.
13. Three notices have been issued by the tehsildar, Nagda against our Company alleging encroachment on government land at Mehatwas and Padliakala villages by our Company. Our Company has filed revision petitions before the Additional District Magistrate, Ujjain (“**ADM**”) seeking a declaration that our Company is the rightful owner of the said lands. The ADM passed an order dated August 8, 2023 and remanded two of the said petitions to the tehsildar, Nagda and the said matters are pending. An appeal is pending in relation to one of the revision petitions before the ADM.
14. Our Company had purchased a land through court auction under liquidation proceedings by way of sale deed dated February 5, 2014. Thereafter, our Company filed an application before the relevant tehsildar, Nagda (“**Tehsildar**”) seeking mutation of the aforesaid land parcel in its favour (“**Mutation Application**”). During pendency of the Mutation Application, the Additional Collector, Ujjain passed an order dated September 17, 2014 (“**Order 1**”) declaring that the land in question is government land and directed the Tehsildar to take possession of the said land. The Tehsildar also passed an *ex-parte* order dated September 17, 2014 (“**Order 2**”) and declared the land in question is vested be the State Government of Madhya Pradesh (“**Government**”). An appeal preferred by our Company challenging Order 2 before the Sub-Divisional Officer, Nagda was dismissed on April 24, 2015. Another appeal was preferred by our Company before the Additional Commissioner, Ujjain division, Ujjain (“**Additional Commissioner**”). Our Company also challenged Order 1 before the Additional Commissioner, who by way of an order dated July 20, 2015 allowed the appeal and set aside the Order 1. An application was filed to set aside Order 2 before the relevant Company Judge who by way of an order April 18, 2016 allowed the aforesaid application and directed the Tehsildar to carry out mutation proceedings. Against this, the Government preferred an appeal before the High Court of Madhya Pradesh (“**High Court**”) which allowed the appeal by passing an order dated October 23, 2017 (“**Order 3**”). Our Company sought review of Order 3 before the High Court. Order 3 was set aside on by way of order dated April 3, 2018 passed by the High Court (“**Order 4**”). The Order 4 was challenged by the Government before the Supreme Court of India. The matter is currently pending.

15. The relevant nagar palika (“**Nagar Palika**”) issued notice to our Company for demolition of a building located at our Company’s relevant plant at Nagda. Our Company applied for stay against the aforesaid notices before the civil court, Nagda. Thereafter, the aforesaid court granted stay in favour of our Company (“**Stay Order**”). The Nagar Palika has preferred an appeal before the Additional District Judge, Nagda against the Stay Order. The matter is currently pending.
16. Our Company preferred an appeal before the sub-divisional officer, Khachrod against an order of the relevant tehsildar, which stated a certain piece of land was non-transferable. Our Company’s appeal was dismissed by the sub-divisional magistrate. Thereafter, our Company has filed an application before the district collector, Ujjain for removal of the word ‘non-transferrable’ in case of a land purchased by our Company from a private person. The aforesaid district collector sought the comments from the tehsildar, Khachrod. The matter is currently pending.
17. The National Green Tribunal (“**NGT**”) by way of an order dated October 30, 2019 sought a report from the Madhya Pradesh State Pollution Control Board in respect of certain allegations of pollution by our Company. Pursuant to a hearing, the NGT by way of an order dated April 7, 2021 (“**Order**”) imposed a penalty of ₹0.75 crore on our Company. Our Company has challenged the Order before the Supreme Court of India (“**SC**”). Stay on the operation of the Order has been granted by way of an order dated May 11, 2021 passed by the SC. The matter is currently pending.
18. The relevant inspector-in-charge visited the factory of Jayashree Textiles (which was later amalgamated with our Company) on February 6, 2012 and found that one of our Company’s labour contractor namely, B N Mondal & Co., who deployed workers at our site, had allegedly not filed half yearly returns in form XXIV and had no license under the Contract Labour (Regulation and Abolition) Act, 1970 (“**CLRA**”), to execute any work through contract labour. A complaint was filed before the Additional Chief Judicial Magistrate, Serampore, Hooghly. A summons and show cause notice were issued against the contractor along with our Company, as principal employer for alleged violation of sections 12(1) and 35(2)(n) of the CLRA. The matter is currently pending.

*Matters involving economic offences where proceedings have been initiated against our Company*

*Nil*

*Other pending matters, which if they result in an adverse outcome, would materially and adversely affect the operations or financial position of our Company*

*Nil*

### **Litigation involving our Subsidiaries**

#### **Litigation against our Subsidiaries**

*UltraTech Cements Limited (“**UTCL**”)*

#### *Criminal Proceedings*

1. An application was filed by Sanjay Mishra (“**Complainant**”) against KC Jhanwar, managing director of UTCL and UTCL before the Chief Judicial Magistrate, Bhadodi, Gyanpur (“**CJM**”) under section 156(3) of the Code of Criminal Procedure, 1973 (“**CrPC**”) for alleged fraud by UTCL. The CJM passed an order dated November 22, 2022 (“**Order**”) and held that directions for investigation of the matter by the police were not required and ordered registration of a complaint under section 200 of the CrPC. The Complainant filed a revision application before the District and Sessions Court, Bhadohi to set aside the Order. The matter is currently pending.
2. The relevant unit head of UTCL received a notice from the court of district judge-1 and the additional sessions judge, Warora, Chandrapur district, Maharashtra (“**ASJ Court**”) in relation to criminal revision application (“**Application**”) filed by Vinod Khobragade and others (“**Appellants**”) against the relevant tehsildar, collector, collector (stamp), Directorate of Mining and Geology, officials at the state ministry, UTCL and its officials, including Kumar Mangalam Birla. The Application has been filed by Appellants being aggrieved by the order dated September 30, 2022 (“**Order**”), passed by the judicial magistrate, first class, Warora (“**Judicial Magistrate**”). The Order was passed in relation to a criminal complaint (“**Complaint**”) which was filed against UTCL, one of our Promoters i.e., Kumar Mangalam Birla and others under section 3 of the Scheduled Castes and the Scheduled Tribes (Prevention of Atrocities) Act, 1989 (“**SC/ST Act**”), read with sections 34, 120(B), 409, 420, 431, 468, 470 and 471 of the Indian Penal Code, 1860. The primary allegation was that a land was transferred illegally to a private party, Manikgarh Cement Works (a manufacturing unit of UTCL) against the concerned Tehsildar, Collector (Stamp), Directorate of Mining and Geology and officials at the relevant state ministry. The Judicial Magistrate by means of the Order rejected the Complaint on the ground that the alleged offences are required to be tried by special courts under section 14 of the SC/ST Act and directed the Appellants to approach the appropriate court. The matter is currently pending.
3. An application was filed by Somnath B Choudhary against UTCL and its representatives before the Judicial Magistrate First Class, Pune (“**JMFC**”) under section 156(3) of the Code of Criminal Procedure, 1973 seeking a police investigation in relation to allegations of fraud and fabrication of land documents and alleged violation of the provisions of the Indian

Penal Code, 1860 by UTCL and its representatives. The JMFC passed an order dated March 4, 2021 directing the Lonikalbhor police station to initiate investigation and file a report. The matter is currently pending.

#### *Material Civil Proceedings*

Jaiprakash Associate Limited (“**JAL**”) filed a claim on October 23, 2022 (“**Claim**”) before an arbitral tribunal (“**Tribunal**”) against UTCL in relation to interpretation of a master implementation agreement (“**Agreement**”) executed between JAL and UTCL along with a scheme of arrangement (“**Scheme**”) to settle a dispute in relation to the JP super plant and mines situated in certain forest land. Out of the total sale consideration, UTCL held back an amount of ₹1,000.00 crore (“**Holdback Amount**”) which was to be paid after satisfaction of a condition subsequent requiring JAL to obtain approval from the National Green Tribunal and the National Wildlife Board (“**Condition Subsequent**”). Redeemable preference shares of ₹1,000.00 crore were issued by UTCL to JAL for the Holdback Amount. JAL alleged non-completion of the Condition Subsequent within the prescribed timeline in accordance with the Agreement and claimed that damages were payable owing to the wrongful withholding of JP super plant and aforesaid mines by UTCL beyond the stipulated period and loss of reputation and goodwill of JAL. Therefore, JAL sought delivery of possession of JP Super Plant and Mines which was transferred to UTCL by means of the Scheme to itself, or alternatively payment of redemption proceeds of the aforesaid redeemable preference shares. UTCL filed its statement of defence along with counter claims on December 14, 2022. The Tribunal passed an order dated October 3, 2023, disposing of applications filed by JAL and UTCL and issuing directions, subject to the final order passed by the Tribunal. The matter is currently pending.

#### *Material Tax Proceedings*

1. A new legislation was enacted by the state government of Madhya Pradesh which empowered both the state government and local bodies to levy tax on the entry of goods into local areas (“**Entry Tax**”) in Madhya Pradesh (“**Tax Legislation**”). Aggrieved by certain amendments to the Tax Legislation and notifications passed under the Tax Legislation, Century Textiles and Industries filed a writ petition before the High Court of Madhya Pradesh (“**High Court**”) seeking to quash the aforesaid amendments and notifications (“**Writ Petition 1**”). The High Court by way of its order dated May 15, 2008 (“**Order**”) dismissed Writ Petition 1. Against Order 1, a special leave petition was filed by Century Textiles and Industries Limited (cement business of which was acquired by UTCL) (“**Petitioner**”) in the Supreme Court of India (“**SC**”) on a question of law challenging the validity of the enhanced rate of entry tax from 1% to 5%. Interim relief was granted by way of an order passed by the SC dated September 15, 2008, and the Petitioner was directed to make payment of 50% of the accrued tax liability/ arrears and furnish a bank guarantee in respect of the balance 50%. The division bench of the SC by way of an order dated December 18, 2008 referred the issue of levy of Entry Tax under state enactments to a nine-judge bench of the SC. By way of its order dated November 11, 2016, the nine-judge bench of the SC observed that states are well within their right to design their fiscal legislations to ensure that the tax burden on goods imported from other states and goods produced within the state fall equally. The SC further held that such measures would not contravene article 304(a) of the Constitution of India. However, amongst other questions, the question of whether levy of entry tax in the present case satisfies the aforementioned tests was left to be determined by the regular benches hearing the matters. Accordingly, UTCL filed a writ petition before the High Court praying, *inter alia*, for quashing of certain notifications issued under the Tax Legislation. The matter is currently pending.
2. UTCL’s liability on account of amendment in section 8(5) of the Central Sales Tax Act, 1956 arose due to non-submission of Form-C which was interpreted on the basis of a circular dated June 10, 2008 (“**Circular**”). The Circular provided that in case of interstate sale, exemption can be availed only on submission of the relevant Form-C and in case the sale is made without such Form-C, the concerned exempted unit will not be eligible to avail the aforesaid exemption. The Petitioner filed a writ petition before the High Court of Madhya Pradesh (“**High Court**”) challenging the Circular. The aforesaid writ petition was dismissed by way of order passed by the High Court dated February 7, 2012. Against this order of the High Court, the Petitioner filed a special leave petition before the Supreme Court of India (“**SC**”) By way of an order dated, March 21, 2012, the SC granted stay on the order of the High Court dated February 7, 2012 until any further order. The matter is currently pending.
3. Summary assessment order dated July 29, 2023 for assessment year 2022-23 (“**Order**”) has been issued raising a demand for additional income tax of ₹919.22 crore against UTCL by disallowing certain expenses claimed by UTCL. A rectification-cum-stay application was filed against the Order with the jurisdictional tax officer, i.e., Deputy Commissioner of Income Tax, Central Circle 1(4), Mumbai (“**Tax Officer**”). By way of an order of the Tax Officer dated August 24, 2023, the operation of the Order was stayed. The matter is currently pending.

#### *Proceedings before regulatory authorities involving material violations of statutory regulations*

1. The Competition Commission of India (“**CCI**”) passed an order dated June 20, 2012 (“**Order 1**”) on the basis of information filed by the Builders’ Association of India (“**Informant**”) against the Cement Manufacturers Association and 11 cement manufacturers including UTCL (collectively, “**Opposite Parties**”) finding the aforesaid Opposite Parties in contravention of sections 3(3)(a) and 3(3)(b) read with section 3(1) of the Competition Act, 2002 (“**Act**”) and accordingly imposed a penalty. On appeal, Order 1 was set aside by the Competition Appellate Tribunal (“**COMPAT**”) by way of its order dated December 11, 2015 (“**Order 2**”). By way of Order 2, the COMPAT directed the CCI to pass a fresh order pursuant to hearing the Informant and Opposite Parties. The CCI by its order dated August 31, 2016 (“**Order 3**”) held that the Opposite Parties allegedly operated as a ‘cartel’ to control both the price and the supply of

cement in the relevant market in contravention of section 3(a) and section 3(3)(b) of the Act, directed the Opposite Parties to cease and desist from such actions and thereby imposed a penalty of ₹1,449.51 crore (which includes the penalty imposed on Century Textiles and Industries Limited, the cement business of which was acquired by UTCL) on UTCL. UTCL filed an appeal before the COMPAT which passed an interim order dated November 21, 2016 (“**Interim Order**”) staying the operation of Order 3. Thereafter the matter was transferred to the National Company Law Appellate Tribunal (“**NCLAT**”). The NCLAT dismissed the appeal by way of its order dated July 25, 2018 (“**NCLAT Order**”). UTCL filed an appeal against the NCLAT Order in the Supreme Court of India (“**SC**”) on the grounds, *inter alia*, that there was no meeting of minds for the alleged formation of a cartel and that the relevant economic data and economic analysis has not been adequately considered. The SC has, by its order dated October 5, 2018, stayed the NCLAT Order and directed that the Interim Order remain in effect. Consequently, UTCL deposited an amount of ₹144.95 crore i.e., 10% of the penalty of Rs. 1,449.51 crore imposed by Order 3. A similar matter is also pending before the SC involving UTCL’s subsidiary, UltraTech Nathdwara Cement Limited (formerly known as Binani Cement Limited) on which Order 3 imposed a penalty of ₹167.32 crore (where UltraTech Nathdwara Cement Limited has deposited an amount of ₹16.73 crore equivalent to 10% of the penalty amount). Order dated January 18, 2019, passed by the SC stayed payment of penalty by UltraTech Nathdwara Cement Limited. The matters are currently pending.

2. The Competition Commission of India (“**CCI**”) passed an order dated January 19, 2017 (“**Order**”) on the basis of information filed by the Director, Supplies & Disposals, Haryana against seven cement companies including UTCL for allegedly colluding with each other to rig the bid in a certain notice inviting tender (“**Tender**”) and allegedly violating provisions of section 3(1) read with section 3(3)(d) the Competition Act, 2002 and imposed a penalty of ₹68.30 crore on UTCL. UTCL filed an appeal against the Order before the Competition Appellate Tribunal (“**COMPAT**”) on the grounds, *inter alia*, that the CCI failed to appreciate the nature of the Tender that would render collusion an impossibility, bid prices were quoted basis prevailing market prices and CCI wrongly shifted the burden of proof on UTCL. COMPAT on April 25, 2017 passed an interim order staying operation of the Order. The matter has now been transferred to the National Company Law Appellate Tribunal, New Delhi and is currently pending.
3. The Competition Commission of India (“**CCI**”) passed an order dated July 1, 2019 (“**Order**”), on the basis of certain complaints received by the CCI against certain cement manufacturing companies (“**Cement Companies**”) alleging sudden and unexplained increase in cement prices by the Cement Companies and cartelization amongst them. By way of the Order, the CCI directed the Director General (“**DG**”) to investigate the aforesaid matter. The DG submitted its report on July 1, 2022 (“**Report**”). The CCI by way of its order dated July 5, 2022 recorded that the DG had filed confidential and non-confidential versions of the Report and decided to forward a copy of the non-confidential version of the Report to a total of 21 opposing parties including UTCL. The CCI also directed the opposite parties to file their suggestions/ objections to the Report. In compliance with the aforesaid direction, UTCL has filed its suggestions/ objections before the CCI. The matter is currently pending.

*Matters involving economic offences where proceedings have been initiated against UTCL*

Nil

*Other pending matters, which if they result in an adverse outcome, would materially and adversely affect the operations or financial position of UTCL*

Nil

*UltraTech Nathdwara Cement Limited (“**UNCL**”)*

*Criminal Proceedings*

Nil

*Material Civil Proceedings*

Nil

*Material Tax Proceedings*

Nil

*Proceedings before regulatory authorities involving material violations of statutory regulations*

For details of the proceedings against UNCL before the Supreme Court of India see “– *Litigation against our Subsidiaries – UltraTech Cements Limited (“**UTCL**”) – Proceedings before regulatory authorities involving material violations of statutory regulations*” on page 599.

*Matters involving economic offences where proceedings have been initiated against UNCL*

Nil

*Other pending matters, which if they result in an adverse outcome, would materially and adversely affect the operations or financial position of UNCL*

Nil

*Aditya Birla Finance Limited (“ABFL”)*

*Criminal Proceedings*

1. Bahadur Lal Chaupda (“**Complainant**”) lodged an FIR (“**FIR**”) against ABFL and its officials, alleging that ABFL and its officials had threatened and harassed the Complainant and other co-borrowers (“**Co-Borrowers**”), in order to recover outstanding dues in respect of a loan availed by them from ABFL, thereby causing one of the Co-Borrowers to commit suicide. In response, ABFL and its employee have together filed a criminal miscellaneous petition against the State of Rajasthan and the Complainant before the High Court of Rajasthan challenging the FIR, on grounds, *inter alia*, that the Co-Borrowers failed to repay the loan amount in accordance with the terms of the loan and filed the FIR to frustrate the recovery of the amount. The matter is currently pending.
2. Ravindra Kaur, the proprietor of Ratan Emporium Security Services (“**Complainant**”) filed an FIR under, *inter alia*, sections 452, 323, 295 and 506 of the Indian Penal Code, 1860 alleging misbehaviour and criminal intimidation by two employees of ABFL, namely, Lokendra Lakhani and Sunil Pal (“**Accused**”), during the course of debt collections visits made by the Accused to the Complainant’s house. The matter is currently pending.
3. Uttam Kumar Chatterjee (“**Complainant**”) filed a criminal complaint (“**Complaint**”), under sections 420, 406, 384, 120B and 34 of the Indian Penal Code, 1860, before the Additional Chief Judicial Magistrate, Alipore, South 24 Paraganas (“**ACJM**”), against, among others, two employees of ABFL, namely, Mahendra Ajmani and Sanjay Singh, accusing them of, *inter alia*, inducing the Complainant to avail of a loan facility from ABFL and thereafter, illegally detaining possession of certain mortgaged property belonging to the Complainant and extorting an amount of ₹0.50 crore. Subsequently, the matter was transferred to 7<sup>th</sup> Judicial Magistrate, South 24 Paraganas. The matter is currently pending.
4. Ananda Sankar Sarvajna (“**Complainant**”) filed a criminal complaint (“**Complaint**”) under, *inter alia*, sections 341, 323, 384 and 509 of the Indian Penal Code, 1860 before the Additional Chief Judicial Magistrate, Alipore, South 24 Parganas (“**ACJM**”) against one of ABFL’s employees, Krishnendu Deb Roy, amongst others (“**Accused**”), accusing them of, *inter alia*, extortion of an amount of ₹0.05 crore, physical assault, verbal abuse and misbehaviour. By way of an order of the ACJM dated September 26, 2018 (“**ACJM Order**”), cognizance was taken and the matter was transferred to 7<sup>th</sup> Judicial Magistrate, South 24 Paraganas. Krishnendu Deb Roy (“**Petitioner**”) filed a criminal revision petition before the High Court of Calcutta, seeking to quash, *inter alia*, the Complaint proceedings and the ACJM Order, on the grounds, *inter alia*, that the Complaint was an abuse of the process of law and was filed to pre-empt the Petitioner from filing a criminal complaint under section 138 of the Negotiable Instruments Act, 1881 against the Complainant. The matter is currently pending.
5. Charanjeet Singh (“**Complainant**”), one of the customers of ABFL, filed a complaint against Kumar Mangalam Birla, S.K. Mitra, an erstwhile employee of the Lucknow branch and Ashish Goel, the erstwhile marketing executive of ABFL in the Court of the Metropolitan Magistrate VI, Kanpur (“**MM Court**”) for cheating, mischief and causing damage under sections 417, 418, 419 and 420 of the Indian Penal Code, 1860, in relation to a hire purchase transaction of ABFL. A criminal miscellaneous application (“**Application**”) was filed by Kumar Mangalam Birla before the High Court of Judicature at Allahabad (“**High Court**”) against, *inter alia*, the Complainant, seeking to quash the proceedings before the MM Court. The High Court granted stay on the proceedings (“**Stay**”) before the MM Court by way of its order dated October 16, 2003, which was subsequently vacated by the High Court, by way of its order dated April 13, 2018, which disposed the Application. The matter is currently pending.

