

# STAYING FOCUSED DELIVERING PERFORMANCE



ANNUAL REPORT  
2013 - 2014



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Mr. Aditya Birla  
We live by his values.  
Integrity, Commitment, Passion, Seamlessness and Speed.



**Dear Shareholders,**

### **The Global Scenario**

Worldwide, 2014 portends to be much more encouraging than 2013, with the forces driving the global economic recovery firmly entrenched. The IMF projects that global economic growth will rise from 3% in 2013 to 3.6% in 2014, and to 3.9% in 2015. This is largely due to a turn for the better in the developed economies – estimated to grow 2.25% in 2014, a full percentage point more than in 2013. The US GDP growth for 2014 is projected at 2.8%, and in the Euro area at 1.2%, while China's economy is expected to grow at 7.5%. The GDP growth in the emerging markets and developing economies is slated to increase from 4.7% in 2013 to 4.9% in 2014, as these regions step up exports to the developed markets. Continued fiscal easing, loose monetary policy in developed economies and stable commodity prices should boost the global recovery. The nervousness in the financial markets, particularly related to stability of the southern European economies, has abated considerably. That said, we must be prepared for unforeseen geopolitical developments, which may have disruptive ripple effects on the global economy.

***Developments on the global and the domestic front have a telling effect on your Company's growth and end-results.***

***Your Company has posted a consolidated turnover of US\$ 4.9 Billion (₹ 29,324 crore) and an EBIDTA of US\$ 0.9 Billion (₹ 5,491 crore).***

## **The Indian Economy – moving on to a stable footing**

The outlook for the Indian economy has turned distinctly positive. The increasing traction of the global economic revival and plans to restore vim to India's economy through a slew of timely measures by the new Government by addressing fiscal imbalances and fast-forwarding investment activity should play out positively in the coming year. The RBI's deft moves to stabilize the Rupee, enabled it to recover from a low of around ₹ 68/\$ to ~ ₹ 60/\$. The current account deficit for the year has been contained at around 1.7% of GDP. Some progress has been achieved on clearing the backlog of large projects, whose approvals had been held up. The GDP growth is predicted at around 5.5% in 2014-15.

However, industrial production needs to accelerate with the IIP declining 0.1% year-on-year in the first 11 months of 2013-14, vis-à-vis 0.9% growth in the same period last year. Inflation also remains a concern, with the wholesale and consumer price indices in March 2014 up 5.7% and 8.3%, respectively, year-on-year. Continuing inflationary pressures have been a constraint in reducing interest rates. In the medium term, the economy stands to benefit, if the Goods and Services Tax is rolled out. Further initiatives and reforms in areas such as land acquisition, allocation of natural resources and taxation would help greatly to boost investor confidence and accelerate investment activity. Overall, the stage seems set for India to shift to a higher growth trajectory.

These developments on the global and the domestic front have a telling effect on your Company's growth and end-results.

In the face of these odds, your Company has posted a consolidated turnover of US\$ 4.9 Billion (₹ 29,324 crore) and an EBIDTA of US\$ 0.9 Billion (₹ 5,491 crore).

The VSF business has been facing severe pressure on margins due to the huge overcapacity, largely in China. Therefore, despite the significant improvement in its operational efficiencies, the business has seen its margins decline. The pulp and fibre business increased its sales volume at 367K tpa, reported a consolidated turnover of over US\$ 1 billion and an EBITDA of US\$ 119 million.

Consequent to the country's low GDP growth, coupled with the tremendous slide in the housing and infrastructure sector, the cement business' turnover was US\$ 3.6 billion (₹ 21,652 crore) and EBITDA at US\$ 676 million (₹ 4,086 crore).

The Captive Power plant and the VSF expansion at Harihar have been commissioned. The 120,000 tpa VSF project, at Vilayat in Gujarat, is being commissioned in phases with production having started on the first 2 lines during this year. The 51,500 tpa Epoxy plant at Vilayat has also been commissioned.

The acquisition of the 4.8 Mn. tpa Gujarat Cement Unit of Jaypee Cement Corporation Limited at a cost of US\$ 636 million (₹ 3,800 crore) by UltraTech Cement Limited (UltraTech) represents a milestone in UltraTech's growth strategy. It strengthens your Company's foothold in the growing Western market, bolsters its coastal footprint and enables it to deepen our exports as well. There are many other synergies, which are mutually reinforcing.