*Material Civil Proceedings*

Nil

*Material Tax Proceedings*

Nil

*Proceedings before regulatory authorities involving material violations of statutory regulations*

1. The Securities and Exchange Board of India (“**SEBI**”) issued a show cause notice dated May 25, 2021 (“**SCN**”) to ABFL under sections 11(1), 11(4), 11B (1), 11B (2) and 11(4A) of the SEBI Act, 1992 (“**SEBI Act**”) in the matter of CG Power and Industrial Solutions Limited (“**CG Power**”). Pursuant to the SCN, SEBI alleged, *inter alia*, that in order to benefit its loans getting repaid, the commission and omission on the part of ABFL amounted to participation in the fraudulent scheme for diversion of assets from CG Power for the benefit of BILT Graphic Paper Products Limited to the detriment of CG Power’s minority shareholders, violating regulations 3 (b), (c), (d) and regulation 4 (1) of the SEBI (Prohibition

of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 read with sections 12A (a), (b) and (c) of the SEBI Act. ABFL submitted an interim reply dated July 15, 2021 and a final reply dated July 29, 2021 to SEBI contesting the allegations levelled against it in the SCN and prayed for the withdrawal of the SCN, insofar as it relates to ABFL. Further, pursuant to a personal hearing granted by the Whole Time Member of SEBI on August 30, 2021 and August 31, 2021, ABFL has presented its case and responded to the allegations set out against ABFL in the SCN. By way of an order dated October 4, 2022 (“**SEBI Order**”), SEBI imposed a penalty of ₹1.00 crore on ABFL (“**SEBI Penalty**”) with respect to the same. ABFL filed an appeal dated October 21, 2022 against the SEBI Order before the Securities Appellate Tribunal (“**SAT**”) claiming, *inter alia*, that SEBI lacks jurisdiction on the instant matter, and there was no uncovering of fraud in due diligence. Further, ABFL has claimed that there is no collusion and no involvement of ABFL in the diversion of assets, and that there was a bona fide transaction. ABFL has sought direction from the SAT for quashing the order. Subsequently, pursuant to the appeal, SAT passed an order on February 27, 2023, imposing a stay the SEBI Order, subject to ABFL depositing 50% of the SEBI Penalty. ABFL has deposited the said amount. The matter is currently pending.

2. The Deputy Director, Directorate of Enforcement, Hyderabad, by way of a provisional attachment order dated March 8, 2022 (“**Provisional Attachment Order**”), attached a list of immovable properties, including property mortgaged in favour of ABFL (together, the “**Impugned Properties**”), belonging to Karvy Data Management Services Limited, Karvy Stock Broking Limited, Karvy Realty India Limited and Karvy Consultants Limited (collectively, the “**Karvy Entities**”). Consequent to the Provisional Attachment Order, a show cause notice dated April 22, 2022 (“**SCN**”) was issued by the adjudicating authority to the Karvy Entities and others, including ABFL. ABFL filed its written reply to the SCN on November 22, 2022, claiming, *inter alia*, that no attachment proceedings may be initiated against a property which is under the custody of the High Court of Judicature at Bombay (“**High Court**”), without seeking its permission. The adjudicating authority by way of its order dated December 1, 2022 (“**AA Order**”) confirmed the Provisional Attachment Order, concluding that that the Impugned Properties were proceeds of crime and therefore involving in money laundering. Subsequently, ABFL filed an appeal before the appellate tribunal, challenging the AA Order. Separately, ABFL filed a writ petition before the High Court, challenging the SCN and Provisional Attachment Order and seeking a writ, *inter alia*, restraining the adjudicating authority from confirming the Provisional Attachment Order. The matter is currently pending.
3. The Deputy Director, Directorate of Enforcement, Jaipur, by way of a provisional attachment order dated December 4, 2019 (“**Provisional Attachment Order**”), attached a property (“**Impugned Property**”) belonging to Micro Info Solution (“**Borrower**”), mortgaged in favour of ABFL as security for borrowings availed by the Borrower from ABFL. Pursuant to the Provisional Attachment Order, a show cause notice dated January 2, 2020 (“**SCN**”) was issued by the adjudicating authority to ABFL, among others, calling upon them to show cause as to why the Impugned Property should not be declared as property involved in money laundering. Subsequently, the Provisional Attachment Order was confirmed by the adjudicating authority, New Delhi, by way of its order dated November 5, 2020 (“**AA Order**”), holding that the Impugned Property represented the value of the proceeds of crime and is involved in money laundering. Thereafter, ABFL filed a writ petition (“**Petition**”) before the High Court of Delhi (“**High Court**”), challenging the AA Order on the grounds, *inter alia*, that the Impugned Property was purchased prior to the commission of offences alleged in the Provisional Attachment Order and AA Order and hence could not be considered as proceeds of crime. The High Court, by way of its order disposed the Petition and directed ABFL to pursue its appeal before the appellate tribunal. The matter is currently pending.
4. The Deputy Director, Directorate of Enforcement, Bengaluru, by way of a provisional attachment order dated September 24, 2020 (“**Provisional Attachment Order**”), attached a list of immovable properties (“**Impugned Properties**”) belonging to Narayanappa Nanjundiah (“**Borrower**”), including certain properties which were mortgaged to ABFL as security for borrowings availed by the Borrower from ABFL. Pursuant to the Provisional Attachment Order, a show cause notice dated October 21, 2020 (“**SCN**”) was issued by the adjudicating authority to the Borrower and others, including ABFL, calling upon them to show cause as to why the Impugned Properties should not be declared as properties involved in money laundering. ABFL submitted its response to the SCN (“**Written Submissions**”), seeking to set aside of the Provisional Attachment Order, *inter alia*, on the grounds that, (a) it was a secured creditor under the Securitization and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002 (“**SARFAESI Act**”) and that the provisions of the Prevention of Money Laundering Act, 2002 do not override the SARFAESI Act; and (b) it had no direct or indirect involvement in the alleged money laundering. The matter is currently pending.
5. The Deputy Director, Directorate of Enforcement, Chennai Zone – 1, by way of a provisional attachment order dated July 31, 2018 (“**Provisional Attachment Order**”), attached certain properties (“**Impugned Properties**”) belonging to, *inter alia*, Nathella Sampath Jewelry Private Limited and Nathella Sampath Chetty & Co. (“**Borrowers**”), which had been mortgaged to ABFL as security for borrowings availed by the Borrowers from ABFL. Pursuant to the Provisional Attachment Order, a show cause notice dated August 23, 2018 (“**SCN**”) was issued by the adjudicating authority to, *inter alia*, ABFL calling upon them to show cause as to why the Impugned Properties should not be declared as properties involved in money laundering. The Provisional Attachment Order was confirmed by the adjudicating authority by way of its order dated January 16, 2019 (“**AA Order**”), holding that the Impugned Properties represented the value of the proceeds of crime and are involved in money laundering. Pursuant to an appeal filed by ABFL against the AA Order, the appellate tribunal, by way of its order dated December 31, 2020 (“**Impugned Order**”), dismissed ABFL’s appeal and confirmed the Provisional Attachment Order. ABFL filed an appeal, before the High Court of Judicature at Bombay,



seeking an interim stay on the operation of the Impugned Order and challenged the Impugned Order on the grounds, *inter alia*, that it was a secured creditor under the SARFAESI Act and that actions taken under the Securitization and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002 (“**SARFAESI Act**”) indirectly set aside any application under the Prevention of Money Laundering Act, 2002. The matter is currently pending.

6. The Special Director, Directorate of Enforcement, Eastern Region, by way of a provisional attachment order dated September 29, 2016 (“**Provisional Attachment Order**”) attached a list of immovable properties (“**Impugned Properties**”) belonging to Tayal Energy Limited, amongst others (“**Tayal Group**”), including certain property which had been mortgaged to ABFL as security for loans availed by three borrowers (“**Borrowers**”) from ABFL and furnished by the relevant directors on board of the Tayal Group. Pursuant to the Provisional Attachment Order, a show cause notice dated October 28, 2016 (“**SCN**”) was issued by the adjudicating authority established under the Prevention of Money Laundering Act, 2002 to, *inter alia*, ABFL, declaring the Impugned Properties as properties involved in money laundering, on account of certain FIRs (“**FIRs**”) which had been registered against the Tayal Group for alleged siphoning of funds. The Provisional Attachment Order was confirmed by the adjudicating authority, New Delhi, by way of its order dated March 21, 2017 (“**AA Order**”), holding that the Impugned Properties represented the value of the proceeds of crime. However, pursuant to an appeal filed by ABFL against the AA Order, the appellate tribunal, set aside the AA Order, on the grounds that neither ABFL nor the Borrowers had been named in the FIRs (“**Tribunal Order**”). Subsequently, the Directorate of Enforcement through the Joint Director, filed a criminal appeal challenging the Tribunal Order, before the High Court of Judicature at Bombay. The matter is currently pending.
7. The Deputy Director, Directorate of Enforcement, Mumbai Zonal Office-II by way of a provisional attachment order dated February 14, 2019 (“**Provisional Attachment Order**”), attached immovable properties (“**Impugned Properties**”) belonging to, *inter alia*, D.S. Kulkarni Developers Limited (“**DSKD**”) and DSK Motors Private Limited (“**DSK Motors**”) (together with DSKD, the “**Borrowers**”) including certain Impugned Properties which had been mortgaged to ABFL as security for a loans against property availed from ABFL by DSKD (“**DSKD Loan**”) and DSK Motors (“**DSK Motors Loan**”), respectively. The Provisional Attachment Order was confirmed by the adjudicating authority, New Delhi, by way of its order (“**AA Order**”), holding that the Impugned Properties represented the value of the proceeds of crime. Subsequently, ABFL filed an appeal before the appellate tribunal, seeking an order setting aside the AA Order on the grounds, *inter alia*, that ABFL has been notified as a secured creditor under the Securitization and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002 (“**SARFAESI Act**”) and that the provisions of the SARFAESI Act override other statutes, including the Prevention of Money Laundering Act, 2002.

Separately, the State Government of Maharashtra through its Home Department issued a notification dated May 5, 2018 (“**Notification**”) under the provisions of the Maharashtra Protection of Interest of Depositors (in Financial Establishments) Act, 1999 (“**MPID Act**”) attaching various properties belonging to DSKD, including some of the Impugned Properties, which had been mortgaged to ABFL by DSKD as security pursuant to the DSKD Loan. ABFL filed a civil writ petition before the High Court of Judicature at Bombay, seeking certain interim reliefs and challenged the Notification, on the grounds, *inter alia*, that ABFL has a statutory charge over the mortgaged properties under the SARFAESI Act, which overrides the provisions of all other laws, including the MPID Act. The matters are currently pending.

8. The Deputy Director, Directorate of Enforcement, Hyderabad, by way of a provisional attachment order dated August 20, 2022 (“**Provisional Attachment Order**”), attached certain immovable property (“**Impugned Property**”) belonging to, Hitesh R. Jain, a director of R.E. Cables & Conductors Private Limited (“**Borrower**”), which was mortgaged to ABFL as security for a loan facility availed by the Borrower from ABFL. A show cause notice dated October 18, 2022 (“**SCN**”) was issued by the adjudicating authority to ABFL calling upon it to show cause as to why the Impugned Property should not be declared as properties involved in money laundering. The Provisional Attachment Order was confirmed by the adjudicating authority by way of its order dated February 15, 2023 (“**AA Order**”), holding that the Impugned Property represented the value of the proceeds of crime and is therefore involved in money laundering. Subsequently, ABFL filed an appeal before the appellate tribunal, seeking to set aside the AA Order, on the grounds, *inter alia*, that the Impugned Property was not derived, directly or indirectly, as a result of a scheduled offence. The matter is currently pending.

*Matters involving economic offences where proceedings have been initiated against ABFL*

Nil

*Other pending matters, which if they result in an adverse outcome, would materially and adversely affect the operations or financial position of ABFL*

Nil

*Aditya Birla Sun Life Insurance Limited (“**ABSLI**”)*

*Criminal Proceedings*

1. Padmanav Mishra (“**Complainant**”) has filed a complaint before the Sub-Divisional Judicial Magistrate, Jajpur (“**SDJM Court**”) against one of the sales manager and corporate agents of ABSLI and others (“**Accused**”) under sections 420

and 120B of the Indian Penal Code, 1860 and under sections 4, 5 and 6 of Prize Chits and Money Circulation Schemes (Banning) Act, 1978, alleging, *inter alia*, mis-selling of an insurance policy by assuring twice the amount of bonus that would be received on paying certain additional amount on the insurance premium. The Complainant paid the additional amount by issuing cheques in favour of ABSLI. However, the Complainant was informed that the ABSLI branch did not receive any additional amount. The matter is currently pending.

2. Anil Kumar Jain (“**Complainant**”) filed a protest petition before the Additional Senior Civil Judge and Additional Chief Judicial Magistrate Number-2 Ajmer (“**ASCJ Court**”) against ABSLI, and others (together, “**Respondents**”), under sections 420, 464, 465, 467, 468, 471 and 120B of the Indian Penal Code, 1860 *inter alia* alleging, criminal conspiracy and mis-selling of the insurance policies (“**Original Complaint**”). The Complainant alleged that he was misled by one of the Respondents who stated that, ABSLI has bought certain shares of Coal India Limited and was further subscribing to the initial public offer of other companies at a price cheaper than the market price on behalf of the Complainant who would gain on the sale of such securities. However, considering that sale of securities which would attract heavy income tax, one of the Respondents advised the Complainant to buy life insurance policies from ABSLI. The Complainant, being aggrieved by the order of ASCJ Court dismissing the Original Complaint, filed a revision petition before the District and Session Judge at Ajmer, on the grounds, *inter alia*, that the ASCJ Court failed to appreciate the documentary evidence produced. The matter is currently pending.
3. Rahul Kumar (“**Complainant**”) filed a complaint before the Court of the Chief Judicial Magistrate First Class, Patna Sadar (“**CJMFC Court**”), against ABSLI and its authorized representatives (“**Accused**”) under, *inter alia*, sections 403, 406, 418 and 420 of the Indian Penal Code, 1860 alleging, *inter alia*, that the authorised representative of ABSLI has changed the policy plans without his consent by forging his signature and has not cancelled the policy even after communicating the same to the authorized representatives of ABSLI (“**Original Complaint**”). ABSLI filed a miscellaneous petition before the High Court of Patna (“**High Court**”) against the order of the CJMFC Court which took cognizance of the Original Complaint on the grounds that section 420 of the Indian Penal Code, 1860 will not be applicable against ABSLI due to lack of the necessary ingredients of fraudulent intention and inducement. Further, ABSLI contended that the premium paid by the Complainant had been refunded along with the interest and that the appropriate remedy lies before a civil or a consumer court, and thus no criminal charges can be imposed on ABSLI. Subsequently, the High Court quashed the order passed by the CJMFC Court taking cognizance of the Original Complaint. The matter is currently pending.
4. Savitri Devi (“**Complainant**”) filed a complaint before the Sub-Divisional Judicial Magistrate, Patna City (“**SDJM Court**”) against ABSLI under sections 420 and 406 of the Indian Penal Code, 1860 alleging, *inter alia*, that ABSLI fraudulently repudiated the claim of the Complainant due to incorrect disclosure of age of the policy holder by the Complainant, which is material for assessing the risk under the policy (“**Original Complaint**”). The SDJM court took cognizance of the Original Complaint and issued an order in the favor of the Complainant (“**Cognizance Order**”). ABSLI filed a miscellaneous petition before the High Court of Patna (“**High Court**”) against the order of the SDJM Court on the grounds, *inter alia*, that section 420 and 406 of the Indian Penal Code, 1860 will not be applicable against ABSLI due to lack of the necessary ingredients of fraudulent intention and inducement. Further, ABSLI contended that the contract of insurance is a contract based on trust and thus by concealing a material fact, Complainant has repudiated the contract and therefore the appropriate remedy lies before a civil or consumer court and no criminal charges can be levied against ABSLI. Accordingly, High Court quashed the Cognizance Order. The matter is currently pending.
5. Vaishali Sanjay Ghadge (“**Petitioner**”) filed a revision petition (“**Revision Petition**”) before the Principal District and Session Judge at Aurangabad, against an order passed by the Court of Judicial Magistrate First Class, Aurangabad (“**JMFC Court**”) which dismissed a petition filed by the Petitioner’s deceased husband (“**Original Complaint**”). The Original Complaint was filed before the JMFC Court by the Petitioner’s deceased husband under sections 409 and 420 of the Indian Penal Code, 1860 (“**IPC**”) alleging *inter alia*, mis-selling of the policies wherein, he was informed by an alleged representative of ABSLI that he was entitled to a bonus of ₹0.1 crore by buying three new policies for which the Complainant was not required to sign the policies, but could send three account payee cheques in the name of ABSLI, however, the policies were issued to him by forging his signature. The Original Complaint was dismissed by the JMFC Court due to failure on the part of the Complainant to prove an offence committed by ABSLI under sections 409 and 420 of the IPC. The Petitioner, in her revision petition, has alleged that the JMFC Court failed to appreciate the documentary evidence produced and misconstrued the facts and evidence on record. The Additional Sessions Judge, Aurangabad by way of an order dated July 4, 2023, allowed the aforesaid revision petition and remanded the matter to the lower court for fresh consideration. The matter is currently pending.
6. Sunil Rangnath Joshi (“**Complainant**”) filed a complaint before the Chief Judicial Magistrate, Beed (“**CJM Court**”) against ABSLI under sections 406, 409, 420, 467, 468 and 120B of the Indian Penal Code, 1860 alleging, *inter alia* that, ABSLI committed criminal breach of trust by misappropriating the guaranteed surrender benefits (“**Original Complaint**”). Thereafter, CJM Court passed an order dismissing the Original Complaint on the grounds that the offence under section 420 of the Indian Penal Code, 1860 is not applicable against ABSLI due to the lack of the necessary ingredients of fraudulent intention and inducement, and accordingly, the appropriate remedy lies before a civil court. Thereafter, the Complainant, being aggrieved by the order of CJM Court, filed a revision petition before the Sessions Judge, Beed, on the grounds, *inter alia*, that the CJM Court failed to appreciate the documentary evidence produced. The matter is currently pending.

7. Vimla Garg along with Aman Garg son of deceased Manoj Garg and Devendra Kumar Goel (“**Complainants**”) has filed a criminal complaint before the Chief Judicial Magistrate at Ghaziabad (“**CJM Court**”) against Ashish Garg, Rajiv Garg, ABSLI and certain other insurance companies alleging offences under sections 307, 406, 420, 464, 467, 471, and 120B of the Indian Penal Code, 1860 (“**Original Complaint**”). In the Original Complaint, the Complainants have alleged, *inter alia*, that the officials of ABSLI, among others, had conspired with Ashish Garg and Rajiv Garg to fraudulently change the nominees under insurance policies to obtain the death benefits under policies which were in the name of the deceased Manoj Garg. The CJM Court dismissed the Original Complaint on the grounds that the appropriate remedy lies before the civil court (“**CJM Court Order**”). The Complainant, aggrieved by the CJM Court Order filed a revision petition before the Additional Sessions Judge Court, Ghaziabad (“**ASJ Court**”) on the ground that the CJM Court failed to appreciate the documentary evidence. Accordingly, the ASJ Court by way of an order remanded the case to the CJM Court for fresh hearing. The matter is currently pending.
8. Anil Govind Ghige (“**Complainant**”) filed a miscellaneous application before the Court of Judicial Magistrate First, Kalyan, (“**JMFC Court**”) against ABSLI, among others, under section 156(3) of the Code of Criminal Procedure, 1973, for issuing an insurance policy in the favour of the Complainant without verifying whether appropriate ledger entries were made in respect of the cheque issued by the Complainant in violation of the instructions issued by the Insurance Regulatory Development Authority of India and the provisions of the Prevention of Money Laundering Act, 2002 (“**PMLA**”) (“**Application**”). The Complainant, *inter alia*, alleged that the Complainant issued a cheque amounting to ₹0.04 crore towards the initial premium of a policy, which was subsequently dishonoured. However, even though the cheque was dishonoured, Complainant was allotted a policy from ABSLI, which was alleged to be an offence under the PMLA. The Application was dismissed by the JMFC Court on the grounds that, Complainant had the knowledge about the purpose for which the cheque was issued and therefore, no dishonest intention can be imparted on ABSLI (“**Order**”). However, aggrieved by the Order, the Complainant filed a revision petition before District Judge - 4 and Additional Sessions Judge, Kalyan and the matter is currently pending.
9. A first information report against two erstwhile ABSLI employees, Akshay Khadye and Yashwant Yadav (“**Employees**”), Kumar Mangalam Birla and Arun Kumar Adhikari, among others (together with the Employees, the “**Accused**”) was registered on the basis of a criminal complaint (“**Complaint**”) filed on the grounds of mis-selling of insurance policies by policyholders Sushil Gajraj Bafna and Urvija Sushil Bafna (“**Complainants**”), under sections, *inter alia*, 120(A), (B), 418, 420 and 463, 464 and 465 of the Indian Penal Code, 1860. The FIR was registered pursuant to the order passed by the Additional Chief Metropolitan Magistrate, 22nd Court, Andheri, Mumbai. Thereafter, ABSLI received a notice (“**Notice**”) under sections 91 and 160 of the Code of Criminal Procedure, 1973, from the Inspector of Police, MIDC Police Station, Mumbai (“**Inspector**”), directing them to furnish documents in relation to the criminal investigation. ABSLI responded to the Notice, stating *inter alia* that it had, in 2018, terminated the employment of the Employees pursuant to an internal inquiry, wherein they had discovered malpractices and breaches of the code of conduct by the Employees. Thereafter, ABSLI submitted its written responses on February 18, 2022 (“**Written Responses**”), to a list of documents and queries raised by the Inspector in relation to, *inter alia*, the role and responsibilities of the Employees and the involvement of the Accused in ABSLI. In its Written Responses, ABSLI clarified that none of its senior official and directors, including Kumar Mangalam Birla and Arun Kumar Adhikari, named in the Complaint had any direct role in the sales process. The investigation revealed that the nature of this dispute is civil in nature and therefore, a summary report was filed with the 22<sup>nd</sup> Metropolitan Magistrate Court at Andheri. The matter is currently pending.

#### *Material Civil Proceedings*

Nil

#### *Material Tax Proceedings*

The Assessment Unit, National Faceless Assessment Centre, Income Tax Department (“**AO**”) by way of an assessment order raised a demand of ₹464.81 crore (“**Demand**”) on the grounds that, (a) expenses incurred for earning income exempted under section 14A of the Income Tax Act, 1961 which were determined by the AO to be ₹67.61 crore, were added to the computation of taxable income of ABSLI; (b) commission payment to the tune of ₹501.90 crore incurred by ABSLI were disallowed by the AO under section 37 of the IT Act for want of evidences; and (c) an amount of ₹246.98 crore relating to vendors who do not file income tax returns or have declared small income compared to their turnover were disallowed by the AO under section 69C of the IT Act. Further, the AO levied a higher tax rate as against the income tax rate of 12.5% (plus surcharge and cess) applicable to a life insurance company without giving appropriate credit for tax deducted at source. Aggrieved by the Demand, ABSLI filed an appeal before the Commissioner of Income Tax (Appellate), National Faceless Appeal Centre, Delhi (“**CIT (A)**”) on the grounds that, *inter alia*, the aforesaid sections of the IT Act are not applicable to a life insurance company under section 44 of the IT Act read with Schedule I of the IT Act, and simultaneously filed a rectification application (“**Rectification Application**”) before Deputy Commissioner of Income Tax-6(1)(1), Mumbai (“**DCIT**”). The DCIT rejected the Rectification Application on the ground that the matter is pending before the CIT(A) (“**Rejection Order**”). Consequently, ABSLI filed a writ petition before the High Court of Judicature at Bombay (“**High Court**”) for seeking a stay on the Demand. Subsequently, the High Court granted a stay on the Demand in favour of ABSLI, until ABSLI challenges the Rejection Order before Principal Commissioner of Income Tax-6, Mumbai (“**PCIT**”) by way of a review application. Subsequently, the PCIT granted a stay on the Demand, subject to deposit of 20% of the Demand by ABSLI. Thereafter, ABSLI filed a writ petition before High Court

against the order of PCIT for seeking a stay on entire Demand, including the 20% of the Demand that was required to be deposited. The matter is currently pending.

*Proceedings before regulatory authorities involving material violations of statutory regulations*

Nil

*Matters involving economic offences where proceedings have been initiated against ABSLI*

Nil

*Other pending matters, which if they result in an adverse outcome, would materially and adversely affect the operations or financial position of ABSLI*

Nil

*Aditya Birla Money Limited (“ABML”)*

*Criminal Proceedings*

Nil

*Material Civil Proceedings*

Nil

*Material Tax Proceedings*

Nil

*Proceedings before regulatory authorities involving material violations of statutory regulations*

The relevant adjudication officer of the Securities and Exchange Board of India (“SEBI”) passed an order dated October 4, 2021 (“Order”) under section 15I of the SEBI Act, 1992 read with section 23-I of the Securities Contracts (Regulation) Act, 1956 with respect to alleged violations including *inter alia* lack of adequate systems and internal controls and misleading clients by understating losses and overstating profits, which were observed during inspection of the books of accounts of ABML. A penalty of ₹1.02 crore was levied on ABML. Upon appeal preferred against this Order, the Securities Appellate Tribunal (“SAT”) by way of an order dated December 6, 2021 (“SAT Order”) has granted stay on the operation of the Order subject to a deposit of ₹0.5 crore. ABML has complied with the SAT Order. The matter is currently pending.

*Matters involving economic offences where proceedings have been initiated against ABML*

Nil

*Other pending matters, which if they result in an adverse outcome, would materially and adversely affect the operations or financial position of ABML*

Nil

*Aditya Birla Insurance Brokers Limited (“ABIBL”)*

*Criminal Proceedings*

Nil

*Material Civil Proceedings*

Nil

*Material Tax Proceedings*

Nil

*Proceedings before regulatory authorities involving material violations of statutory regulations*

The Insurance Regulatory and Development Authority of India (“IRDAI”) issued the Motor Insurance Service Provider Guidelines dated August 31, 2017 (“MISP Guidelines”) to regulate activities of insurance companies selling motor insurance policies. IRDAI passed an order dated December 23, 2019 and held that ABIBL is not in compliance with the MISP Guidelines on account of ABIBL *inter alia* interfering in determination of premium of insurance policies and engaging in unfair trade practices, and accordingly imposed a penalty of ₹3.00 crore (“Impugned Order”) on ABIBL. ABIBL filed an appeal against

the Impugned Order before the Securities Appellate Tribunal (“SAT”). The SAT passed an order dated January 28, 2020 and granted stay on the operation of the Impugned Order till final disposal of the aforesaid appeal. The matter is currently pending.

*Matters involving economic offences where proceedings have been initiated against ABIBL*

*Nil*

*Other pending matters, which if they result in an adverse outcome, would materially and adversely affect the operations or financial position of ABIBL*

*Nil*

## **GOVERNMENT AND OTHER APPROVALS**

We are not required to obtain any licenses or approvals from any government or regulatory authority for the objects of this Issue. For further details, refer to the chapter titled “*Objects of the Issue*” beginning at page 64.

## **MATERIAL DEVELOPMENTS**

No material developments have occurred since the date of the last balance sheet i.e., September 30, 2023, which materially or adversely affect or are likely to affect: (a) the operations or the profitability of the Company; or (b) the value of its assets; or (c) its ability to pay its liabilities in the next 12 months or; or (d) its performance and prospects.

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Issue

The Issue has been authorised by a resolution of our Board of Directors passed at its meeting held on October 16, 2023 pursuant to Section 62(1)(a) and other applicable provisions of the Companies Act.

This Letter of Offer has been approved by our Board pursuant to its resolution dated January 4, 2024. The terms and conditions of the Issue including the Rights Entitlement, Issue Price, Record Date, timing of the Issue and other related matters, have been approved by a resolution passed by the Board at its meeting held on January 4, 2024.

The Board, in its meeting held on January 4, 2024 has resolved to issue the Rights Equity Shares to the Eligible Equity Shareholders, at ₹1,812 per Rights Equity Share (including a premium of ₹1,810 per Rights Equity Share) aggregating up to ₹3,999.80 crore\* and the Rights Entitlement as 6 Rights Equity Share for every 179 fully paid-up Equity Share, held as on the Record Date. The Issue Price has been arrived at by our Company in consultation with the Lead Managers prior to determination of the Record Date. On Application, Investors will have to pay ₹453 (25% of the Issue Price) per Rights Equity Share. The balance amount will be payable by the Rights Equity Shareholders in up to three additional Calls, with terms and conditions such as the number of Calls and the timing and quantum of each Call as may be decided by our Board/ Rights Issue Committee from time to time, to be completed on or prior to March 2026, which constitutes 75% of the Issue Price, pursuant to the Payment Schedule, after payment of the Application Money.

*\*Assuming full subscription in the Issue, Allotment and receipt of all Call Monies with respect to the Rights Equity Shares.*

Our Company has received in-principle approvals from BSE and NSE in accordance with Regulation 28(1) of the SEBI LODR Regulations for listing of the Rights Equity Shares to be Allotted in this Issue pursuant to their letters dated December 27, 2023 and December 26, 2023, respectively. Our Company will also make applications to BSE and NSE to obtain their trading approvals for the Rights Entitlements as required under the SEBI ICDR Master Circular.

Our Company has been allotted the ISIN: INE047A20013 for the Rights Entitlements to be credited to the respective demat accounts of Allottees. For details, see “*Terms of the Issue*” beginning on page 617.

### Prohibition by SEBI or Other Governmental Authorities

Our Company, our Promoters, the members of our Promoter Group and our Directors have not been and are not prohibited or debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Further, our Promoters and our Directors are not promoter(s) or director(s) of any other company which is debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

None of our Directors are associated with the securities market in any manner. Further, there is no outstanding action initiated by SEBI against any of our Directors, who have been associated with the securities market.

Neither our Promoters nor any of our Directors are declared as fugitive economic offenders under Section 12 of the Fugitive Economic Offenders Act, 2018.

### Prohibition by RBI

Neither our Company nor our Promoters or any of our Directors have been or are identified as Wilful Defaulters or Fraudulent Borrowers.

### Eligibility for the Issue

Our Company is a listed company and has been incorporated under the Gwalior Companies Act (I of Samvat 1963). Our Equity Shares are presently listed on the Stock Exchanges. Our Company is eligible to offer Rights Equity Shares pursuant to this Issue in terms of Chapter III and other applicable provisions of the SEBI ICDR Regulations. Further, our Company is undertaking this Issue in compliance with Part B of Schedule VI of the SEBI ICDR Regulations.

### Compliance with Regulations 61 and 62 of the SEBI ICDR Regulations

Our Company is in compliance with the conditions specified in Regulations 61 and 62 of the SEBI ICDR Regulations, to the extent applicable. Further, in relation to compliance with Regulation 62(1)(a) of the SEBI ICDR Regulations, our Company has made applications to the Stock Exchanges and has received their in-principle approvals through their letters dated December 27, 2023 and December 26, 2023, for listing of the Rights Equity Shares to be issued pursuant to this Issue. BSE is the Designated Stock Exchange for the Issue.

### Compliance with conditions of Fast Track Issue

Our Company satisfies the following conditions specified in Regulation 99 of the SEBI ICDR Regulations, and accordingly, our Company is eligible to make this Issue by way of a ‘fast track issue’:



1. Our Equity Shares have been listed on BSE and NSE, each being a recognized stock exchange having nationwide trading terminals, for a period of at least three years immediately preceding the date of filing of this Letter of Offer;
2. The entire shareholding of the members of our Promoter Group in our Company is held in dematerialized form as at the date of filing of this Letter of Offer;
3. The average market capitalization of the public shareholding (as defined in the SEBI ICDR Regulations) of our Company is at least ₹250 crore, in at least one of the recognized stock exchanges with nationwide trading terminals, where our securities are listed, calculated as per explanation (i) of Regulation 99 of SEBI ICDR Regulations;
4. The annualized trading turnover of our Equity Shares during the six calendar months immediately preceding the month of filing of this Letter of Offer has been at least 2% of the weighted average number of Equity Shares listed during such six-months period on each of the Stock Exchanges;
5. The annualized delivery-based trading turnover of our Equity Shares during the six calendar months immediately preceding the month of filing of this Letter of Offer has been at least 10% of the annualized trading turnover of our Equity Shares during such six-month period on each of the Stock Exchanges;
6. Our Company has been in compliance with the equity listing agreement entered into with the Stock Exchanges and the SEBI LODR Regulations, for a period of at least three years immediately preceding the date of filing of this Letter of Offer;
7. Our Company has redressed at least 95% of the complaints received from the investors until the end of the quarter immediately preceding the month of filing of this Letter of Offer;
8. As on the date of filing of this Letter of Offer, no show-cause notices, excluding proceedings for imposition of penalty, have been issued by SEBI and are pending against our Company, our Promoters or Whole-time Directors. Further, no show cause notices have been issued by the SEBI or an Adjudicating Officer in a proceeding for imposition of penalty and/or no prosecution proceedings have been initiated by SEBI, against our Company, our Promoters or Whole-time Directors;
9. Our Company, our Promoters, the members of our Promoter Group or our Directors have not settled any alleged violations of securities laws through the settlement mechanism with SEBI during the three years immediately preceding the date of filing of this Letter of Offer;
10. Our Equity Shares have not been suspended from trading as a disciplinary measure during the three years immediately preceding the date of filing of this Letter of Offer;
11. There is no conflict of interest between the Lead Managers and our Company or our Group Companies in accordance with applicable regulations;
12. Pursuant to certificates each dated January 4, 2024, our Promoters and Promoter Group have confirmed that they intend (i) subscribe to the full extent of their Rights Entitlements in the Issue and that they shall not renounce the Rights Entitlements (except to the extent of Rights Entitlements renounced by any of them in favour of our Promoters or other member(s) of our Promoter Group ); (ii) subscribe to additional Rights Entitlements over and above their Rights Entitlements, if any, which are renounced in their favour by our Promoters or any other member(s) of our Promoter Group; and (iii) subscribe to additional Rights Equity Shares, if any, which may remain unsubscribed in the Issue, each as may be applicable, subject to the aggregate shareholding of our Promoters and Promoter Group being compliant with the minimum public shareholding requirements under the SCRR and the SEBI LODR Regulations. For details, see “*Capital Structure – Intention and extent of participation by our Promoters and Promoter Group*” on page 62. For details on the manner in which our Promoters and members of the Promoter Group holding GDRs will participate in the Issue, see “*Notice to Investors – Notice to GDR Holders*” on page 12; and
13. There are no audit qualifications (as defined under the SEBI ICDR Regulations) on the audited accounts of our Company, in respect of the Financial Years for which such accounts are disclosed in this Letter of Offer.

#### **Compliance with Clause (1) of Part B of Schedule VI of the SEBI ICDR Regulations**

Our Company is in compliance with the provisions specified in Clause (1) of Part B of Schedule VI of the SEBI ICDR Regulations as explained below:

1. Our Company has been filing periodic reports, statements and information in compliance with the SEBI LODR Regulations, as applicable for the last one year immediately preceding the date of filing of this Letter of Offer with the Designated Stock Exchange;
2. The reports, statements and information referred to above are available on the websites of BSE and NSE; and
3. Our Company has an investor grievance-handling mechanism which includes meeting of the Stakeholders’ Relationship Committee at frequent intervals, appropriate delegation of power by our Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

## **Non-applicability of conditions precedent under Clause (3) of Part B of schedule VI of the SEBI ICDR Regulations**

1. Our Company's management has not undergone any change pursuant to acquisition of control in accordance with the provisions of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 or the SEBI Takeover Regulations, as applicable. Our Company is not making a rights issue of specified securities for the first time subsequent to any such change; and
2. Our Company has not been listed consequent to the relaxation granted by SEBI under sub-rule (7) of Rule 19 of the SCRR for listing of its specified securities pursuant to a scheme sanctioned by a High Court under Sections 391 to 394 of the Companies Act, 1956 or approved by a tribunal under Sections 230 to 234 of the Companies Act, as applicable. Our Company is not making a rights issue of specified securities for the first time subsequent to any such listing.

As our Company satisfies the conditions specified in Clause (1) of Part B of Schedule VI of the SEBI ICDR Regulations, and given that the conditions prescribed in Clause (3) of Part B of Schedule VI of SEBI ICDR Regulations are not applicable to our Company, the disclosures in this Letter of Offer are in terms of Clause (4) of Part B of Schedule VI of the SEBI ICDR Regulations.