All of your Company's expansion plans are on track. During the year, UltraTech commissioned – a 10,000 TPD clinkerisation plant together with a cement grinding capacity of 1.45 Mn. tpa at Rajashree Cement, Karnataka; a 1.6 Mn. tpa cement grinding unit in Odisha; and Thermal Power Plants of 30 mega watts at Rawan Cement Works and 25 mega watts each at Rajashree

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***Your Company's Cement business' installed capacity has been scaled up to nearly 62 million tons. In the next 2 years, we expect it to touch 70 million tons when all of its ongoing projects will be fully commissioned.***

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***With additional capacities coming on stream in both its Pulp and Fibre business and Cement business, your Company is well poised to further consolidate its leadership position in these sectors.***

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Cement and Andhra Pradesh Cement Works – at a total capex of US\$ 450 million (₹ 2,562 crore).

Your Company's Cement business' installed capacity has been scaled up to nearly 62 million tons. In the next 2 years, we expect it to touch 70 million tons when all of its ongoing projects will be fully commissioned.

Despite the rather subdued growth of the industry, I believe the long-term fundamentals and growth prospects remain intact, and capacity additions in both the sectors keep us in the state of preparedness.

### **Outlook**

Given the over capacity buildup in China and its consequent impact on prices and margins, the Pulp and Fibre industry continues to face a challenging environment in the short term. However, the long-term growth prospects are encouraging.

In the Cement Sector, a 6% growth with the potential to move to over 8% with the economy on a more stable footing, augurs well for your Company.

Having said that, with additional capacities coming on stream in both its Pulp and Fibre business and Cement business, your Company is well poised to further consolidate its leadership position in these sectors.

### **To Our Teams**

In the face of continuing external challenges, our teams across geographies have stayed focused and delivered performance. I thank all of our employees for their tenacity and commitment to sustain top line and bottom line growth year after year.

### **The Aditya Birla Group in Perspective**

Despite the tectonic shifts witnessed globally and in India, at the Group level, we have managed to sustain



our revenues at US\$ 40 billion. Much credit must go to the talent resident in our 1,20,000 committed workforce, spanning 36 countries and 42 nationalities.

**I would like to reiterate that we place big bets on our people. Let me elaborate on this aspect in some detail.**

As a high performance driven meritocratic Group, we are constantly focusing on building our talent pool to support our business vision. To this end, substantive initiatives taken earlier have since materialized. These include focused endeavours to build a robust talent pipeline, building the employer brand of our Group beyond India, and achieving the distinction of becoming the most aspirational employer for manufacturing professionals also, besides augmenting talent on the technical side. Furthermore, to support our long-term strategies, our business structures have been significantly bolstered.

Our reputation as an employer of choice is again something we are incredibly proud of. We are recognised as an employer that offers a World of Opportunities and is concerned about the professional growth of its people. We continue to fast track our talent – from our management cadre comprising of 38,200 colleagues, 13% have been promoted, 20% have changed roles and 12% have moved location during the year.

Gyanodaya, our in-house world-class university, continues to be an important mainstay of our progress. Leveraging resources across geographies and partnering with leading global faculty, institutions and corporates ensure that our leadership and talent pool stays contemporary, and is always in the learning mode.

To be a learning and growing organisation is an ongoing endeavour.

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***Despite the tectonic shifts witnessed globally and in India, at the Group level, we have managed to sustain our revenues at US\$ 40 billion. Much credit must go to the talent resident in our 1,20,000 committed workforce, spanning 36 countries and 42 nationalities.***

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*For the second year running, our Group has been ranked No. 1 in the Nielsen Corporate Image Monitor 2013-14. Across the six pillars of corporate performance – products and services, vision and leadership, workplace environment, financial performance, operating style and social responsibility – Aditya Birla Group “emerges as the pace setter, way ahead of 40 corporates.*

## Ranked No. 1 in the Nielsen Corporate Image Monitor

I am pleased to share with you that for the second year running, our Group has been ranked **No. 1 in the Nielsen Corporate Image Monitor 2013-14**. Across the six pillars of corporate performance – products and services, vision and leadership, workplace environment, financial performance, operating style and social responsibility – Aditya Birla Group “emerges as the pace setter, way ahead of 40 corporates. Nielsen’s Corporate Image Monitor measures the reputation of the 40 leading companies in India across sectors, and serves as an important indicator of the strength of the corporate brand”, they state. The companies were covered in the survey, using the *Economic Times 500* and the *Business Today 500* ranking of listed companies.

Nielsen is among the most renowned global market research companies, headquartered in New York and operating in 60 countries.