### **DISCLAIMER CLAUSE OF SEBI**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THIS LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS LETTER OF OFFER. THE LEAD MANAGERS, NAMELY, AXIS CAPITAL LIMITED, BOFA SECURITIES INDIA LIMITED, JEFFERIES INDIA PRIVATE LIMITED, JM FINANCIAL LIMITED, KOTAK MAHINDRA CAPITAL COMPANY LIMITED AND SBI CAPITAL MARKETS LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THIS LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE OUR COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE LEAD MANAGERS BEING NAMELY, AXIS CAPITAL LIMITED, BOFA SECURITIES INDIA LIMITED, JEFFERIES INDIA PRIVATE LIMITED, JM FINANCIAL LIMITED, KOTAK MAHINDRA CAPITAL COMPANY LIMITED AND SBI CAPITAL MARKETS LIMITED ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT OUR COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGERS HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED JANUARY 4, 2024, WHICH READS AS FOLLOWS:**

- (1) **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION, INCLUDING COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL WHILE FINALISING THIS LETTER OF OFFER OF THE SUBJECT ISSUE.**
- (2) **ON THE BASIS OF SUCH EXAMINATION AND DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION, CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:**
  - (a) **THE LETTER OF OFFER FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS WHICH ARE MATERIAL TO THE ISSUE;**
  - (b) **ALL MATERIAL LEGAL REQUIREMENTS RELATING TO THE ISSUE AS SPECIFIED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
  - (c) **THE MATERIAL DISCLOSURES MADE IN THE LETTER OF OFFER ARE TRUE AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 2013, THE SEBI ICDR REGULATIONS AND OTHER APPLICABLE LEGAL REQUIREMENTS.**
- (3) **BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT UNTIL DATE SUCH REGISTRATION IS VALID. COMPLIED WITH**
- (4) **WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. NOT APPLICABLE**

- (5) WRITTEN CONSENT FROM THE PROMOTERS HAVE BEEN OBTAINED FOR INCLUSION OF HIS SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED OR SOLD OR TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE LETTER OF OFFER WITH SEBI UNTIL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE LETTER OF OFFER. NOT APPLICABLE
- (6) ALL APPLICABLE PROVISIONS OF SEBI ICDR REGULATIONS, WHICH RELATE TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTER'S CONTRIBUTION, HAVE BEEN AND SHALL BE DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION(S) HAVE BEEN MADE IN THE LETTER OF OFFER. NOT APPLICABLE
- (7) ALL APPLICABLE PROVISIONS OF SEBI ICDR REGULATIONS, WHICH RELATE TO RECEIPT OF PROMOTER'S CONTRIBUTION PRIOR TO OPENING OF THE ISSUE, SHALL BE COMPLIED WITH. ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE AND THE STATUTORY AUDITOR'S CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE ISSUE. NOT APPLICABLE
- (8) NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONIES RECEIVED PURSUANT TO THE ISSUE ARE CREDITED OR TRANSFERRED TO A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONIES SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES, AND THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION. NOTED FOR COMPLIANCE TO THE EXTENT APPLICABLE
- (9) THE EXISTING BUSINESS AS WELL AS ANY NEW BUSINESS OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED FALL WITHIN THE 'MAIN OBJECTS' IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED IN LAST TEN YEARS ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION. COMPLIED WITH TO THE EXTENT APPLICABLE
- (10) FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE LETTER OF OFFER:
- (a) AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY, EXCLUDING SUPERIOR EQUITY SHARES, WHERE THE COMPANY HAS OUTSTANDING EQUITY SHARES WITH SUPERIOR RIGHTS. COMPLIED WITH (THE COMPANY HAS NOT ISSUED ANY EQUITY SHARES WITH SUPERIOR RIGHTS); AND
- (b) AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH ALL DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI. COMPLIED WITH
- (11) WE SHALL COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENTS IN TERMS OF THE SEBI ICDR REGULATIONS. NOTED FOR COMPLIANCE
- (12) IF APPLICABLE, THE COMPANY IS ELIGIBLE TO LIST ON THE INNOVATORS GROWTH PLATFORM IN TERMS OF THE PROVISIONS CHAPTER X OF THE SEBI ICDR REGULATIONS. NOT APPLICABLE
- (13) NONE OF THE INTERMEDIARIES NAMED IN THIS LETTER OF OFFER HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY. COMPLIED WITH
- (14) THE COMPANY IS ELIGIBLE TO MAKE A FAST TRACK ISSUE IN TERMS OF REGULATION 99 OF THE SEBI ICDR REGULATIONS. THE FULFILMENT OF THE ELIGIBILITY CRITERIA AS SPECIFIED IN THAT REGULATION BY THE COMPANY HAS ALSO BEEN DISCLOSED IN THIS LETTER OF OFFER. COMPLIED WITH
- (15) THE ABRIDGED LETTER OF OFFER CONTAINS ALL DISCLOSURES AS SPECIFIED IN THE SEBI ICDR REGULATIONS. COMPLIED WITH
- (16) ALL MATERIAL DISCLOSURES IN RESPECT OF THE COMPANY HAVE BEEN MADE IN THIS LETTER OF OFFER AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE COMPANY OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE SPECIFIED SECURITIES OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN. COMPLIED WITH AND NOTED FOR COMPLIANCE

**(17) AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALISATION OF THE SPECIFIED SECURITIES OF THE COMPANY. COMPLIED WITH**

**THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGERS ANY IRREGULARITIES OR LAPSES IN THE LETTER OF OFFER.**

**Disclaimer clauses from our Company and the Lead Managers**

Our Company and the Lead Managers accept no responsibility for statements made otherwise than in this Letter of Offer or in any advertisement or other material issued by or at the instance of our Company and anyone placing reliance on any other source of information would be doing so at his own risk.

Investors who invest in the Issue will be deemed to have represented to our Company, the Lead Managers and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Rights Equity Shares, and are relying on independent advice / evaluation as to their ability and quantum of investment in the Issue.

**CAUTION**

Our Company and the Lead Managers shall make all information available to the Eligible Equity Shareholders in accordance with the SEBI ICDR Regulations and no selective or additional information would be available for a section of the Eligible Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of this Letter of Offer.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Letter of Offer. You must not rely on any unauthorized information or representations. This Letter of Offer is an offer to sell only the Rights Equity Shares and rights to purchase the Rights Equity Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this Letter of Offer is current only as of its date.

Our Company, the Lead Managers and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any Applicant on whether such Applicant is eligible to acquire any Rights Equity Shares.

The Lead Managers and their affiliates may engage in transactions with and perform services for our Company or our affiliates in the ordinary course of business and have engaged, or may in the future engage, in transactions with our Company or our affiliates, for which they have received and may in the future receive, compensation.

**Disclaimer with respect to jurisdiction**

This Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Mumbai, India only.

**Designated Stock Exchange**

The Designated Stock Exchange for the purpose of the Issue is BSE.

**Disclaimer Clause of the BSE**

As required, a copy of this Letter of Offer has been submitted to BSE. The disclaimer clause as intimated by BSE to our Company, post scrutiny of this Letter of Offer is as under:

**“BSE LIMITED ("THE EXCHANGE") HAS GIVEN, VIDE ITS LETTER DATED DECEMBER 27, 2023 PERMISSION TO THIS COMPANY TO USE THE EXCHANGE'S NAME IN THIS LETTER OF OFFER AS ONE OF THE STOCK EXCHANGES ON WHICH THIS COMPANY'S SECURITIES ARE PROPOSED TO BE LISTED. THE EXCHANGE HAS SCRUTINIZED THIS LETTER OF OFFER FOR ITS LIMITED INTERNAL PURPOSE OF DECIDING ON THE MATTER OF GRANTING THE AFORESAID PERMISSION TO THIS COMPANY. THE EXCHANGE DOES NOT IN ANY MANNER:**

- **WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS LETTER OF OFFER; OR**
- **WARRANT THAT THIS COMPANY'S SECURITIES WILL BE LISTED OR WILL CONTINUE TO BE LISTED ON THE EXCHANGE; OR**
- **TAKE ANY RESPONSIBILITY FOR THE FINANCIAL OR OTHER SOUNDNESS OF THIS COMPANY, ITS PROMOTERS, ITS MANAGEMENT OR ANY SCHEME OR PROJECT OF THIS COMPANY;**

**AND IT SHOULD NOT FOR ANY REASON BE DEEMED OR CONSTRUED THAT THIS LETTER OF OFFER HAS BEEN CLEARED OR APPROVED BY THE EXCHANGE. EVERY PERSON WHO DESIRES TO APPLY FOR OR OTHERWISE ACQUIRES ANY SECURITIES OF THIS COMPANY MAY DO SO PURSUANT TO INDEPENDENT INQUIRY, INVESTIGATION AND ANALYSIS AND SHALL NOT HAVE ANY CLAIM AGAINST**

**THE EXCHANGE WHATSOEVER BY REASON OF ANY LOSS WHICH MAY BE SUFFERED BY SUCH PERSON CONSEQUENT TO OR IN CONNECTION WITH SUCH SUBSCRIPTION/ACQUISITION WHETHER BY REASON OF ANYTHING STATED OR OMITTED TO BE STATED HEREIN OR FOR ANY OTHER REASON WHATSOEVER.”**

#### **Disclaimer Clause of NSE**

As required, a copy of this Letter of Offer has been submitted to NSE. The disclaimer clause as intimated by the NSE to us, post scrutiny of this Letter of Offer is as under:

**“AS REQUIRED, A COPY OF THIS LETTER OF OFFER HAS BEEN SUBMITTED TO NATIONAL STOCK EXCHANGE OF INDIA LIMITED (HEREINAFTER REFERRED TO AS NSE). NSE HAS GIVEN VIDE ITS LETTER REF. NO. NSE/LIST/39131 DATED DECEMBER 26, 2023 PERMISSION TO THE ISSUER TO USE THE EXCHANGE’S NAME IN THIS LETTER OF OFFER AS ONE OF THE STOCK EXCHANGES ON WHICH THIS ISSUER’S SECURITIES ARE PROPOSED TO BE LISTED. THE EXCHANGE HAS SCRUTINIZED THIS LETTER OF OFFER FOR ITS LIMITED INTERNAL PURPOSE OF DECIDING ON THE MATTER OF GRANTING THE AFORESAID PERMISSION TO THIS ISSUER.**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE AFORESAID PERMISSION GIVEN BY NSE SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE LETTER OF OFFER HAS BEEN CLEARED OR APPROVED BY NSE; NOR DOES IT IN ANY MANNER WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS LETTER OF OFFER; NOR DOES IT WARRANT THAT THIS ISSUER’S SECURITIES WILL BE LISTED OR WILL CONTINUE TO BE LISTED ON THE EXCHANGE; NOR DOES IT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL OR OTHER SOUNDNESS OF THIS ISSUER, ITS PROMOTERS, ITS MANAGEMENT OR ANY SCHEME OR PROJECT OF THIS ISSUER.**

**EVERY PERSON WHO DESIRES TO APPLY FOR OR OTHERWISE ACQUIRE ANY SECURITIES OF THIS ISSUER MAY DO SO PURSUANT TO INDEPENDENT INQUIRY, INVESTIGATION AND ANALYSIS AND SHALL NOT HAVE ANY CLAIM AGAINST THE EXCHANGE WHATSOEVER BY REASON OF ANY LOSS WHICH MAY BE SUFFERED BY SUCH PERSON CONSEQUENT TO OR IN CONNECTION WITH SUCH SUBSCRIPTION /ACQUISITION WHETHER BY REASON OF ANYTHING STATED OR OMITTED TO BE STATED HEREIN OR ANY OTHER REASON WHATSOEVER.”**

#### **NO OFFER IN THE UNITED STATES**

**THE RIGHTS ENTITLEMENTS AND THE RIGHTS EQUITY SHARES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S SECURITIES ACT AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. ACCORDINGLY, THE RIGHTS ENTITLEMENTS (INCLUDING THEIR CREDIT) AND THE RIGHTS EQUITY SHARES ARE ONLY BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES IN “OFFSHORE TRANSACTIONS” AS DEFINED IN AND IN RELIANCE ON REGULATION S UNDER THE U.S. SECURITIES ACT TO ELIGIBLE EQUITY SHAREHOLDERS LOCATED IN JURISDICTIONS WHERE SUCH OFFER AND SALE IS PERMITTED UNDER THE LAWS OF SUCH JURISDICTIONS. THE OFFERING TO WHICH THIS LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, YOU SHOULD NOT FORWARD OR TRANSMIT THIS LETTER OF OFFER INTO THE UNITED STATES AT ANY TIME.**

Neither our Company, nor any person acting on behalf of our Company, will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company, or any person acting on behalf of our Company, has reason to believe is, in the United States when the buy order is made. No Application Form should be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer under this Letter of Offer or where any action would be required to be taken to permit the Issue. Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch this Letter of Offer or the Abridged Letter of Offer and Application Form only to Eligible Equity Shareholders who have provided an Indian address to our Company. Any person who acquires Rights Entitlements or Rights Equity Shares will be deemed to have represented, warranted and agreed, by accepting the delivery of this Letter of Offer, that it is not and that at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, it will not be, in the United States and is authorized to acquire the Rights Entitlement and the Rights Equity Shares in compliance with all applicable laws and regulations.

Our Company, in consultation with the Lead Managers, reserves the right to treat as invalid any Application Form which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States or any other jurisdiction where the offer and sale of the Rights Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is outside the United States and such person is eligible to subscribe for the Rights Equity Shares under applicable securities laws and is complying with laws of jurisdictions applicable to such person in connection with this Issue; or (iii) where either a registered Indian address is not provided; or (iv) where our Company

believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to issue or allot any Rights Equity Shares in respect of any such Application Form.

## **Filing**

This Letter of Offer is being filed with the Stock Exchanges and SEBI as per the provisions of the SEBI ICDR Regulations. Further, our Company will simultaneously while filing this Letter of Offer with the Designated Stock Exchange, do an online filing with SEBI through the SEBI intermediary portal at [www.siportal.sebi.gov.in](http://www.siportal.sebi.gov.in), in terms of the SEBI ICDR Master Circular.

## **Mechanism for Redressal of Investor Grievances**

Our Company has adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements in compliance with the Listing Agreements and the SEBI LODR Regulations. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI circular no. CIR/OIAE/2/2011 dated June 3, 2011 and shall comply with the SEBI circular bearing reference number SEBI/HO/OIAE/CIR/P/2023/156 dated September 20, 2023 and any other circulars issued in this regard. Consequently, investor grievances are also tracked online by our Company through the SCORES mechanism.

Our Company has a Stakeholders' Relationship Committee which meets at least once every year and as and when required. Its terms of reference include considering and resolving grievances of shareholders in relation to transfer of shares and effective exercise of voting rights. KFin Technologies Limited (*formerly known as KFin Technologies Private Limited*) is our Registrar and Share Transfer Agent. All investor grievances received by us have been handled by the Registrar and Share Transfer Agent in consultation with our Company Secretary and Compliance Officer.

The investor complaints received by our Company are generally disposed of within 30 days from the date of receipt of the complaint.

**Investors may contact the Registrar or our Company Secretary and Compliance Officer for any pre-Issue or post-Issue related matter. All grievances relating to the ASBA process may be addressed to the Registrar, with a copy to the SCSBs, giving full details such as name, address of the Applicant, contact number(s), e-mail address of the sole/ first holder, folio number or demat account number, number of Rights Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSBs where the Application Form or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip. For details on the ASBA process, please see "Terms of the Issue" beginning on page 617.**

**The contact details of Registrar to the Issue and our Company Secretary and Compliance Officer are as follows:**

### **Registrar to the Issue**

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

Selenium, Tower B, Plot No-31 and 32

Financial District, Nanakramguda

Serilingampally, Hyderabad

Rangareddi 500 032

Telangana, India

**Tel:** 1800 309 4001/ +91 40 6716 2222

**E-mail:** [gil.rights@kfintech.com](mailto:gil.rights@kfintech.com)

**Investor grievance email:** [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)

**Website:** [www.kfintech.com](http://www.kfintech.com)

**Contact Person:** M Murali Krishna

**SEBI Registration No.:** INR000000221

### **Company Secretary and Compliance Officer**

Sailesh Kumar Daga is the Company Secretary and Compliance Officer of our Company. His details are as follows:

Aditya Birla Centre, 'A' Wing, 2<sup>nd</sup> Floor

S.K. Ahire Marg

Worli, Mumbai 400 030

Maharashtra India

**Tel:** +91 22 6652 5000, +91 22 2499 5000

**E-mail:** [grasim.secretarial@adityabirla.com](mailto:grasim.secretarial@adityabirla.com)

## SECTION VII: ISSUE INFORMATION

### TERMS OF THE ISSUE

*This section is for the information of the Investors proposing to apply in this Issue. Investors should carefully read the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, before submitting the Application Form. Our Company and the Lead Managers are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigation and ensure that the Application Form is accurately filled up in accordance with instructions provided therein and this Letter of Offer. Unless otherwise permitted under the SEBI ICDR Regulations read with the SEBI ICDR Master Circular, Investors proposing to apply in this Issue can apply only through ASBA.*

*Investors are requested to note that Application in this Issue can only be made through ASBA or any other mode which may be notified by SEBI.*

**Please note that our Company has opened a separate demat suspense escrow account (namely, “Grasim Industries Ltd Suspense Escrow Demat Account”) (“Demat Suspense Account”) and would credit Rights Entitlements on the basis of the Equity Shares: (a) held by Eligible Equity Shareholders which are held in physical form as on Record Date; or (b) which are held in the account of the Investor Education and Protection Fund (“IEPF”) authority; or (c) of the Eligible Equity Shareholder whose demat accounts are frozen or where the Equity Shares are lying in the unclaimed suspense account / demat suspense account (including those pursuant to Regulation 39 of the SEBI LODR Regulations) or details of which are unavailable with our Company or with the Registrar on the Record Date or where Equity Shares have been kept in abeyance or where entitlement certificate has been issued or where instruction has been issued for stopping issue or transfer or where letter of confirmation lying in escrow account; or (d) where credit of the Rights Entitlements have returned/reversed/failed for any reason; or (e) where ownership is currently under dispute, including any court or regulatory proceedings or where legal notices have been issued, if any. Please also note that our Company has credited Rights Entitlements to the Demat Suspense Account on the basis of information available with our Company and to serve the interest of relevant Eligible Equity Shareholders to provide them with a reasonable opportunity to participate in the Issue. The credit of the Rights Entitlements to the Demat Suspense Account by our Company does not create any right in favour of the relevant Eligible Equity Shareholders for transfer of Rights Entitlement to their demat account or to receive any Equity Shares in the Issue.**

**With respect to the Rights Entitlements credited to the Demat Suspense Account, the Eligible Equity Shareholders are requested to provide relevant details (such as applicable regulatory approvals, self-attested PAN and client master sheet of demat account, details/ records confirming the legal and beneficial ownership of their respective Equity Shares, etc.) to our Company or the Registrar no later than two clear Working Days prior to the Issue Closing Date, i.e., by Tuesday, January 23, 2024 to enable credit of their Rights Entitlements by way of transfer from the Demat Suspense Account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to our Company or the Registrar account is active to facilitate the aforementioned transfer. In the event that the Eligible Equity Shareholders are not able to provide relevant details to our Company or the Registrar by the end of two clear Working Days prior to the Issue Closing Date, Rights Entitlements credited to the Demat Suspense Account shall lapse and extinguish in due course and such Eligible Equity Shareholder shall not have any claim against our Company and our Company shall not be liable to any such Eligible Equity Shareholder in any form or manner.**

**Further, with respect to Equity Shares for which Rights Entitlements are being credited to the Demat Suspense Account, the Application Form along with the Rights Entitlement Letter shall not be dispatched till the resolution of the relevant issue/concern and transfer of the Rights Entitlements from the Demat Suspense Account to the respective demat account other than in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date who will receive the Application Form along with the Rights Entitlement Letter. Upon submission of such documents /records no later than two clear Working Days prior to the Issue Closing Date, to the satisfaction of our Company, our Company shall make available the Rights Entitlement on such Equity Shares to the identified Eligible Equity Shareholder. The identified Eligible Equity Shareholder shall be entitled to subscribe to Equity Shares pursuant to the Issue during the Issue Period with respect to these Rights Entitlement and subject to the same terms and conditions as the Eligible Equity Shareholder.**

#### **Overview**

This Issue is proposed to be undertaken on a rights basis and is subject to the terms and conditions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association of our Company, the provisions of the Companies Act, 2013, the FEMA, the FEMA Rules, the SEBI ICDR Regulations, the SEBI LODR Regulations, the SEBI ICDR Master Circular and the guidelines, notifications, circulars and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from RBI or other regulatory authorities, the terms of the Listing Agreements entered into by our Company with Stock Exchanges and the terms and conditions as stipulated in the Allotment Advice.

## I. DISPATCH AND AVAILABILITY OF ISSUE MATERIALS

In accordance with the SEBI ICDR Regulations and the SEBI ICDR Master Circular, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent/ dispatched only to the Eligible Equity Shareholders who have provided an Indian address to our Company. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their valid e-mail address, then the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be physically dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, this Letter of Offer will be sent/ dispatched to the Eligible Equity Shareholders who have provided their Indian address and who have made a request in this regard.

Investors can access this Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe to the Rights Equity Shares under applicable laws) on the websites of:

- (i) our Company at [www.grasim.com](http://www.grasim.com);
- (ii) the Registrar at <https://rights.kfintech.com>;
- (iii) the Lead Managers, at [www.axiscapital.co.in](http://www.axiscapital.co.in); <https://business.bofa.com/bofas-india>; [www.jefferies.com](http://www.jefferies.com); <https://jmfl.com>; <https://investmentbank.kotak.com> and [www.sbcaps.com](http://www.sbcaps.com);
- (iv) the Stock Exchanges at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com).

To update the respective Indian addresses/e-mail addresses/phone or mobile numbers in the records maintained by the Registrar or by our Company, Eligible Equity Shareholders should visit <https://rights.kfintech.com>.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (*i.e.*, <https://rights.kfintech.com>) by entering their DP ID and Client ID or folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) and PAN. The link for the same shall also be available on the website of our Company at [www.grasim.com](http://www.grasim.com).

**Please note that neither our Company nor the Registrar nor the Lead Managers shall be responsible for not sending the physical copies of Issue materials, including this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form or delay in the receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the e-mail addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit.**

The distribution of this Letter of Offer, Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer is being filed with SEBI and the Stock Exchanges. Accordingly, the Rights Entitlements and Rights Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction, except in accordance with and as permitted under the legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed.

Accordingly, persons receiving a copy of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations or would subject our Company or its affiliates or the Lead Managers or their respective affiliates to any filing or registration requirement (other than in India). If this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who makes an application to acquire Rights Entitlements and the Rights Equity Shares offered in the Issue will be deemed to have declared, represented and warranted that such person is authorized to acquire the Rights Entitlements and the Rights



Equity Shares in compliance with all applicable laws and regulations prevailing in such person's jurisdiction and India, without requirement for our Company or our affiliates or the Lead Managers or their respective affiliates to make any filing or registration (other than in India).

**This Letter of Offer will be provided, primarily through e-mail, by the Registrar on behalf of our Company or the Lead Managers to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard.**

## II. PROCESS OF MAKING AN APPLICATION IN THE ISSUE

- **In accordance with Regulation 76 of the SEBI ICDR Regulations, the SEBI ICDR Master Circular and the ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use the ASBA process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA.**

The Application Form can be used by the Eligible Equity Shareholders as well as the Renounees to make Applications in this Issue basis the Rights Entitlement credited in their respective demat accounts.

Please note that one single Application Form shall be used by Investors to make Applications for all Rights Entitlements available in a particular demat account. In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Rights Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account.

Investors may apply for the Rights Equity Shares by submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors are also advised to ensure that the Application Form is correctly filled up stating therein that the ASBA Account in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB.

**Applicants should carefully fill-in their depository account details and PAN in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB). Please note that incorrect depository account details or PAN or Application Forms without depository account details shall be treated as incomplete and shall be rejected. For details, see “- Grounds for Technical Rejection” on page 625. Our Company, the Lead Managers, the Registrar and the SCSBs shall not be liable for any incomplete or incorrect demat details provided by the Applicants.**

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that SCSBs shall accept such applications only if all details required for making the application as per the SEBI ICDR Regulations are specified in the plain paper application and that Eligible Equity Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, see “- Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process” on page 621.

- **Options available to the Eligible Equity Shareholders**

The Rights Entitlement Letter will clearly indicate the number of Rights Equity Shares that the Eligible Equity Shareholder is entitled to in the Issue.

If the Eligible Equity Shareholder applies in this Issue, then such Eligible Equity Shareholder can:

- (i) apply for its Rights Equity Shares to the full extent of its Rights Entitlements; or
- (ii) apply for its Rights Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part); or
- (iii) apply for Rights Equity Shares to the extent of part of its Rights Entitlements and renounce the other part of its Rights Entitlements; or
- (iv) apply for its Rights Equity Shares to the full extent of its Rights Entitlements and apply for Additional Rights Equity Shares; or
- (v) renounce its Rights Entitlements in full.

- ***Making of an Application through the ASBA process***

An Investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with SCSBs, prior to making the Application. Investors desiring to make an Application in this Issue through ASBA process, may submit the Application Form in physical mode to the Designated Branches of the SCSB or online/ electronic Application through the website of the SCSBs (if made available by such SCSB) for authorizing such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors should ensure that they have correctly submitted the Application Form and have provided an authorisation to the SCSB, *via* the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to [www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34](http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34).

Please note that subject to SCSBs complying with the requirements of the SEBI circular bearing reference number CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, Applications may be submitted at the Designated Branches of the SCSBs. Further, in terms of the SEBI circular bearing reference number CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making Applications by SCSBs on their own account using ASBA facility, each such SCSB should have a separate account in its own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making an Application in this Issue and clear demarcated funds should be available in such account for such an Application.

The Lead Managers, our Company, their directors, their employees, affiliates, associates and their respective directors and officers and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc., in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

Investors applying through the ASBA facility should carefully read the provisions applicable to such Applications before making their Application through the ASBA process.

*Do's for Investors applying through ASBA:*

- (a) Ensure that the necessary details are filled in the Application Form including the details of the ASBA Account.
- (b) Ensure that the details about your Depository Participant, PAN and beneficiary account are correct and the beneficiary account is activated as the Rights Equity Shares will be Allotted in the dematerialized form only.
- (c) Ensure that the Applications are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the Application.
- (d) Ensure that there are sufficient funds (equal to {number of Rights Equity Shares (including Additional Rights Equity Shares) applied for} X {Application Money of Equity Shares}) available in ASBA Account mentioned in the Application Form before submitting the Application to the respective Designated Branch of the SCSB.
- (e) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the Application Form, in the ASBA Account, of which details are provided in the Application Form and have signed the same.
- (f) Ensure that you have a bank account with SCSBs providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.
- (g) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the Application Form in physical form or plain paper Application.
- (h) Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form and the Rights Entitlement Letter.

- (i) Ensure that your PAN is linked with Aadhaar and you are in compliance with CBDT notification dated Feb 13, 2020 read with press release dated June 25, 2021 and September 17, 2021.

*Don'ts for Investors applying through ASBA:*

- (a) Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.
- (b) Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or *vice versa*.
- (c) Do not send your physical Application to the Lead Managers, the Registrar, the Bankers to the Issue (assuming that such Bankers to the Issue are not SCSB's), a branch of the SCSB which is not a Designated Branch of the SCSB or our Company; instead submit the same to a Designated Branch of the SCSB only.
- (d) Do not instruct the SCSBs to unblock the funds blocked under the ASBA process upon making the Application.
- (e) Do not submit Application Form using third party ASBA account.
- (f) Avoiding applying on the Issue Closing Date due to risk of delay/restriction in making any physical Application.
- (g) Do not submit Multiple Application Forms.

• ***Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process***

An Eligible Equity Shareholder in India who is eligible to apply under the ASBA process may make an Application to subscribe to this Issue on plain paper in terms of Regulation 78 of SEBI ICDR Regulations in case of non-receipt of Application Form as detailed above. In such cases of non-receipt of the Application Form through physical delivery (where applicable) and the Eligible Equity Shareholder not being in a position to obtain it from any other source may make an Application to subscribe to this Issue on plain paper with the same details as per the Application Form that is available on the website of the Registrar, Stock Exchanges or the Lead Managers. An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of the SCSB for authorising such SCSB to block Application Money in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any Eligible Equity Shareholder who has not provided an Indian address.

Please note that in terms of Regulation 78 of SEBI ICDR Regulations, the Eligible Equity Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements and should not utilize the Application Form for any purpose including renunciation even if it is received subsequently.

The Application on plain paper, duly signed by the Eligible Equity Shareholder including joint holders, in the same order and as per specimen recorded with his/her bank, must reach the office of the Designated Branch of the SCSB before the Issue Closing Date and should contain the following particulars:

1. Name of our Company, being Grasim Industries Limited;
2. Name and address of the Eligible Equity Shareholder including joint holders (in the same order and as per specimen recorded with our Company or the Depository);
3. Folio number (in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date)/DP and Client ID;
4. Except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to this Issue;
5. Number of Equity Shares held as on Record Date;
6. Allotment option – only dematerialised form;
7. Number of Rights Equity Shares entitled to;
8. Number of Rights Equity Shares applied for within the Rights Entitlements;

9. Number of Additional Rights Equity Shares applied for, if any (applicable only if entire Rights Entitlements have been applied for);
10. Total number of Rights Equity Shares applied for;
11. Total Application amount paid at the rate of ₹453 per Rights Equity Share;
12. Details of the ASBA Account such as the SCSB account number, name, address and branch of the relevant SCSB;
13. In case of non-resident Eligible Equity Shareholders making an application with an Indian address, details of the NRE / FCNR/ NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;
14. Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;
15. Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSB); and
16. All such Eligible Equity Shareholders shall be deemed to have made the representations, warranties and agreements set forth in “Restrictions on Purchases and Resales - Representations, Warranties and Agreements by Purchasers” on page 643, and shall include the following:

*“I/ We understand that neither the Rights Entitlements nor the Rights Equity Shares have been, or will be, registered under the U.S. Securities Act of 1933, as amended (the “U.S. Securities Act”), or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the “United States”), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. I/ we understand the Rights Equity Shares referred to in this application are being offered and sold in offshore transactions outside the United States in compliance with Regulation S under the U.S. Securities Act (“Regulation S”) to Eligible Equity Shareholders located in jurisdictions where such offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions. I/ we understand that the Issue is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlements for sale in the United States, or as a solicitation therein of an offer to buy any of the said Rights Equity Shares or Rights Entitlements in the United States. I/ we confirm that I am/ we are (a) not in the United States and eligible to subscribe for the Rights Equity Shares under applicable securities laws, (b) complying with laws of jurisdictions applicable to such person in connection with the Issue, and (c) understand that neither the Company, nor the Registrar, the Lead Managers or any other person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who the Company, the Registrar, the Lead Managers or any other person acting on behalf of the Company have reason to believe is in the United States or is outside of India and ineligible to participate in this Issue under the securities laws of their jurisdiction.*

*I/ We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation. I/ We satisfy, and each account for which I/ we are acting satisfies, (a) all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of my/our residence, and (b) is eligible to subscribe and is subscribing for the Rights Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of our jurisdiction of residence.*

*I/we hereby make the representations, warranties, acknowledgments and agreements set forth in the section of the Letter of Offer titled “Restrictions on Purchases and Resales” on page 643.*

*I/ We understand and agree that the Rights Entitlements and Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.*

*I/ We acknowledge that we, the Lead Managers, our affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.”*

In cases where Multiple Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account including cases where an Investor submits Application Forms along with a plain paper Application, such Applications shall be liable to be rejected.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an Application being rejected, with our Company, the Lead Managers and the Registrar not having any liability to the Investor. The plain paper Application format will be available on the website of the Registrar at <https://rights.kfintech.com>.

Our Company, the Lead Managers and the Registrar shall not be responsible if the Applications are not uploaded by the SCSB or funds are not blocked in the Investors' ASBA Accounts on or before the Issue Closing Date.

- ***Making of an Application by Eligible Equity Shareholders holding Equity Shares in physical form***

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI ICDR Master Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Rights Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two clear Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

Prior to the Issue Opening Date, the Rights Entitlements of those Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and/or whose demat account details are not available with our Company or the Registrar, shall be credited in the Demat Suspense Account.

Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in this Issue:

- (a) The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), address, e-mail address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by e-mail, post, speed post, courier, or hand delivery so as to reach to the Registrar no later than two clear Working Days prior to the Issue Closing Date;
- (b) The Registrar shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least one day before the Issue Closing Date;
- (c) The remaining procedure for Application shall be same as set out in the section entitled “- *Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*” beginning on page 621.

Resident Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date will not be allowed to renounce their Rights Entitlements in the Issue. However, such Eligible Equity Shareholders, where the dematerialized Rights Entitlements are transferred from the Demat Suspense Account to the respective demat accounts within prescribed timelines, can apply for Additional Rights Equity Shares while submitting the Application through ASBA process.

*Application for Additional Rights Equity Shares*

Investors are eligible to apply for Additional Rights Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Equity Shares under applicable law and they have applied for all the Rights Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of Additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment finalised in consultation with the Designated Stock Exchange. Applications for Additional Rights Equity Shares shall be considered and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner as set out in the section entitled “- *Basis of Allotment*” on page 635.

**Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for Additional Rights Equity Shares. Non-resident Renounees who are not Eligible Equity Shareholders cannot apply for Additional Rights Equity Shares unless regulatory approvals are submitted.**

*Additional general instructions for Investors in relation to making of an Application*

- (a) Please read this Letter of Offer carefully to understand the Application process and applicable settlement process.

- (b) Please read the instructions on the Application Form sent to you. Application should be complete in all respects. The Application Form found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected. The Application Form must be filled in English.
- (c) In case of non-receipt of Application Form, Application can be made on plain paper mentioning all necessary details as mentioned under the section entitled “*Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*” on page 621.
- (d) Applications should be submitted to the Designated Branch of the SCSB or made online/electronic through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts. Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.
- (e) Applications should not be submitted to the Bankers to the Issue, our Company or the Registrar or the Lead Managers.
- (f) All Applicants, and in the case of Application in joint names, each of the joint Applicants, should mention their PAN allotted under the Income-tax Act, irrespective of the amount of the Application. Except for Applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, Applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be “suspended for credit” and no Allotment and credit of Rights Equity Shares pursuant to this Issue shall be made into the accounts of such Investors.
- (g) Ensure that the demographic details such as address, PAN, DP ID, Client ID, bank account details and occupation (“**Demographic Details**”) are updated, true and correct, in all respects. Investors applying under this Issue should note that on the basis of name of the Investors, DP ID and Client ID provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Therefore, Investors applying under this Issue should carefully fill in their Depository Account details in the Application. These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants. **The Allotment Advice and the intimation on unblocking of ASBA Account or refund (if any) would be mailed to the address of the Investor as per the Indian address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Equity Shares are not Allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs, Registrar or the Lead Managers shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay. In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) DP ID, and (c) Client ID, then such Application Forms are liable to be rejected.**
- (h) By signing the Application Forms, Investors would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.
- (i) For physical Applications through ASBA at Designated Branches of SCSB, signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in any such language or thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the Application as per the specimen signature recorded with the SCSB.
- (j) Investors should provide correct DP ID and Client ID/ folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) while submitting the Application. Such DP ID and Client ID/ folio number should match the demat account details in the records available with Company and/or Registrar, failing which such Application is liable to be rejected. Investor will be solely responsible for any error or inaccurate detail provided in the Application. Our Company, the Lead Managers, SCSBs or the Registrar will not be liable for any such rejections.

- (k) In case of joint holders and physical Applications through ASBA process, all joint holders must sign the relevant part of the Application Form in the same order and as per the specimen signature(s) recorded with the SCSB. In case of joint Applicants, reference, if any, will be made in the first Applicant's name and all communication will be addressed to the first Applicant.
- (l) All communication in connection with Application for the Rights Equity Shares, including any change in contact details of the Eligible Equity Shareholders should be addressed to the Registrar prior to the date of Allotment in this Issue quoting the name of the first/sole Applicant, folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date)/DP ID and Client ID and Application Form number, as applicable. In case of any change in contact details of the Eligible Equity Shareholders, the Eligible Equity Shareholders should also send the intimation for such change to the respective depository participant, or to our Company or the Registrar in case of Eligible Equity Shareholders holding Equity Shares in physical form.
- (m) Investors are required to ensure that the number of Rights Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.
- (n) Do not apply if you are ineligible to participate in this Issue under the securities laws applicable to your jurisdiction.
- (o) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- (p) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.
- (q) Do not pay the Application Money in cash, by money order, pay order or postal order.
- (r) Do not submit Multiple Applications.
- (s) An Applicant being an OCB is required not to be under the adverse notice of RBI and in order to apply in this Issue as an incorporated non-resident must do so in accordance with the FDI Policy and the FEMA Rules, as amended.
- (t) Ensure that your PAN is linked with Aadhaar and you are in compliance with CBDT notification dated Feb 13, 2020 and press release dated June 25, 2021 and September 17, 2021.

- ***Grounds for Technical Rejection***

Applications made in this Issue are liable to be rejected on the following grounds:

- (a) DP ID and Client ID mentioned in Application does not match with the DP ID and Client ID records available with the Registrar.
- (b) Details of PAN mentioned in the Application does not match with the PAN records available with the Registrar.
- (c) Sending an Application to our Company, the Lead Managers, Registrar, Bankers to the Issue, to a branch of a SCSB which is not a Designated Branch of the SCSB.
- (d) Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.
- (e) Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory orders.
- (f) Account holder not signing the Application or declaration mentioned therein.
- (g) Submission of more than one Application Form for Rights Entitlements available in a particular demat account.
- (h) Multiple Application Forms, including cases where an Investor submits Application Forms along with a plain paper Application.
- (i) Submitting the GIR number instead of the PAN (except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts).

- (j) Applications by persons not competent to contract under the Indian Contract Act, 1872, except Applications by minors having valid demat accounts as per the Demographic Details provided by the Depositories.
- (k) Applications by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.
- (l) Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and this Letter of Offer.
- (m) Physical Application Forms not duly signed by the sole or joint Investors, as applicable.
- (n) Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand drafts.
- (o) If an Investor is (a) debarred by SEBI; or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlements.
- (p) Applications which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States or other jurisdictions where the offer and sale of the Rights Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is outside the United States, and is eligible to subscribe for the Rights Equity Shares under applicable securities laws and is complying with laws of jurisdictions applicable to such person in connection with this Issue; and our Company shall not be bound to issue or allot any Rights Equity Shares in respect of any such Application Form.
- (q) Applications which have evidence of being executed or made in contravention of applicable securities laws.
- (r) Application from Investors that are residing in U.S. address as per the depository records.

Applicants not having the requisite approvals to make Application in the Issue.

- ***Multiple Applications***

In case where multiple Applications are made using same demat account in respect of the same Rights Entitlement, such Applications shall be liable to be rejected. A separate Application can be made in respect of Rights Entitlements in each demat account of the Investors and such Applications shall not be treated as multiple applications. Similarly, a separate Application can be made against Equity Shares held in dematerialized form and Equity Shares held in physical form, and such Applications shall not be treated as multiple applications. Further supplementary Applications in relation to further Rights Equity Shares with/without using additional Rights Entitlement will not be treated as multiple application. A separate Application can be made in respect of each scheme of a mutual fund registered with SEBI and such Applications shall not be treated as multiple applications. For details, see “- *Procedure for Applications by Mutual Funds*” on page 628.

In cases where Multiple Application Forms are submitted, including cases where (a) an Investor submits Application Forms along with a plain paper Application or (b) multiple plain paper Applications (c) or multiple applications through ASBA, such Applications shall be treated as multiple applications and are liable to be rejected, other than multiple applications submitted by any of our Promoters or members of our Promoter Group to meet the minimum subscription requirements applicable to this Issue as described in the section entitled “*Capital Structure – Intention and extent of participation by our Promoters and Promoter Group*” on page 62.

- ***Procedure for Applications by certain categories of Investors***

*Procedure for Applications by FPIs*

In terms of applicable FEMA Rules and the SEBI FPI Regulations, investments by FPIs in the Equity Shares is subject to certain limits, *i.e.*, the individual holding of an FPI (including its investor group (which means multiple entities registered as foreign portfolio investors and directly and indirectly having common ownership of more than 50% of common control)) shall be below 10% of our post-Issue Equity Share capital. In case the total holding of an FPI or investor group increases beyond 10% of the total paid-up Equity Share capital of our Company, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants that may be issued by our Company, the total investment made by the FPI or investor group will be re-classified as FDI subject to the conditions as specified by SEBI



and RBI in this regard. Further, the aggregate limit of all FPIs investments is up to the sectoral cap applicable to the sector in which our Company operates.

FPIs are permitted to participate in this Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time. FPIs who wish to participate in the Issue are advised to use the Application Form for non-residents. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons registered as Category I FPI under the SEBI FPI Regulations; (ii) such offshore derivative instruments are issued only to persons who are eligible for registration as Category I FPIs (where an entity has an investment manager who is from the Financial Action Task Force member country, the investment manager shall not be required to be registered as a Category I FPI); (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iv) compliance with other conditions as may be prescribed by SEBI.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instruments issued by or on its behalf, is carried out subject to inter alia the following conditions:

- (a) such offshore derivative instruments are transferred only to persons in accordance with the SEBI FPI Regulations; and
- (b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre – approved by the FPI.