## In Sum

With the best of talent in our midst, our strong Balance Sheets, robust Cash Flows, the eye on the customer and unrelenting focus on delivering shareholder value, we are confident of the future. The year ahead, I believe, will be the one when we consolidate and reinforce what we have achieved in recent years. And see the fruition of the several projects and initiatives in each of the businesses that are currently underway.

Yours sincerely,



Kumar Mangalam Birla



**BOARD OF DIRECTORS**

Mr. Kumar Mangalam Birla - Chairman  
 Mrs. Rajashree Birla  
 Mr. M.L. Apte  
 Mr. B.V. Bhargava  
 Mr. R.C. Bhargava  
 Mr. Cyril Shroff  
 Dr. Thomas M. Connelly  
 Mr. N. Mohan Raj  
 Mr. Shailendra K. Jain  
 Mr. D.D. Rath  
 Mr. K.K. Maheshwari, Managing Director  
 Mr. Adesh Kumar Gupta, Whole-Time Director

**Chief Financial Officer**

Mr. Adesh Kumar Gupta

**Company Secretary**

Mr. Ashok Malu

**Statutory Auditors**

M/s G.P. Kapadia & Co., Mumbai  
 M/s Deloitte Haskins & Sells LLP, Mumbai

**Branch Auditors**

M/s Vidyarthi & Sons, Gwalior

**Solicitors**

M/s Amarchand & Mangaldas & Suresh A. Shroff & Co.

**EXECUTIVES****Fibre & Pulp Business**

Mr. K.K. Maheshwari	Business Director
Dr. Prakash Maheshwari	Chief Operating Officer (India) & Head (Projects)
Mr. Vinod Tiwari	Chief Operating Officer (Pulp Operations)
Dr. Aspi Patel	Chief Technology Officer
Mr. Rajeev Gopal	Chief Marketing Officer
Dr. Raju Mistry	Chief People Officer
Mr. Anil Rustogi	Dy. CFO & Sr. President
Mr. S.K. Saboo	Advisor
Mr. Vijay Kaul	Advisor

**Cement Business (UltraTech Cement Limited)**

Mr. O.P. Puranmalka	Business Director
Mr. R.K. Shah	Group Executive President & CMO (Mfg. & Projects)
Mr. K.C. Birla	Chief Financial Officer
Mr. Vivek Agrawal	Chief Marketing Officer

**Chemical Business**

Mr. Lalit Naik	Business Head
Mr. K.C. Jhanwar	Group Executive President
Mr. G.K. Tulsian	Executive President
Mr. Anil Kumar Sinha	Chief People Officer

**Textile Business**

Mr. Thomas Varghese	Business Head
Mr. S. Krishnamoorthy	CEO - Domestic Textiles

**Corporate Finance Division**

Mr. Pavan K. Jain	Executive President
Mr. Hemant K. Kadel	Executive President

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

**CIN: L17124MP1947PLC000410**

**[www.grasim.com](http://www.grasim.com)/[www.adityabirla.com](http://www.adityabirla.com)**

Year —>	Unit	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	
Production												
Grey Cement	Mn. Tons	43.60	42.59	42.11	39.67	37.02	32.18	31.22	29.98	28.43	26.13	
Ready-Mix Concrete	Mn. Cu. Mtrs.	4.76	5.21	4.84	4.39	3.87	3.85	2.84	1.57	1.07	1.08	
White Cement	Lakh Tons	6.04	5.73	5.53	5.41	5.14	4.41	4.08	3.65	3.50	3.15	
Viscose Staple Fibre	Tons	361012	337492	321085	305087	302092	232745	279901	246833	228981	247952	
Caustic Soda	Tons	313479	270191	260326	242037	229801	207226	188537	136685	165509	161966	
Turnover *												
Grey Cement (Incl. Clinker)	Mn. Tons	44.66	43.64	43.96	41.56	39.58	34.96	33.58	32.56	30.06	29.24	
Ready-Mix Concrete	Mn. Cu. Mtrs.	4.76	5.21	4.84	4.39	3.87	3.85	2.84	1.57	1.07	1.08	
White Cement	Lakh Tons	6.03	5.66	5.55	5.47	5.09	4.38	3.96	3.67	3.48	3.11	
Viscose Staple Fibre	Tons	366978	336065	306917	305072	308431	238463	269781	250725	242399	231533	
Caustic Soda	Tons	314488	269438	265816	241365	229876	207520	187356	137830	165853	163111	
* Including Captive Consumption												
Profit and Loss Account		2013-14										
Revenue		(USD Million <sup>1</sup> )										
from Operations (Net)		₹ in Crore										
Cement		3585	21652	21324	19232	15941	15475	13512	11792	9940	6938	5652
Viscose Staple Fibre		1048	6331	5428	5007	4824	3940	2915	3456	2706	1990	2009
Chemicals		178	1075	951	781	542	493	523	418	319	386	352
Sponge Iron^		-	-	-	-	-	111	1008	951	756	635	1021
Others		102	615	544	484	419	351	749	733	598	481	440
Inter-segment Elimination		-58	-349	-338	-259	-176	-175	-210	-208	-177	-156	-160
Total Net Revenue		4855	29324	27909	25245	21550	20195	18496	17141	14142	10275	9315
PBIDT												
Cement <sup>§</sup>		676	4086	4872	4283	3345	4706	3686	3747	3175	1459	974
Viscose Staple Fibre		119	716	901	1274	1628	1339	521	1109	754	493	613
Chemicals		37	225	245	161	124	125	155	138	81	125	104
Sponge Iron		-	-	-	-	-	-39	135	160	85	74	390
Others/Unallocated/Inter-segment Elimination		77	464	525	603	297	192	283	268	195	186	192
Total PBIDT		909	5491	6543	6321	5395	6322	4779	5422	4290	2337	2272
Interest		74	447	324	314	407	334	307	222	229	219	284
Gross Profit (PBDT)		835	5044	6219	6007	4988	5988	4472	5200	4061	2118	1988
Depreciation		241	1457	1252	1155	1139	995	865	670	610	563	556
Profit Before Tax, Exceptional and Extraordinary Items		594	3586	4967	4852	3849	4993	3607	4530	3451	1555	1432
Exceptional Items (EI)		-	-	204	-	-	-	-	46	-	4	-129
Profit Before Tax and Extraordinary Items		594	3586	5171	4852	3849	4993	3607	4576	3451	1559	1303
Total Tax Expenses		122	735	1467	1321	954	1570	992	1466	1092	402	442
Net Profit Before Extraordinary Items		472	2851	3704	3531	2895	3423	2615	3110	2359	1157	861
Extraordinary Items (EO)		-	-	-	-	-	336	-	236	-	-	-
Net Profit Before Minority Interest		472	2851	3704	3531	2895	3759	2615	3346	2359	1157	861
Less: Minority Interest		146	883	1074	947	660	714	444	457	392	116	-19
Add: Share in Profit/(Loss) of Associate**#		17	103	74	63	44	51	16	2	-0.4	-	-
Net Profit		343	2072	2704	2647	2279	3096	2187	2891	1967	1041	880

<sup>^</sup> Sold on 22nd May, 2009.

<sup>§</sup> Income of UltraTech Cement related to unallocated corporate capital employed included in Unallocated PBIDT.

<sup>\*\*</sup> Results of Idea Cellular Limited was consolidated as 'Joint Venture' till 31st December, 2009 and thereafter as an 'Associate'.

<sup>#</sup> Results of Domsjo consolidated as JV w.e.f. 1st October, 2012 as against 'Associate' till 30th September, 2012.