#### *Procedure for Applications by AIFs, FVCIs, VCFs and FDI route*

The SEBI VCF Regulations and the SEBI FVCI Regulations prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue. Further, venture capital funds registered as Category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations. Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection.

#### *Procedure for Applications by NRIs*

Investments by NRIs are governed by the FEMA Rules. Applications will not be accepted from NRIs that are ineligible to participate in this Issue under applicable securities laws.

As per the FEMA Rules, an NRI or Overseas Citizen of India (“OCI”) may purchase or sell capital instruments of a listed Indian company on repatriation basis, on a recognised stock exchange in India, subject to the conditions, *inter alia*, that the total holding by any individual NRI or OCI will not exceed 5% of the total paid-up equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together will not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrants. The aggregate ceiling of 10% may be raised to 24%, if a special resolution to that effect is passed by the general body of the Indian company.

Further, in accordance with press note 3 of 2020, the FDI Policy has been amended to state that all investments by entities incorporated in a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country (“**Restricted Investors**”), will require prior approval of the Government of India. It is not clear from the press note whether or not an issue of the Rights Equity Shares to Restricted Investors will also require prior approval of the Government of India and each Investor should seek independent legal advice about its ability to participate in the Issue. In the event such prior approval has been obtained, the Investor shall intimate our Company and the Registrar about such approval within the Issue Period.

### *Procedure for Applications by Mutual Funds*

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or exchange traded funded or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

### *Procedure for Applications by Systemically Important Non-Banking Financial Companies ("NBFC-SI")*

In case of an application made by NBFC-SI registered with RBI, (a) the certificate of registration issued by RBI under Section 45IA of RBI Act, 1934 and (b) net worth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

### *Last date for Application*

The last date for submission of the duly filled in the Application Form or a plain paper Application is Monday, January 29, 2024, *i.e.*, Issue Closing Date. Our Board or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

If the Application Form is not submitted with an SCSB, uploaded with the Stock Exchanges and the Application Money is not blocked with the SCSB, on or before the Issue Closing Date or such date as may be extended by our Board or any committee thereof, the invitation to offer contained in this Letter of Offer shall be deemed to have been declined and our Board or any committee thereof shall be at liberty to dispose of the Equity Shares hereby offered, as set out in the section entitled "*- Basis of Allotment*" on page 635.

Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

Please ensure that the Application Form and necessary details are filled in. In place of Application number, Investors can mention the reference number of the e-mail received from Registrar informing about their Rights Entitlement or last eight digits of the demat account. Alternatively, SCSBs may mention their internal reference number in place of application number.

### *Withdrawal of Application*

An Investor who has applied in this Issue may withdraw their Application at any time during Issue Period by approaching the SCSB where application is submitted. However, no Investor applying through ASBA facility may withdraw their Application post the Issue Closing Date.

### *Disposal of Application and Application Money*

No acknowledgment will be issued for the Application Money received by our Company. However, the Designated Branches of the SCSBs receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form.

Our Board or a committee thereof reserves its full, unqualified and absolute right to accept or reject any Application, in whole or in part, and in either case without assigning any reason thereto.

In case an Application is rejected in full, the whole of the Application Money will be unblocked in the respective ASBA Accounts, in case of Applications through ASBA. Wherever an Application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Rights Equity Shares Allotted, will be refunded / unblocked in the respective bank accounts from which Application Money was received / ASBA Accounts of the Investor within a period of 4 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the Application Form carefully.

### III. CREDIT OF RIGHTS ENTITLEMENTS IN DEMAT ACCOUNTS OF ELIGIBLE EQUITY SHAREHOLDERS

- ***Rights Entitlements***

As your name appears as a beneficial owner in respect of the issued and paid-up Equity Shares held in dematerialised form or appears in the register of members of our Company as an Eligible Equity Shareholder in respect of our Equity Shares held in physical form, as on the Record Date, you may be entitled to subscribe to the number of Rights Equity Shares as set out in the Rights Entitlement Letter.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (*i.e.*, <https://rights.kfintech.com>) by entering their DP ID and Client ID or folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) and PAN. The link for the same shall also be available on the website of our Company (*i.e.*, [www.grasim.com](http://www.grasim.com)).

In this regard, our Company has made necessary arrangements with NSDL and CDSL for crediting of the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders in a dematerialized form. A separate ISIN for the Rights Entitlements has also been generated which is ISIN: INE047A20013. The said ISIN shall remain frozen (for debit) until the Issue Opening Date. The said ISIN shall be suspended for transfer by the Depositories post the Issue Closing Date.

Additionally, our Company will submit the details of the total Rights Entitlements credited to the demat accounts of the Eligible Equity Shareholders and the Demat Suspense Account to the Stock Exchanges after completing the corporate action. The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar after keying in their respective details along with other security control measures implemented thereat.

Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialised form. Further, if no Application is made by the Eligible Equity Shareholders of Rights Entitlements on or before Issue Closing Date, such Rights Entitlements shall lapse and shall be extinguished after the Issue Closing Date. No Rights Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from market and purchaser will lose the premium paid to acquire the Rights Entitlements. Persons who are credited the Rights Entitlements are required to make an Application to apply for Rights Equity Shares offered under the Issue for subscribing to the Rights Equity Shares offered under the Issue.

If Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar no later than two clear Working Days prior to the Issue Closing Date, to enable the credit of the Rights Entitlements by way of transfer from the Demat Suspense Account to their respective demat accounts, at least one day before the Issue Closing Date. Such Eligible Equity Shareholders holding shares in physical form can update the details of their respective demat accounts on the website of the Registrar (*i.e.* <https://rights.kfintech.com>). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts.

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI ICDR Master Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form.

### IV. RENUNCIATION AND TRADING OF RIGHTS ENTITLEMENT

- ***Renounees***

All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to this Issue shall apply to the Renounee(s) as well.

- ***Renunciation of Rights Entitlements***

This Issue includes a right exercisable by Eligible Equity Shareholders to renounce the Rights Entitlements credited to their respective demat account either in full or in part.

The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and *vice versa* shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.

The renunciation of Rights Entitlements credited in your demat account can be made either by sale of such Rights Entitlements, using the secondary market platform of the Stock Exchanges or through an off-market transfer.

- **Procedure for Renunciation of Rights Entitlements**

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock Exchanges (the “**On Market Renunciation**”); or (b) through an off-market transfer (the “**Off Market Renunciation**”), during the Renunciation Period. The Investors should have the demat Rights Entitlements credited / lying in his/her own demat account prior to the renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Investors who intend to trade in the Rights Entitlements should consult their tax advisor or stock-broker regarding any cost, applicable taxes, charges and expenses (including brokerage) that may be levied for trading in Rights Entitlements.

**Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.**

### Payment Schedule of Rights Equity Shares

₹453 per Rights Equity Share (including premium of ₹452.50 per Rights Equity Share) shall be payable on Application.

Due Date	Face Value (₹)	Premium(₹)	Total (₹)
On Application	0.50	452.50	453.00 <sup>(1)</sup>
Up to three additional calls, with terms and conditions such as the number of Calls and the timing and quantum of each Call as may be decided by our Board/ Rights Issue Committee from time to time, to be completed on or prior to March 2026	1.50	1,357.50	1,359.00 <sup>(2)</sup>
<b>Total (₹)</b>	<b>2.00</b>	<b>1,810.00</b>	<b>1,812.00</b>

<sup>(1)</sup> Constitutes 25% of the Issue Price.

<sup>(2)</sup> Constitutes 75% of the Issue Price.

**The Lead Managers and our Company accept no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurred solely by the Investors.**

(a) *On Market Renunciation*

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by trading/selling them on the secondary market platform of the Stock Exchanges through a registered stock-broker in the same manner as the existing Equity Shares of our Company.

In this regard, in terms of provisions of the SEBI ICDR Regulations and the SEBI ICDR Master Circular, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchanges under ISIN: INE047A20013 subject to requisite approvals. Prior to the Issue Opening Date, our Company will obtain the approval from the Stock Exchanges for trading of Rights Entitlements. No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade. The details for trading in Rights Entitlements will be as specified by the Stock Exchanges from time to time.

The Rights Entitlements are tradable in dematerialized form only. The market lot for trading of Rights Entitlements is 1 (one) Rights Entitlements.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, *i.e.*, from Wednesday, January 17, 2024 to Tuesday, January 23, 2024 (both days inclusive).

The Investors holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stock-brokers by quoting the ISIN: INE047A20013 and indicating the details of the Rights Entitlements they intend to trade. The Investors can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The On Market Renunciation shall take place electronically on secondary market platform of BSE and NSE under automatic order matching mechanism and on ‘T+2 rolling settlement basis’, where ‘T’ refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stock-broker will issue a contract note in accordance with the requirements of the Stock Exchanges and the SEBI.

(b) *Off Market Renunciation*

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by way of an off-market transfer through a depository participant. The Rights Entitlements can be transferred in dematerialised form only.

Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renounees on or prior to the Issue Closing Date to enable Renounees to subscribe to the Rights Equity Shares in the Issue.

The Investors holding the Rights Entitlements who desire to transfer their Rights Entitlements will have to do so through their depository participant by issuing a delivery instruction slip quoting the ISIN: INE047A20013, the details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights Entitlements (unless already having given a standing receipt instruction) has to issue a receipt instruction slip to their depository participant. The Investors can transfer Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The instructions for transfer of Rights Entitlements can be issued during the working hours of the depository participants.

The detailed rules for transfer of Rights Entitlements through off-market transfer shall be as specified by the NSDL and CDSL from time to time.

**V. MODE OF PAYMENT**

All payments against the Application Forms shall be made only through ASBA facility. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility.

Under the ASBA facility, the Investor agrees to block the entire amount payable on Application with the submission of the Application Form, by authorizing the SCSB to block an amount, equivalent to the amount payable on Application, in the Investor's ASBA Account. The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Investor in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. Subsequent to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth in this Letter of Offer.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the Application Form until the Transfer Date. On the Transfer Date, upon receipt of intimation from the Registrar, of the receipt of minimum subscription and pursuant to the finalization of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account into the Allotment Account(s) which shall be a separate bank account maintained by our Company, other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013. The balance amount remaining after the finalisation of the Basis of Allotment on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB.

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stock invest scheme has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

*Mode of payment for Resident Investors*

All payments on the Application Forms shall be made only through ASBA facility. Applicants are requested to strictly adhere to these instructions.

*Mode of payment for Non-Resident Investors*

As regards the Application by non-resident Investors, payment must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by RBI and subject to the following:

1. In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Rights Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income-Tax Act. However, please note that conditions applicable at the time of original investment in our Company by the Eligible Equity Shareholder including repatriation shall not change and remain the same for subscription in the Issue or subscription pursuant to renunciation in the Issue.
2. Subject to the above, in case Rights Equity Shares are Allotted on a non-repatriation basis, the dividend and sale proceeds of the Rights Equity Shares cannot be remitted outside India.

3. In case of an Application Form received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines and rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.
4. Application Forms received from non-residents/ NRIs, or persons of Indian origin residing abroad for Allotment of Rights Equity Shares shall, amongst other things, be subject to conditions, as may be imposed from time to time by RBI under FEMA, in respect of matters including Refund of Application Money and Allotment.
5. In the case of NRIs who remit their Application Money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account.
6. Non-resident Renouncees who are not Eligible Equity Shareholders must submit regulatory approval for applying for Additional Rights Equity Shares.

## **VI. BASIS FOR THIS ISSUE AND TERMS OF THIS ISSUE**

The Rights Equity Shares are being offered for subscription to the Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of our Equity Shares held in dematerialised form and on the register of members of our Company in respect of our Equity Shares held in physical form at the close of business hours on the Record Date.

For principal terms of Issue such as face value, Issue Price, Rights Entitlement, see “*The Issue*” beginning on page 54.

- ***Fractional Entitlements***

The Rights Equity Shares are being offered on a rights basis to Eligible Equity Shareholders in the ratio of 6 Equity Share for every 179 Equity Shares held on the Record Date. For Equity Shares being offered on a rights basis under this Issue, if the shareholding of any of the Eligible Equity Shareholders is less than 30 Equity Shares or not in the multiple of 30, the fractional entitlement of such Eligible Equity Shareholders shall be ignored in the computation of the Rights Entitlement. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored, will be given preferential consideration for the allotment of one additional Equity Share each if they apply for additional Equity Shares over and above their Rights Entitlement, if any.

Further, the Eligible Equity Shareholders holding less than 30 Equity Shares shall have ‘zero’ entitlement in the Issue. Such Eligible Equity Shareholders are entitled to apply for additional Equity Shares and will be given preference in the allotment of one additional Equity Share if, such Eligible Equity Shareholders apply for the additional Equity Shares. However, they cannot renounce the same in favour of third parties and the application forms shall be non-negotiable.

- ***Ranking***

The Rights Equity Shares to be issued and Allotted pursuant to this Issue shall be subject to the provisions of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association, the provisions of the Companies Act, 2013, FEMA, the SEBI ICDR Regulations, the SEBI LODR Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, the terms of the Listing Agreements entered into by our Company with the Stock Exchanges and the terms and conditions as stipulated in the Allotment advice. The Rights Equity Shares to be issued and Allotted under this Issue, upon being fully paid up, shall rank *pari passu* with the existing Equity Shares, in all respects including dividends.

- ***Listing and trading of the Rights Equity Shares to be issued pursuant to this Issue***

Subject to receipt of the listing and trading approvals, the Rights Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the Stock Exchanges. Unless otherwise permitted by the SEBI ICDR Regulations, the Rights Equity Shares Allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion of necessary formalities for listing and commencement of trading in the Rights Equity Shares will be taken within such period prescribed under the SEBI ICDR Regulations. Our Company has received in-principle approval from the BSE through letter bearing reference number LOD/PREF/VK/FIP/1025/2023-24 dated December 27, 2023 and from the NSE through letter bearing reference number NSE/LIST/39131 dated December 26, 2023. Our Company will apply to the Stock Exchanges for final approvals for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under this Issue will trade after the listing thereof.

For an applicable period, from the Call Record Date, the trading of the Rights Equity Shares would be suspended under the applicable law. The process of corporate action for crediting the fully paid-up Rights Equity Shares to the Investors' demat accounts may take such time as is customary or as prescribed under applicable law from the last date of payment of the amount under the Call notice for the final Call.

The existing Equity Shares are listed and traded on BSE (Scrip Code: 500300) and NSE (Symbol: GRASIM) under the ISIN: INE047A01021. The Rights Equity Shares shall be credited to a temporary ISIN which will be frozen until the receipt of the final listing/ trading approvals from the Stock Exchanges. Upon receipt of such listing and trading approvals, the Rights Equity Shares shall be debited from such temporary ISIN and credited to the new ISIN for the Rights Equity Shares and thereafter be available for trading and the temporary ISIN shall be permanently deactivated in the depository system of CDSL and NSDL.

The listing and trading of the Rights Equity Shares issued pursuant to this Issue shall be based on the current regulatory framework then applicable. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

In case our Company fails to obtain listing or trading permission from the Stock Exchanges, our Company shall refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/blocked within fifteen days of receipt of intimation from the Stock Exchanges, rejecting the application for listing of the Rights Equity Shares, and if any such money is not refunded/ unblocked within fifteen days after our Company becomes liable to repay it, our Company and every director of our Company who is an officer-in-default shall, on and from the expiry of the fourth day, be jointly and severally liable to repay that money with interest at rates prescribed under applicable law.

- ***Subscription to this Issue by our Promoters and members of our Promoter Group***

For details of the intent and extent of subscription by our Promoters and members of our Promoter Group, see "*Capital Structure – Intention and extent of participation by our Promoters and Promoter Group*" on page 62.

- ***Rights of Holders of Equity Shares of our Company***

Subject to applicable laws, Equity Shareholders who have been Allotted Rights Equity Shares pursuant to the Issue shall have the following rights:

- (a) The right to receive dividend, if declared;
- (b) The right to receive surplus on liquidation;
- (c) The right to receive offers for rights shares and be allotted bonus shares, if announced;
- (d) The right to free transferability of Rights Equity Shares;
- (e) The right to attend general meetings of our Company and exercise voting powers in accordance with law, unless prohibited / restricted by law and as disclosed in this Letter of Offer; and
- (f) Such other rights as may be available to a shareholder of a listed public company under the Companies Act, 2013, the Memorandum of Association and the Articles of Association.

## **VII. GENERAL TERMS OF THE ISSUE**

- ***Market Lot***

The Equity Shares of our Company shall be tradable only in dematerialized form. The market lot for Equity Shares in dematerialised mode is one Equity Share.

- ***Joint Holders***

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as the joint holders with the benefit of survivorship subject to the provisions contained in our Articles of Association. In case of Equity Shares held by joint holders, the Application submitted in physical mode to the Designated Branch of the SCSBs would be required to be signed by all the joint holders (in the same order as appearing in the records of the Depository) to be considered as valid for allotment of Equity Shares offered in this Issue.

- ***Nomination***

Nomination facility is available in respect of the Equity Shares in accordance with the provisions of the Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014.

Since the Allotment is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be Allotted in this Issue. Nominations registered with the respective DPs of the Investors would prevail. Any Investor holding Equity Shares in dematerialised form and desirous of changing the existing nomination is requested to inform its Depository Participant.

- ***Arrangements for Disposal of Odd Lots***

The Equity Shares shall be traded in dematerialised form only and, therefore, the marketable lot shall be one Equity Share and hence, no arrangements for disposal of odd lots are required.

- ***Restrictions on transfer and transmission of shares and on their consolidation/splitting***

There are no restrictions on transfer and transmission and on their consolidation/splitting of shares issued pursuant this Issue. However, the Investors should note that pursuant to the provisions of the SEBI LODR Regulations, with effect from April 1, 2019, except in case of transmission or transposition of securities, the request for transfer of securities shall not be affected unless the securities are held in the dematerialized form with a depository.

- ***Notices***

In accordance with the SEBI ICDR Regulations and the SEBI ICDR Master Circular, our Company will send through email and speed post, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material only to the Eligible Equity Shareholders who have provided Indian address. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be physically dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, this Letter of Offer will be sent/ dispatched to the Eligible Equity Shareholders who have provided their Indian address and who have made a request in this regard.

All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in one English language national daily newspaper with wide circulation, one Hindi language national daily newspaper with wide circulation and one Hindi language daily newspaper with wide circulation (Hindi being the regional language of Ujjain, where our Registered Office is situated).

This Letter of Offer, the Abridged Letter of Offer and the Application Form shall also be submitted with the Stock Exchanges for making the same available on their websites.

- ***Offer to Non-Resident Eligible Equity Shareholders/Investors***

As per Rule 7 of the FEMA Rules, RBI has given general permission to Indian companies to issue rights equity shares to non-resident equity shareholders including additional rights equity shares. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018 issued by RBI, non-residents may, amongst other things, (i) subscribe for additional shares over and above their rights entitlements; (ii) renounce the shares offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the shares renounced in their favour. Applications received from NRIs and non-residents for allotment of Rights Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by RBI under FEMA in the matter of Application, refund of Application Money, Allotment of Rights Equity Shares and issue of Rights Entitlement Letters/ letters of Allotment/Allotment advice. If a non-resident or NRI Investor has specific approval from RBI or any other governmental authority, in connection with his shareholding in our Company, such person should enclose a copy of such approval with the Application details and send it to the Registrar at Selenium, Tower B, Plot No-31 and 32, Financial District Nanakramguda, Serilingampally, Hyderabad, Rangareddi 500032, Telangana, India. It will be the sole responsibility of the Investors to ensure that the necessary approval from the RBI or the governmental authority is valid in order to make any investment in the Issue and the Lead Managers and our Company will not be responsible for any such allotments made by relying on such approvals.