Note <sup>1</sup> - 1 USD = INR 60.40

	₹ in Crore										
	2013-14		2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
	(USD Million <sup>2</sup> )										
<b>Balance Sheet<sup>3</sup></b>											
Net Fixed Assets (incl. CWIP and Capital Advances)	4499	26943	24771	19312	15789	14553	14219	12923	8472	6416	6299
Long-Term Loans and Advances (excluding Capital Advances)	145	868	457	334	202						
Investments (Non-Current and Current)	1271	7611	8011	7876	7933	6676	3550	1661	2272	1352	769
Goodwill	547	3277	3010	2496	2419	2007	2001	1991	1844	1773	1958
Current Assets (excluding Current Investments)	1509	9036	7874	6513	5678	4538	4498	4280	3301	2619	2397
	<b>7970</b>	<b>47735</b>	<b>44123</b>	<b>36531</b>	<b>32021</b>	<b>27774</b>	<b>24268</b>	<b>20855</b>	<b>15890</b>	<b>12159</b>	<b>11423</b>
Equity Share Capital	15	92	92	92	92	92	92	92	92	92	92
Share Capital (Other than Equity)	7	45	43	42	38	36	33	29	6	43	43
Reserves and Surplus	3586	21478	19522	16935	14444	12397	11433	9059	6464	4703	3952
Net Worth	3609	21614	19657	17069	14573	12525	11558	9180	6562	4837	4086
Minority Interest	1158	6936	6221	5233	4351	3755	1670	1269	859	514	500
Deferred Tax Liabilities (Net)	468	2803	2301	1979	1962	2006	1592	1158	1153	1158	1179
Long-Term Liabilities and Provisions	35	211	205	189	166						
Total Loan Funds <sup>4</sup>	1616	9681	9550	7038	6783	5599	5893	5577	4873	3683	3934
Current Liabilities <sup>4</sup>	1083	6489	6189	5023	4186	3889	3555	3672	2443	1967	1723
	<b>7970</b>	<b>47735</b>	<b>44123</b>	<b>36531</b>	<b>32021</b>	<b>27774</b>	<b>24268</b>	<b>20855</b>	<b>15890</b>	<b>12159</b>	<b>11423</b>
Note <sup>2</sup> - 1 USD = INR 59.89											
Note <sup>3</sup> - Balance Sheets from FY 2010-11 have been published in formats prescribed as per revised Schedule VI of the Companies Act, 1956, whereas data for the period upto FY 2009-10 are as per old Schedule VI. For better comparison with earlier years, some figures have been regrouped.											
Note <sup>4</sup> - Short-Term Borrowings and Current Maturities of Long-Term Borrowings have been included in Total Loan Funds, excluding the same from Current Liabilities.											
<b>Ratios and Statistics</b>											
PBIDT Margin	(%)	18.4	22.9	24.3	24.6	30.9	25.5	31.1	29.8	22.3	23.8
Net Margin	(%)	6.9	8.8	10.5	10.6	13.7	11.8	15.2	13.9	10.1	10.8
Interest Cover (PBIDT - Current Tax/Total Interest)	(x)	8.3	10.9	13.4	10.6	13.9	10.7	13.1	13.3	8.7	6.3
ROACE (PBIT/Avg. CE)	(%)	10.2	15.3	17.5	16.5	23.9	20.7	31.0	31.1	17.8	21.4
RONW (PAT before EI/EO/Avg. NW)	(%)	10.0	13.6	16.7	16.8	22.9	21.1	33.1	34.5	23.2	27.1
Total Debt Equity Ratio	(x)	0.34	0.37	0.32	0.36	0.34	0.45	0.53	0.66	0.69	0.86
Net Debt to Equity Ratio	(x)	0.12	0.11	0.03	-	-	0.28	0.41	0.38	0.48	0.74
Net Debt to PBIDT Ratio	(x)	0.63	0.43	0.11	-	-	0.76	0.78	0.66	1.09	1.49
Basic Earnings Per Share (before EI/EO)	₹/Share	225.6	272.3	288.6	248.5	300.9	238.5	284.5	214.6	113.1	110.0
Book Value Per Share	₹/Share	2353	2141	1861	1589	1366	1261	1001	716	528	446
Market Cap (₹ in crore)		26,524	25,806	23,989	22,347	25,760	14,455	23,603	19,171	18,866	11,125