The Abridged Letter of Offer, the Rights Entitlement Letter and Application Form shall be sent only to the Indian addresses of the non-resident Eligible Equity Shareholders on a reasonable efforts basis, who have provided an Indian address to our Company and located in jurisdictions where the offer and sale of the Rights Equity Shares may be permitted under laws of such jurisdictions. Eligible Equity Shareholders can access this Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity



Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) from the websites of the Registrar, our Company, the Lead Managers and the Stock Exchanges. Further, Application Forms will be made available at Registered and Corporate Office of our Company for the non-resident Indian Applicants. Our Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the Allotment. The Rights Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original Equity Shares against which Rights Equity Shares are issued on rights basis.

In case of change of status of holders, *i.e.*, from resident to non-resident, a new demat account must be opened. Any Application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company and the Lead Managers.

The non-resident Eligible Equity Shareholders can update their Indian address in the records maintained by the Registrar to the Issue and our Company by submitting their respective copies of self-attested proof of address, passport, etc. at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) / [grasim.secretarial@adityabirla.com](mailto:grasim.secretarial@adityabirla.com).

#### **ALLOTMENT OF THE RIGHTS EQUITY SHARES IN DEMATERIALIZED FORM**

**PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR IN THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH OUR EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE. FOR DETAILS, SEE “ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS” ON PAGE 636.**

#### **VIII. ISSUE SCHEDULE**

<b>LAST DATE FOR CREDIT OF RIGHTS ENTITLEMENTS</b>	<b>TUESDAY, JANUARY 16, 2024</b>
<b>ISSUE OPENING DATE</b>	<b>WEDNESDAY, JANUARY 17, 2024</b>
<b>LAST DATE FOR ON MARKET RENUNCIATION OF RIGHTS ENTITLEMENTS<sup>#</sup></b>	<b>TUESDAY, JANUARY 23, 2024</b>
<b>ISSUE CLOSING DATE*</b>	<b>MONDAY, JANUARY 29, 2024</b>
<b>FINALISATION OF BASIS OF ALLOTMENT (ON OR ABOUT)</b>	<b>WEDNESDAY, FEBRUARY 7, 2024</b>
<b>DATE OF ALLOTMENT (ON OR ABOUT)</b>	<b>THURSDAY, FEBRUARY 8, 2024</b>
<b>DATE OF CREDIT (ON OR ABOUT)</b>	<b>FRIDAY, FEBRUARY 9, 2024</b>
<b>DATE OF LISTING (ON OR ABOUT)</b>	<b>MONDAY, FEBRUARY 12, 2024</b>

<sup>#</sup> *Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.*

<sup>\*</sup> *Our Board or a duly authorized committee thereof will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar no later than two clear Working Days prior to the Issue Closing Date, *i.e.*, Tuesday, January 23, 2024 to enable the credit of the Rights Entitlements by way of transfer from the Demat Suspense Account to their respective demat accounts, at least one day before the Issue Closing Date, *i.e.*, Thursday, January 25, 2024.

#### **IX. BASIS OF ALLOTMENT**

Subject to the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, the Articles of Association and the approval of the Designated Stock Exchange, our Board will proceed to Allot the Rights Equity Shares in the following order of priority:

- (a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlements of Rights Equity Shares either in full or in part and also to the Renouncee(s) who has or have applied for Rights Equity Shares renounced in their favour, in full or in part.
- (b) Eligible Equity Shareholders whose fractional entitlements are being ignored and Eligible Equity Shareholders with zero entitlement, would be given preference in allotment of one Additional Rights Equity Share each if they apply for Additional Rights Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Rights Equity Shares after allotment under (a) above. If number of Rights Equity Shares required for Allotment under this head are more than the number of Rights Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.
- (c) Allotment to the Eligible Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of this Issue, have also applied for Additional Rights Equity Shares. The Allotment of such Additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there are any unsubscribed Rights

Equity Shares after making full Allotment in (a) and (b) above. The Allotment of such Rights Equity Shares will be at the sole discretion of our Board in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.

- (d) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour, have applied for Additional Rights Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Rights Equity Shares will be made on a proportionate basis in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.
- (e) Allotment to any other person, subject to applicable laws, that our Board may deem fit, provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of our Board in this regard shall be final and binding.

After taking into account Allotment to be made under (a) to (d) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Controlling Branches, a list of the Investors who have been allocated Rights Equity Shares in this Issue, along with:

1. The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for this Issue, for each successful Application;
2. The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
3. The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

## X. ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS

Our Company will send/ dispatch Allotment advice, refund intimations, if applicable, or demat credit of securities and/or letters of regret, only to the Eligible Equity Shareholders who have provided Indian address; along with crediting the Allotted Rights Equity Shares to the respective beneficiary accounts (only in dematerialised mode) or issue instructions for unblocking the funds in the respective ASBA Accounts, if any, within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company and our Directors who are "officers in default" shall pay interest at such other rate as specified under applicable law from the expiry of such 15 days' period.

The Rights Entitlements will be credited in the dematerialized form using electronic credit under the depository system and the Allotment advice shall be sent, through a mail, to the Indian mail address provided to our Company or at the address recorded with the Depository.

In the case of non-resident Investors who remit their Application Money from funds held in the NRE or the FCNR Accounts, unblocking refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts.

Where an Applicant has applied for Additional Rights Equity Shares in the Issue and is Allotted a lesser number of Rights Equity Shares than applied for, the excess Application Money paid/blocked shall be refunded/unblocked. The unblocking of ASBA funds / refund of monies shall be completed be within such period as prescribed under the SEBI ICDR Regulations. In the event that there is a delay in making refunds beyond such period as prescribed under applicable law, our Company shall pay the requisite interest at such rate as prescribed under applicable law.

### Payment Terms

₹1,812 per Rights Equity Share (including premium of ₹1,810 per Rights Equity Share) shall be payable as follows:

Due Date	Face Value (₹)	Premium(₹)	Total (₹)
On Application	0.50	452.50	453.00 <sup>(1)</sup>
Up to three additional calls, with terms and conditions such as the number of Calls and the timing and quantum of each Call as may be decided by our Board/ Rights Issue Committee from time to time, to be completed on or prior to March, 2026	1.50	1,357.50	1,359.00 <sup>(2)</sup>
<b>Total (₹)</b>	<b>2.00</b>	<b>1,810.00</b>	<b>1,812.00</b>

<sup>(1)</sup> Constitutes 25% of the Issue Price.

<sup>(2)</sup> Constitutes 75% of the Issue Price.

Rights Equity Shares in respect of which the Calls payable remains unpaid may be forfeited, after the due date for payment of the balance amount due in accordance with the Companies Act, 2013 and our Articles of Association.

### **Record date for Calls and suspension of trading**

Our Company would fix a Call Record Date giving notice, in advance of such period as may be prescribed under applicable law, to the Stock Exchanges for the purpose of determining the list of Rights Equity Shareholders to whom the notice for the Calls would be sent. Once the Call Record Date has been fixed, trading in the Rights Equity Shares for which the Call has been made may be suspended prior to the Call Record Date.

### **Procedure for Calls for Rights Equity Shares**

Our Board or the Rights Issue Committee will pass the required resolutions for making the Calls and suitable intimation would be given by our Company to the Stock Exchanges. Further, advertisements for the same will be published in (i) one English national daily newspaper; and (ii) one Hindi language national daily newspaper (Hindi being the regional language of Ujjain, where our Registered Office is situated), all with wide circulation.

Our Board or Rights Issue Committee may determine the date on which the Calls shall be deemed to have been made and if no such date is determined then the Calls shall be deemed to have been made at the time when the resolution authorising such Calls are passed at the meeting of our Board or Rights Issue Committee, as the case may be. The Calls may be revoked or postponed at the discretion of our Board or Rights Issue Committee. Our Board or Rights Issue Committee may make up to three additional Calls, with terms and conditions such as the number of Calls and the timing and quantum of each Call as may be decided by our Board/ Rights Issue Committee from time to time to be completed on or prior to March 2026. Pursuant to the provisions of the Articles of Association, the Investors would be given at least 14 days' notice for the payment of the Calls. Our Board or Rights Issue Committee may, from time to time at its discretion, extend the time fixed for the payments of the Calls. Our Company, at its sole discretion and as it may deem fit, may send one or more reminders for the Calls, and if it does not receive the Call Money as per the timelines stipulated unless extended by our Board or Rights Issue Committee, the defaulting Rights Equity Shareholders will be liable to pay interest as may be fixed by our Board unless waived or our Company may forfeit such Rights Equity Shares in respect of which the Calls payable remains unpaid in accordance with the Companies Act, 2013 and our Articles of Association. Pursuant to the provisions of the Articles of Association, our Company will give at least 14 days' notice to the Rights Equity Shareholders to make the payment of the unpaid Call Monies (including interest accrued and expenses incurred due to such non-payment) before forfeiting such Rights Equity Shares.

### **Payment of call money**

In accordance with the SEBI circular bearing reference number SEBI/HO/CFD/DIL1/CIR/238/2020 dated December 8, 2020 regarding additional payment mechanism (i.e. ASBA, etc.) for payment of balance money in calls for partly paid specified securities issued by the listed entity, the Investor may make payment of the Call Money using ASBA Mechanism through the Designated Branch of the SCSB or through online/electronic through the website of the SCSBs (if made available by such SCSB) by authorizing the SCSB to block an amount, equivalent to the amount payable on Call Money, in the Investor's ASBA Account. The Investor may also use the facility of linked online trading, demat and bank account (3-in-1 type account), if provided by their broker, for making payment of the Call Money.

### **Separate ISIN for Rights Equity Shares**

In addition to the present ISIN for the existing Equity Shares, our Company would obtain a separate ISIN for the Rights Equity Shares for each Call, until fully paid-up. The Rights Equity Shares offered under this Issue will be traded under a separate ISIN after each Call for the period as may be applicable under the rules and regulations prior to the record date for the final Call Notice. The ISIN representing the Rights Equity Shares will be terminated after the Call Record Date for the final Call. On payment of the final Call Money in respect of the Rights Equity Shares, such Rights Equity Shares would be fully paid-up and merged with the existing ISIN of our Equity Shares.

## **XI. PAYMENT OF REFUND**

### **• Mode of making refunds**

The payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done through any of the following modes.

- (a) Unblocking amounts blocked using ASBA facility.
- (b) **NACH** – National Automated Clearing House is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by RBI, where such facility has been made available. This would be subject to availability of complete bank account details including a Magnetic Ink Character Recognition (“MICR”) code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by RBI (subject to availability of all information for crediting the refund through

NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where Applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.

- (c) **National Electronic Fund Transfer (“NEFT”)** – Payment of refund shall be undertaken through NEFT wherever the Investors’ bank has been assigned the Indian Financial System Code (“**IFSC Code**”), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the Registrar to our Company or with the Depository Participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.
- (d) **Direct Credit** – Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.
- (e) **RTGS** – If the refund amount exceeds ₹2,00,000, the Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the Application Form. In the event the same is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the Investor’s bank receiving the credit would be borne by the Investor.
- (f) For all other Investors, the refund orders will be dispatched through speed post or registered post subject to applicable laws. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.
- (g) Credit of refunds to Investors in any other electronic manner, permissible by SEBI from time to time.

#### **Refund payment to non-residents**

The Application Money will be unblocked in the ASBA Account of the non-resident Applicants, details of which were provided in the Application Form.

## **XII. ALLOTMENT ADVICE OR DEMAT CREDIT OF SECURITIES**

The demat credit of securities to the respective beneficiary accounts will be credited within 15 days from the Issue Closing Date or such other timeline in accordance with applicable laws.

- **Receipt of the Rights Equity Shares in Dematerialized Form**

**PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR UNDER THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO (A) THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE, OR (B) THE DEPOSITORY ACCOUNT, DETAILS OF WHICH HAVE BEEN PROVIDED TO OUR COMPANY OR THE REGISTRAR AT LEAST TWO CLEAR WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE BY THE ELIGIBLE EQUITY SHAREHOLDER HOLDING EQUITY SHARES IN PHYSICAL FORM AS ON THE RECORD DATE.**

Investors shall be Allotted the Rights Equity Shares in dematerialized (electronic) form. Our Company has signed two agreements with the respective Depositories and the Registrar to the Issue, which enables the Investors to hold and trade in the securities issued by our Company in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates:

- a) Tripartite agreement dated May 18, 2016 amongst our Company, NSDL and the Registrar to the Issue; and
- b) Tripartite agreement dated May 13, 2016 amongst our Company, CDSL and the Registrar to the Issue

**INVESTORS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.**

The procedure for availing the facility for Allotment of Rights Equity Shares in this Issue in the dematerialised form is as under:

1. Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. Those Investors who have already opened such beneficiary account(s) need not adhere to this step.
2. It should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company or the Depositories.
3. The responsibility for correctness of information filled in the Application Form *vis-a-vis* such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in Application Form should be the same as registered with the Investor's depository participant.
4. If incomplete or incorrect beneficiary account details are given in the Application Form, the Investor will not get any Rights Equity Shares and the Application Form will be rejected.
5. The Rights Equity Shares will be allotted to Applicants only in dematerialized form and would be directly credited to the beneficiary account as given in the Application Form after verification. Allotment advice, refund order (if any) would be sent through physical dispatch, by the Registrar but the Applicant's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Applicant's depository account.
6. Non-transferable Allotment advice/ refund intimation will be directly sent to the Investors by the Registrar, on their registered email address or through physical dispatch.
7. Renounees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in this Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.
8. Dividend or other benefits with respect to the Equity Shares held in dematerialized form would be paid to those Equity Shareholders whose names appear in the list of beneficial owners given by the Depository Participant to our Company as on the date of the book closure.
9. Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, and who have not provided the details of their demat accounts to our Company or to the Registrar at least two clear Working Days prior to the Issue Closing Date, shall not be able to apply in this Issue.

### **XIII. IMPERSONATION**

Attention of the Investors is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

*“Any person who –*

- a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447.”*

The liability prescribed under Section 447 of the Companies Act, 2013 for fraud involving an amount of at least ₹1 million or 1% of the turnover of the company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years and fine of an amount not less than the amount involved in the fraud, extending up to three times such amount (provided that where the fraud involves public interest, such term shall not be less than three years.) Further, where the fraud involves an amount less than ₹0.10 crore or one per cent of the turnover of the company, whichever is lower, and does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to five years or with fine which may extend to ₹0.50 crore or with both.

### **XIV. UTILISATION OF ISSUE PROCEEDS**

Our Board declares that:

- A. All monies received out of this Issue shall be transferred to a separate bank account;
- B. Details of all monies utilized out of this Issue referred to under (A) above shall be disclosed, and continue to be disclosed till the time any part of the Issue Proceeds remains unutilised, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and
- C. Details of all unutilized monies out of this Issue referred to under (A) above, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

## **XV. UNDERTAKINGS BY OUR COMPANY**

Our Company undertakes the following:

- 1) The complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily.
- 2) All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the Equity Shares are to be listed will be taken by our Board within the time limit specified by SEBI.
- 3) The funds required for making refunds / unblocking to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.
- 4) Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
- 5) In case of refund / unblocking of the Application Money for unsuccessful Applicants or part of the Application Money in case of proportionate Allotment, a suitable communication shall be sent to the Applicants.
- 6) No further issue of securities shall be made till the securities offered through this Letter of Offer are listed or till the application monies are refunded on account of non-listing, under subscription, etc., other than as disclosed in accordance with Regulation 97 of SEBI ICDR Regulations.
- 7) Adequate arrangements shall be made to collect all ASBA Applications.
- 8) As on date, our Company does not have any convertible debt instruments.

Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

## **XVI. INVESTOR GRIEVANCES, COMMUNICATION AND IMPORTANT LINKS**

- 1. Please read this Letter of Offer carefully before taking any action. The instructions contained in the Application Form, Abridged Letter of Offer and the Rights Entitlement Letter are an integral part of the conditions of this Letter of Offer and must be carefully followed; otherwise the Application is liable to be rejected.
- 2. All enquiries in connection with this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or Application Form must be addressed (quoting the registered folio number in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date or the DP ID and Client ID number, the Application Form number and the name of the first Eligible Equity Shareholder as mentioned on the Application Form and superscribed "Grasim Industries Limited – Rights Issue" on the envelope and postmarked in India) to the Registrar at the following address:

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

Selenium, Tower B, Plot No-31 and 32

Financial District, Nanakramguda

Serilingampally, Hyderabad

Rangareddi 500 032

Telangana, India

**Tel:** 1800 309 4001/+91 40 6716 2222

**E-mail:** gil.rights@kfintech.com

**Investor grievance email:** einward.ris@kfintech.com

**Website:** www.kfintech.com

**Contact Person:** M Murali Krishna

**SEBI Registration No.:** INR000000221

3. In accordance with SEBI ICDR Master Circular, frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar (<https://rights.kfintech.com>). Further, helpline number provided by the Registrar for guidance on the Application process and resolution of difficulties is 1800 309 4001.
4. The Investors can visit following links for the below-mentioned purposes:
  - a) Updation of Indian address/ e-mail address/ phone or mobile number in the records maintained by the Registrar or our Company: <https://rights.kfintech.com>
  - b) Updation of demat account details by Eligible Equity Shareholders holding shares in physical form: <https://rights.kfintech.com>
  - c) Submission of self-attested PAN, client master sheet and demat account details by non- resident Eligible Equity Shareholders: [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)

This Issue will remain open for a minimum seven days. However, our Board or the Rights Issue Committee will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Closing Date).

## RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991, of the Government of India and FEMA. While the Industrial Policy, 1991, of the Government of India, prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, 1991, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The RBI and the concerned ministries/ departments are responsible for granting approval for foreign investment.

The Government has, from time to time, made policy pronouncements on FDI through press notes and press releases. The FDI Policy consolidated and superseded all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on October 15, 2020. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Policy will be valid until the DPIIT issues an updated circular. Further, the sectoral cap applicable to the sector in which our Company operates is 100% which is permitted under the automatic route.

The Government has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendments to FEMA. In case of any conflict, the relevant notification under Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 will prevail. The payment of inward remittance and reporting requirements are stipulated under the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 issued by RBI.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of RBI, provided that (i) the activities of the investee company falls under the automatic route as provided in the FDI Policy and FEMA and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI. Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT and the Foreign Exchange Management (Non-debt Instruments) Amendment Rules, 2020 which came into effect from April 22, 2020, any investment, subscription, purchase or sale of equity instruments by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country (“**Restricted Investors**”), will require prior approval of the Government, as prescribed in the FDI Policy and the FEMA Rules. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/ purview, such subsequent change in the beneficial ownership will also require approval of the Government. Furthermore, on April 22, 2020, the Ministry of Finance, Government of India has also made a similar amendment to the FEMA Rules. Pursuant to the Foreign Exchange Management (Non-debt Instruments) (Fourth Amendment) Rules, 2020, a multilateral bank or fund, of which India is a member, shall not be treated as an entity of a particular country nor shall any country be treated as the beneficial owner of the investments of such bank of fund in India.

Please also note that pursuant to Circular no. 14 dated September 16, 2003 issued by RBI, Overseas Corporate Bodies (“**OCBs**”) have been derecognized as an eligible class of investors and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of RBI and in order to apply for the issue as an incorporated non-resident must do so in accordance with the FDI Policy and Foreign Exchange Management (Non-Debt Instrument) Rules, 2019. Further, while investing in the Issue, the Investors are deemed to have obtained the necessary approvals, as required, under applicable laws and the obligation to obtain such approvals shall be upon the Investors. Our Company shall not be under an obligation to obtain any approval under any of the applicable laws on behalf of the Investors and shall not be liable in case of failure on part of the Investors to obtain such approvals.

The above information is given for the benefit of the Applicants / Investors. Our Company and the Lead Managers are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Rights Equity Shares applied for do not exceed the applicable limits under laws or regulations. Investors are cautioned to consider any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer.



## RESTRICTIONS ON PURCHASES AND REALES

### Eligibility and Restrictions

#### *General*

No action has been taken or will be taken to permit an offering of the Rights Entitlements or the Rights Equity Shares to occur in any jurisdiction, or the possession, circulation, or distribution of this Letter of Offer or any other Issue Material in any jurisdiction where action for such purpose is required, except that this Letter of Offer will be filed with SEBI and the Stock Exchanges.