Year →	2013-14		2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
	(USD Million <sup>1</sup> )		₹ in Crore								
<b>Profit and Loss Account</b>											
<b>Revenue from Operations (Net)</b>	<b>928</b>	<b>5604</b>	<b>5255</b>	<b>4974</b>	<b>4640</b>	<b>8313</b>	<b>10965</b>	<b>10325</b>	<b>8644</b>	<b>6703</b>	<b>6252</b>
<b>PBIDT</b>	<b>206</b>	<b>1246</b>	<b>1523</b>	<b>1722</b>	<b>1817</b>	<b>2972</b>	<b>2844</b>	<b>3424</b>	<b>2619</b>	<b>1597</b>	<b>1785</b>
Interest	7	41	39	36	46	120	139	107	112	103	139
<b>Gross Profit (PBDT)</b>	<b>199</b>	<b>1205</b>	<b>1484</b>	<b>1686</b>	<b>1771</b>	<b>2852</b>	<b>2705</b>	<b>3317</b>	<b>2507</b>	<b>1494</b>	<b>1646</b>
Depreciation	36	220	159	144	176	351	457	353	318	292	285
<b>Profit Before Tax, Exceptional and Extraordinary Items</b>	<b>163</b>	<b>985</b>	<b>1324</b>	<b>1542</b>	<b>1595</b>	<b>2501</b>	<b>2248</b>	<b>2964</b>	<b>2189</b>	<b>1202</b>	<b>1361</b>
Exceptional Items (EI)	-	-	204	-	-	-	-	46	37	4	-57
<b>Profit Before Tax and Extraordinary Items</b>	<b>163</b>	<b>985</b>	<b>1529</b>	<b>1542</b>	<b>1595</b>	<b>2501</b>	<b>2248</b>	<b>3010</b>	<b>2226</b>	<b>1206</b>	<b>1304</b>
Total Tax Expense	15	89	303	365	413	745	600	962	690	343	418
<b>Net Profit Before Extraordinary Items</b>	<b>148</b>	<b>896</b>	<b>1226</b>	<b>1177</b>	<b>1182</b>	<b>1756</b>	<b>1648</b>	<b>2048</b>	<b>1536</b>	<b>863</b>	<b>886</b>
Extraordinary Items (EO)	-	-	-	-	-	336	-	185	-	-	-
<b>Net Profit</b>	<b>148</b>	<b>896</b>	<b>1226</b>	<b>1177</b>	<b>1182</b>	<b>2092</b>	<b>1648</b>	<b>2233</b>	<b>1536</b>	<b>863</b>	<b>886</b>
Equity Dividend (including CTD)	33	200	216	218	197	309	316	316	287	209	167
<b>Balance Sheet<sup>3</sup></b>	<b>(USD Million<sup>2</sup>)</b>		<b>₹ in Crore</b>								
Net Fixed Assets (incl. CWIP and Capital Advance)	918	5495	4765	2514	1643	1829	8308	7054	4597	3311	3209
Long-Term Loans and Advances (Excluding Capital Advances)	57	339	171	126	98						
Investments (Non-Current and Current)	936	5604	6224	6830	6910	6325	4609	4081	4275	3482	2982
Current Assets (excluding Current Investments)	407	2440	1906	1567	1356	1164	3098	2986	2342	2027	1854
	<b>2317</b>	<b>13878</b>	<b>13066</b>	<b>11036</b>	<b>10007</b>	<b>9318</b>	<b>16015</b>	<b>14120</b>	<b>11214</b>	<b>8820</b>	<b>8044</b>
Share Capital	15	92	92	92	92	92	92	92	92	92	92
Reserves and Surplus	1793	10736	10030	9008	8042	7053	9386	8049	6138	4890	4237
Net Worth	1808	10828	10122	9099	8134	7145	9478	8141	6230	4982	4328
Deferred Tax Liabilities (Net)	77	462	344	239	230	252	864	607	583	584	599
Long-Term Liabilities and Provisions	10	57	56	51	47						
Total Loan Funds <sup>4</sup>	217	1302	1284	720	814	1038	3395	3202	2951	1980	2008
Current Liabilities <sup>4</sup>	205	1229	1260	927	782	883	2278	2171	1450	1273	1108
	<b>2317</b>	<b>13878</b>	<b>13066</b>	<b>11036</b>	<b>10007</b>	<b>9318</b>	<b>16015</b>	<b>14120</b>	<b>11214</b>	<b>8820</b>	<b>8044</b>
<b>Ratios and Statistics</b>											
PBIDT Margin	(%)	20.8	26.8	31.7	36.8	34.8	25.4	32.3	29.6	23.2	27.8
Net Margin	(%)	15.0	18.0	21.6	23.9	20.5	14.7	18.9	16.9	12.5	14.7
Interest Cover (PBIDT - Current Tax/Total Interest)	(x)	13.2	21.3	36.8	30.3	15.5	11.8	14.5	15.7	11.9	9.6
Total Debt to Equity Ratio	(x)	0.12	0.13	0.08	0.10	0.15	0.36	0.39	0.47	0.40	0.46
Net Debt to Equity Ratio <sup>5</sup>	(x)	-	-	-	-	-	0.2	0.2	0.2	0.2	0.3
Net Debt to PBIDT Ratio <sup>5</sup>	(x)	-	-	-	-	-	0.7	0.6	0.5	0.6	0.8
Dividend Per Share	₹/Share	21.0	22.5	22.5	20.0	30.0	30.0	30.0	27.5	20.0	16.0
Basic Earnings Per Share (before EI/EO)	₹/Share	97.6	111.3	128.3	128.9	191.5	179.8	218.3	163.5	93.7	102.9
Book Value Per Share	₹/Share	1179	1103	992	887	779	1034	888	679	543	472
No. of Equity Shareholders	No.	137732	145595	155904	164548	158702	168801	162411	168671	164847	174831
No. of Employees	No.	7474	7301	6618	6568	6636	13592	13200	15023	15156	15363
Note <sup>1</sup> - 1 USD = INR 60.40											
Note <sup>2</sup> - 1 USD = INR 59.89											
Note <sup>3</sup> - Balance Sheets from FY 2010-11 have been published in formats prescribed as per revised Schedule VI of the Companies Act, 1956, whereas data for the period upto FY 2009-10 are as per old Schedule VI. For better comparison with earlier years, some figures have been regrouped.											
Note <sup>4</sup> - Short-Term Borrowings and Current Maturities of Long-Term Borrowings have been included in Total Loan Funds, excluding the same from Current Liabilities.											
Note <sup>5</sup> - From FY 2009-10 to FY2013-14, Liquid Investments are higher than total debts.											

## OVERVIEW

During the Financial Year 2013-14 (FY 13-14), advanced economies were gradually recovering while emerging market economies slowed down. They faced the dual challenge of slowing growth and tighter global financial conditions. Currency depreciation accentuated inflationary pressure and most of the emerging economies' central banks engaged in monetary tightening. Slower economic growth in China also impacted global economic environment.

The Indian economy further slowed down with GDP growth in FY 13-14 estimated to be less than 5%. Industrial growth rate continued to stay weak at 0.5%. Domestic investments declined due to high interest rates and slowdown in capex cycle. Rupee witnessed sharp depreciation during the first half of the year, though it has stabilised since December 2013. With focus on improving macro stability, fiscal deficit has been contained at 4.6% of GDP, current account deficit has come down to 1.7% of GDP and the inflation trend is moderating. This should help in accelerating growth in Indian economy, going forward.

The economic slowdown has impacted the performance of your Company as well. In Viscose Staple Fibre (VSF) business, though demand continued to grow globally, margins contracted given rising raw material prices coupled with subdued realisation in line with the global scenario due to the large surplus capacities in China. The Cement industry witnessed sluggish demand due to the slowdown in infrastructure projects, real estate sector and capex cycle.

## STRATEGIC INITIATIVES

In line with its objective of strengthening its leadership position in both VSF and Cement businesses, your Company made considerable progress with its expansion plans:

### VSF Business Expansion

The capacity expansion from 334K TPA to 498K TPA is in its final stage of becoming operational. Of this, the Brownfield expansion (36K TPA) at Harihar, Karnataka, has been completed with the commissioning of Power plant in Phase-II in May 2013. In respect of Greenfield project (120K TPA) at Vilayat in Gujarat, trial runs for Line 1 have commenced in April 2014, to be followed by trial runs of Line 2 shortly. The remaining two lines focusing on specialty fibre are expected to be commissioned in the 2nd quarter of the current year. Besides increasing volumes, the plant will augment your Company's presence in specialty fibres such as Modal and Micro-modal.

### Cement Business Expansion

Considerable progress has been made in Brownfield expansions under implementation. Clinkerisation plant (3.3 Mn. TPA) along with the grinding capacity (1.45 Mn. TPA) at Malkhed, Karnataka and Jharsuguda, Odisha (1.60 Mn. TPA), was commissioned in FY 13-14. This is in addition to clinkerisation plant at Raipur, Chhattisgarh (3.3 Mn. TPA) and grinding capacity at Hotgi, Maharashtra (1.55 Mn. TPA) already commissioned in FY 12-13. The remaining cement grinding facility of ~4.5 Mn. TPA is slated to go onstream in a phased manner by 2015. Work on the 2.9 Mn. TPA expansion at Aditya Cement in Rajasthan is expected to be commissioned in 2015.

### Acquisition of 4.8 Mn. TPA Cement Capacity in Gujarat

In September 2013, UltraTech Cement Ltd. (UltraTech), the subsidiary of your Company, entered into an agreement to acquire, by way of a demerger, the Gujarat Cement units (4.8 Mn. TPA) comprising of an integrated cement plant at Sewagram and a grinding unit at Wanakbori of Jaypee Cement Corporation Limited (JCCL). The transaction has received the requisite regulatory approvals from Competition Commission of India, shareholders, creditors and Hon'ble High Courts, and is now subject to the approval of Securities and Exchange Board of India.

On completion of the ongoing expansions and the acquisition, UltraTech's cement capacity will increase to 70 Mn. TPA.

### Strengthening of Backward Integration through Expansion in Chemical Business

The 182,500 TPA Caustic Soda plant at Vilayat, Gujarat, has been commissioned in May 2013. With this, your Company has the largest capacity of 452,500 TPA in the Chlor-alkali segment in India.