The Rights Entitlement and the Rights Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer and any other Issue Materials may not be distributed, in whole or in part, in or into in (i) the United States or (ii) any jurisdiction other than India except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer or any other Issue Materials (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone (i) in the United States or (ii) any jurisdiction in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorized or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, this Letter of Offer and any other Issue Materials must be treated as sent for information only and should not be acted upon for subscription to Rights Equity Shares and should not be copied or re-distributed. Accordingly, persons receiving a copy of this Letter of Offer and any other Issue Materials should not distribute or send this Letter of Offer or any such documents in or into any jurisdiction where to do so, would or might contravene local securities laws or regulations, or would subject our Company or its affiliates or the Lead Managers or their affiliates to any filing or registration requirement (other than in India. If this Letter of Offer or any other Issue Material is received by any person in any such jurisdiction or the United States, they must not seek to subscribe to the Rights Equity Shares.

Investors are advised to consult their legal counsel prior to accepting any provisional allotment of Rights Equity Shares, applying for excess Rights Equity Shares or making any offer, sale, resale, pledge or other transfer of the Rights Entitlements or the Rights Equity Shares.

This Letter of Offer and its accompanying documents are supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

Each person who exercises the Rights Entitlements and subscribes for the Rights Equity Shares, or who purchases the Rights Entitlements or the Rights Equity Shares shall do so in accordance with the restrictions set out above and below.

#### **No offer in the United States**

The Rights Entitlements and the Rights Equity Shares have not been, and will not be, registered under the U.S Securities Act and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Rights Entitlements (including their credit) and the Rights Equity Shares are only being offered and sold outside the United States in “offshore transactions” as defined in and in reliance on Regulation S under the U.S. Securities Act to Eligible Equity Shareholders located in jurisdictions where such offer and sale is permitted under the laws of such jurisdictions. The offering to which this Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Rights Entitlements or Rights Equity Shares for sale in the United States or as a solicitation therein of an offer to buy any of the said securities. Accordingly, you should not forward or transmit this letter of offer into the United States at any time.

#### **Representations, Warranties and Agreements by Purchasers**

The Rights Entitlements and the Rights Equity Shares offered outside the United States are being offered in offshore transactions in reliance on Regulation S.

In addition to the applicable representations, warranties and agreements set forth above, each purchaser outside the United States by accepting the delivery of this Letter of Offer and its accompanying documents, submitting an Application Form for the exercise of any Rights Entitlements and subscription for any Rights Equity Shares and accepting delivery of any Rights Entitlements or any Rights Equity Shares, will be deemed to have represented, warranted and agreed as follows on behalf of itself and, if it is acquiring the Rights Entitlements or the Rights Equity Shares as a fiduciary or agent for one or more investor accounts, on behalf of each owner of such account (such person being the “**purchaser**”, which term shall include the owners of the investor accounts on whose behalf the person acts as fiduciary or agent):

1. The purchaser (i) is aware that the Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the U.S. Securities Act and are being distributed and offered outside the United States in reliance on Regulation S, (ii) is, and the persons, if any, for whose account it is acquiring such Rights Entitlements and/or the Rights Equity Shares are, outside the United States and eligible to subscribe for Rights Entitlements and Rights Equity Shares in compliance with applicable securities laws, and (iii) is acquiring the Rights Entitlements and/or the Rights Equity Shares in an offshore transaction meeting the requirements of Regulation S.

2. No offer or sale of the Rights Entitlements or the Rights Equity Shares to the purchaser is the result of any “directed selling efforts” in the United States (as such term is defined in Regulation S under the U.S. Securities Act).
3. The purchaser is, and the persons, if any, for whose account it is acquiring the Rights Entitlements and the Rights Equity Shares are, entitled to subscribe for the Rights Equity Shares, and the sale of the Rights Equity Shares to it will not require any filing or registration by, or qualification of, our Company with any court or administrative, governmental or regulatory agency or body, under the laws of any jurisdiction which apply to the purchaser or such persons.
4. The purchaser, and each account for which it is acting, satisfies (i) all suitability standards for investors in investments in the Rights Entitlements and the Rights Equity Shares imposed by the jurisdiction of its residence, and (ii) is eligible to subscribe and is subscribing for the Rights Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of our jurisdiction of residence.
5. The purchaser has the full power and authority to make the acknowledgements, representations, warranties and agreements contained herein and to exercise the Rights Entitlements and subscribe for the Rights Equity Shares, and, if the purchaser is exercising the Rights Entitlements and acquiring the Rights Equity Shares as a fiduciary or agent for one or more investor accounts, the purchaser has the full power and authority to make the acknowledgements, representations, warranties and agreements contained herein and to exercise the Rights Entitlements and subscribe for the Rights Equity Shares on behalf of each owner of such account.
6. If any Rights Entitlements were bought by the purchaser or otherwise transferred to the purchaser by a third party (other than our Company), the purchaser was in India at the time of such purchase or transfer;
7. The purchaser is aware and understands (and each account for which it is acting has been advised and understands) that an investment in the Rights Entitlements and the Rights Equity Shares involves a considerable degree of risk and that the Rights Entitlements and the Rights Equity Shares are a speculative investment.
8. The purchaser understands (and each account for which it is acting has been advised and understands) that no action has been or will be taken to permit an offering of the Rights Entitlements or the Rights Equity Shares in any jurisdiction (other than the filing of this Letter of Offer with SEBI and the Stock Exchanges); and it will not offer, resell, pledge or otherwise transfer any of the Rights Entitlements except in India or the Rights Equity Shares which it may acquire, or any beneficial interests therein, in any jurisdiction or in any circumstances in which such offer or sale is not authorised or to any person to whom it is unlawful to make such offer, sale, solicitation or invitation except under circumstances that will result in compliance with any applicable laws and/or regulations.
9. The purchaser (or any account for which it is acting) is an Eligible Equity Shareholder and has received an invitation from our Company, addressed to it and inviting it to participate in this Issue.
10. None of the purchaser, any of its affiliates or any person acting on its or their behalf has taken or will take, directly or indirectly, any action designed to, or which might be expected to, cause or result in the stabilization or manipulation of the price of any security of our Company to facilitate the sale or resale of the Rights Entitlements or the Rights Equity Shares pursuant to the Issue.
11. Prior to making any investment decision to exercise the Rights Entitlements and subscribe for the Rights Equity Shares, the purchaser (i) will have consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers in each jurisdiction in connection herewith to the extent it has deemed necessary; (ii) will have carefully read and reviewed a copy of this Letter of Offer and its accompanying documents; (iii) will have possessed and carefully read and reviewed all information relating to our Company and our Group and the Rights Entitlements and the Rights Equity Shares which it believes is necessary or appropriate for the purpose of making its investment decision, including, without limitation, the Exchange Information (as defined below); (iv) will have conducted its own due diligence on our Company and this Issue, and will have made its own investment decisions based upon its own judgement, due diligence and advice from such advisers as it has deemed necessary and will not have relied upon any recommendation, promise, representation or warranty of or view expressed by or on behalf of our Company, the Lead Managers or their affiliates (including any research reports) (other than, with respect to our Company and any information contained in this Letter of Offer); and (v) will have made its own determination that any investment decision to exercise the Rights Entitlements and subscribe for the Rights Equity Shares is suitable and appropriate, both in the nature and number of Rights Equity Shares being subscribed.
12. Without limiting the generality of the foregoing, (i) the purchaser acknowledges that the Equity Shares are listed on BSE Limited and National Stock Exchange of India Limited and our Company is therefore required to publish certain business, financial and other information in accordance with the rules and practices of BSE Limited and National Stock Exchange of India Limited (which includes, but is not limited to, a description of the nature of our Company’s business and our Company’s most recent balance sheet and profit and loss account, and similar statements for preceding years together with the information on its website and its press releases, announcements, investor education presentations, annual reports, collectively constitutes “**Exchange Information**”), and that it has had access to such information

without undue difficulty and has reviewed such Exchange Information as it has deemed necessary; and (ii) none of our Company, any of its affiliates, the Lead Managers or any of their affiliates has made any representations or recommendations to it, express or implied, with respect to our Company, the Rights Entitlements, the Rights Equity Shares or the accuracy, completeness or adequacy of the Exchange Information.

13. The purchaser acknowledges that (i) any information that it has received or will receive relating to or in connection with this Issue, and the Rights Entitlements or the Rights Equity Shares, including this Letter of Offer and the Exchange Information (collectively, the “**Information**”), has been prepared solely by our Company; and (ii) neither the Lead Managers nor any of their affiliates has verified such Information, and no recommendation, promise, representation or warranty (express or implied) is or has been made or given by the Lead Managers or their affiliates as to the accuracy, completeness or sufficiency of the Information, and nothing contained in the Information is, or shall be relied upon as, a promise, representation or warranty by the Lead Managers or any of their affiliates.
14. The purchaser will not hold our Company, the Lead Managers or their affiliates responsible for any misstatements in or omissions to the Information or in any other written or oral information provided by our Company to it. It acknowledges that no written or oral information relating to this Issue, and the Rights Entitlements or the Rights Equity Shares has been or will be provided by the Lead Managers or their affiliates to it.
15. The purchaser understands and acknowledges that the Lead Managers are assisting our Company in respect of this Issue and that the Lead Managers are acting solely for our Company and no one else in connection with this Issue and, in particular, are not providing any service to it, making any recommendations to it, advising it regarding the suitability of any transactions it may enter into to subscribe or purchase any Rights Entitlements or Rights Equity Shares nor providing advice to it in relation to our Company, this Issue or the Rights Entitlements or the Rights Equity Shares. Further, to the extent permitted by law, it waives any and all claims, actions, liabilities, damages or demands it may have against the Lead Managers arising from their engagement with our Company and in connection with this Issue.
16. The purchaser understands that its receipt of the Rights Entitlements and any subscription it may make for the Rights Equity Shares will be subject to and based upon all the terms, conditions, representations, warranties, acknowledgements, agreements and undertakings and other information contained in this Letter of Offer and the Application Form. The purchaser understands that none of our Company, the Registrar, the Lead Managers or any other person acting on behalf of us will accept subscriptions from any person, or the agent of any person, who appears to be, or who we, the Registrar, the Lead Managers or any other person acting on behalf of us have reason to believe is in the United States, or is ineligible to participate in this Issue under applicable securities laws.
17. The purchaser subscribed to the Rights Equity Shares for investment purposes and not with a view to the distribution or resale thereof. If in the future the purchaser decides to offer, sell, pledge or otherwise transfer any of the Rights Equity Shares, the purchaser shall only offer, sell, pledge or otherwise transfer such Rights Equity Shares (i) outside the United States in a transaction complying with Rule 903 or Rule 904 of Regulation S and in accordance with all applicable laws of any other jurisdiction, including India or (ii) in the United States pursuant to an exemption from the registration requirements of the Securities Act and applicable state securities laws.
18. The purchaser is, and the persons, if any, for whose account it is acquiring the Rights Entitlements and the Rights Equity Shares are, entitled to subscribe for the Rights Equity Shares.
19. If the purchaser is outside India, the sale of the Rights Equity Shares to it will not require any filing or registration by, or qualification of, our Company or the Lead Managers with any court or administrative, governmental or regulatory agency or body, under the laws of any jurisdiction which apply to the purchaser or such persons.
20. If the purchaser is outside India, the purchaser, and each account for which it is acting, satisfies (i) all suitability standards for investors in investments in the Rights Entitlements and the Rights Equity Shares imposed by all jurisdictions applicable to it, and (ii) is eligible to subscribe and is subscribing for the Rights Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of all jurisdictions of residence.
21. The purchaser is authorized to consummate the purchase of the Rights Equity Shares sold pursuant to this Issue in compliance with all applicable laws and regulations.
22. Except for the sale of Rights Equity Shares on one or more of the Stock Exchanges, the purchaser agrees, upon a proposed transfer of the Rights Equity Shares, to notify any purchaser of such Equity Shares or the executing broker, as applicable, of any transfer restrictions that are applicable to the Rights Equity Shares being sold.
23. The purchaser shall hold our Company and the Lead Managers harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of its representations, warranties or agreements set forth above and elsewhere in this Letter of Offer. The indemnity set forth in this paragraph shall survive the resale of the Rights Equity Shares.
24. The purchaser acknowledges that our Company, the Lead Managers, their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

## SECTION VIII: OTHER INFORMATION

### MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company. Copies of the abovementioned contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office between 10 a.m. and 5 p.m. on all working days and will also be available on the website of our Company from the date of this Letter of Offer until the Issue Closing Date.

#### A. Material Contracts for the Issue

1. Issue Agreement dated January 4, 2024 between our Company and the Lead Managers.
2. Registrar Agreement dated January 3, 2024 between our Company and the Registrar to the Issue.
3. Banker to the Issue Agreement dated January 4, 2024 between our Company, the Lead Managers, Registrar and the Bankers to the Issue.
4. Monitoring Agency Agreement dated January 4, 2024 between our Company and the Monitoring Agency.

#### B. Material Documents

1. Certified copies of the updated Memorandum of Association and Articles of Association of our Company as amended.
2. Certificate of incorporation dated August 25, 1947 of our Company and fresh certificate of incorporation consequent to change of name dated July 22, 1986.
3. Consents of our Directors, Company Secretary and Compliance Officer, Lead Managers, Bankers to the Issue, legal counsel to our Company as to Indian law, the Registrar to the Issue, J. Kala & Associates, Chartered Accountants (the independent chartered accountant for the Issue), the Monitoring Agency and the independent cost accountant for inclusion of their names in the Letter of Offer to act in their respective capacities.
4. Consent letters dated December 19, 2023 and January 3, 2024, respectively from our Statutory Auditors, B S R & Co. LLP, Chartered Accountants and KKC & Associates LLP (*formerly Khimji Kunverji & Co LLP*), Chartered Accountants, respectively, to include their names in this Letter of Offer, as an “expert” as defined under Section 2(38) of the Companies Act, 2013, in respect of and inclusion of (i) the Audited Consolidated Financial Statements and the Unaudited Consolidated Financial Results and the audit reports dated May 26, 2023 and May 24, 2022, respectively, in respect of the Audited Consolidated Financial Statements and the review reports dated November 13, 2023 and November 14, 2022, respectively, in respect of the Unaudited Consolidated Financial Results, the Unaudited Standalone Financial Results for six months ended September 30, 2023 and the review report dated November 13, 2023, as applicable, and (ii) the statement of possible special tax benefits available to our Company, its shareholders and our Material Subsidiaries dated December 19, 2023, and such consents have not been withdrawn as of the date of this Letter of Offer.
5. Certificate dated January 4, 2024 from a cost accountant, namely D C Dave & Co. to include its name in this Letter of Offer, as an “expert” as defined under section 2(38) of the Companies Act, 2013 in respect of the certificate issued by them in their capacity as a cost accountant, and such consent has not been withdrawn as on the date of this Letter of Offer.
6. Statement of possible special tax benefits available to our Company, its shareholders and our Material Subsidiaries dated December 19, 2023 from the Statutory Auditors included in this Letter of Offer.
7. The Audited Consolidated Financial Statements and the Unaudited Consolidated Financial Results and the audit reports dated May 26, 2023 and May 24, 2022, respectively, in respect of the Audited Consolidated Financial Statements and the review reports dated November 13, 2023 and November 14, 2022, respectively, in respect of the Unaudited Consolidated Financial Results.
8. Unaudited Standalone Financial Results for six months ended September 30, 2023 and the review report dated November 13, 2023 in respect of the Unaudited Standalone Financial Results for six months ended September 30, 2023.
9. Resolution of our Board of Directors dated October 16, 2023 in relation to this Issue and other related matters.
10. Resolution of the Board dated January 4, 2024 in relation to the terms of the Issue including the Record Date, Issue Price and Rights Entitlement ratio.
11. Resolution of the Board of Directors dated January 4, 2024 approving and adopting the Letter of Offer.

12. Annual Reports of our Company for the Financial Years 2023, 2022, 2021, 2020 and 2019.
13. Report titled “*Industry Research Report on BFSI, Renewable Energy, Paint, Chemicals, Cement and Textiles*” dated December 2023 prepared by CARE Analytics and Advisory Private Limited and consent letter dated January 4, 2024 issued by it in respect of such report.
14. Due diligence Certificate dated January 4, 2024 addressed to SEBI from the Lead Managers.
15. In-principle listing approvals dated December 27, 2023 and December 26, 2023 issued by BSE and NSE, respectively.
16. Tripartite agreement dated May 18, 2016 amongst our Company, NSDL and the Registrar to the Issue.
17. Tripartite agreement dated May 13, 2016 amongst our Company, CDSL and the Registrar to the Issue.
18. Letter of offer of our Company dated September 27, 1989 in relation to a rights issue of 1,04,16,666 – 12.5% secured redeemable partly convertible debentures (II Series) (“**II Series Debentures**”) of face value ₹120 each for cash at par, aggregating to ₹125 crores (excluding 15,62,500 II series debentures aggregating to ₹18.75 crores retainable in case of oversubscription) to the equity shareholders of our Company

Any of the contracts or documents mentioned in this Letter of Offer may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Eligible Equity Shareholders, subject to compliance with applicable law.

## DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

**SIGNED BY THE DIRECTOR OF OUR COMPANY**

---

**Kumar Mangalam Birla**

*Chairman and Non-Executive Director*

**Date:** January 4, 2024

**Place:** Mumbai

## DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

**SIGNED BY THE DIRECTOR OF OUR COMPANY**

---

**Rajashree Birla**

*Non-Executive Director*

**Date:** January 4, 2024

**Place:** Mumbai

## DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

**SIGNED BY THE DIRECTOR OF OUR COMPANY**

---

**Ananyashree Birla**

*Non-Executive Director*

**Date:** January 4, 2024

**Place:** Mumbai



## DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

**SIGNED BY THE DIRECTOR OF OUR COMPANY**

---

**Aryaman Vikram Birla**

*Non-Executive Director*

**Date:** January 4, 2024

**Place:** Mumbai

## DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

**SIGNED BY THE DIRECTOR OF OUR COMPANY**

---

**Anita Ramachandran**

*Independent Director*

**Date:** January 4, 2024

**Place:** Mumbai

## DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

**SIGNED BY THE DIRECTOR OF OUR COMPANY**

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**Mohanraj Narendranathan Nair**

*Independent Director*

**Date:** January 4, 2024

**Place:** Chennai

## DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

**SIGNED BY THE DIRECTOR OF OUR COMPANY**

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**Yazdi Piroj Dandiwala**

*Independent Director*

**Date:** January 4, 2024

**Place:** Mumbai

## DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

**SIGNED BY THE DIRECTOR OF OUR COMPANY**

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**Thomas Martin Connelly Jr.**

*Independent Director*

**Date:** January 4, 2024

**Place:** Delaware, USA

## DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

**SIGNED BY THE DIRECTOR OF OUR COMPANY**

---

**Venkatadri Chandrasekaran**

*Independent Director*

**Date:** January 4, 2024

**Place:** Mumbai

## DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

**SIGNED BY THE DIRECTOR OF OUR COMPANY**

---

**Adesh Kumar Gupta**

*Independent Director*

**Date:** January 4, 2024

**Place:** Mumbai

## DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

**SIGNED BY THE DIRECTOR OF OUR COMPANY**

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**Cyril Suresh Shroff**

*Independent Director*

**Date:** January 4, 2024

**Place:** Mumbai



## DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

**SIGNED BY THE DIRECTOR OF OUR COMPANY**

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**Raj Kumar**

*Non-Executive Director*

**Date:** January 4, 2024

**Place:** Mumbai

## DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

**SIGNED BY THE DIRECTOR OF OUR COMPANY**

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**Harikrishna Agarwal**

*Managing Director*

**Date:** January 4, 2024

**Place:** Mumbai

## DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

**SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY**

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**Pavan Kumar Jain**

*Chief Financial Officer*

**Date:** January 4, 2024

**Place:** Mumbai