To expand its portfolio of downstream Value Added Products, a 51,500 TPA Epoxy plant began operations in December 2013.

## BUSINESS PERFORMANCE REVIEW

### Viscose Staple Fibre (VSF)

	Unit	FY13-14	FY12-13	% Change
<b>Standalone Performance</b>				
Installed Capacity	TPA	3,77,775	3,52,225	7
Production	Tons	3,61,012	3,37,492	7
Sales Volumes	Tons	3,66,978	3,36,065	9
Net Divisional Revenue	₹ Crore	4,714	4,472	5
Average Realisation	₹/Ton	1,20,597	1,24,408	(3)
PBIDT	₹ Crore	724.3	931.0	(22)
PBIDT Margin	%	15.4	20.8	-
<b>Consolidated Performance*</b>				
Net Divisional Revenue	₹ Crore	6,331.4	5,428.2	17
PBIDT	₹ Crore	715.8	901.1	(21)
PBIDT Margin	%	11.3	16.5	

\* Including Pulp and Fibre JVs.

### Performance Review

Total textile fibre consumption has been growing at a steady pace of 4% from 2008 to 2012. The rate of growth, going forward, is expected to remain around this level. Against this, world demand for VSF has grown at 12% CAGR (CY 09-CY 13), primarily driven by VSF industry in China (CAGR of 15% in last 5 years).

Despite good growth, the business environment continues to remain challenging. Over the last few years, all the leading VSF manufacturers have actively pursued capacity expansion. This has led to a large over capacity and pressure on realisations. The capacity addition in China has been much faster than the rest of the world, resulting in a 69% capacity utilisation in 2013 against the global average of 79%. The availability of dissolving grade pulp, which was a constraint until last year, has become surplus in the current year, as several paper grade pulp producers have converted their facilities from paper grade to dissolving grade. This too has supplemented overcapacity in VSF.

With a large surplus capacity, Chinese players are aggressively exporting, leading to a decline in global prices. The demand supply imbalance and liquidity crunch in China impacted VSF prices in global markets. The fall in realisations of your Company were much lower compared to global trends, supported by rupee depreciation.

Your Company's production increased by 7% vis-à-vis FY 12-13, with the enhanced capacity at Harihar plant. Despite difficult market conditions, sales volumes grew by 9%. A sharp depreciation of the rupee and a steep increase in pulp and wood prices resulted in a substantial increase in input costs and decline in EBITDA margins.

Led by better efficiency and realisations, profitability has improved in Pulp JVs. Losses at AV Terrace Bay amounting to ₹ 79 crore (your Company's share) has affected the consolidated performance, despite the significant improvement in plant efficiency. The performance of the VSF JV in China was affected due to depressed market conditions.

Capex plans of ₹ 2,725 crore are under implementation, including the Greenfield Vilayat project and the normal capex, of which ₹ 1,870 crore has already been spent as at 31st March, 2014.



## Sector Outlook

The world economy continues to pass through an uncertain phase with high volatility. Though the US is showing signs of slow and steady recovery, the challenges in the Euro Zone remain. The slowdown in China will pose additional concerns. Margins are likely to remain under pressure in the near term due to overcapacity in China. However, the slowdown of new capacity additions in China should lead to improvement in industry utilisation.

In the long term, with limitations for growth of cotton production due to competition with other cash crops, growing population, rising prosperity and increasing consumer awareness about the benefits of cellulosic fibre, VSF is well positioned to achieve a larger share of the global fibre pie.

## Business Outlook

The additional capacity from the ongoing Greenfield expansion at Vilayat will push volume growth. Your Company will continue to focus on specialty fibres.

The Business is committed to achieve world benchmark quality besides expanding new product offerings by expediting R&D projects as elaborated in the Directors' Report. Further, the Business will continue to focus on improving its cost competitive position. These measures will ensure the Company maintaining its leadership position.

## Chemicals

	Unit	FY13-14	FY12-13	% Change
<b>Caustic Soda</b>				
- Installed Capacity	TPA	4,52,500	2,58,000	75
- Effective Capacity for the year (Post-expansion)	TPA	3,51,790	2,58,000	36
- Production	Tons	3,13,479	2,70,191	16
- Sales Volumes	Tons	3,14,488	2,69,438	17
Net Divisional Revenue	₹ Crore	1,074.50	951.25	13
ECU Realisation	₹/Ton	26,950	27,257	(1)
PBIDT	₹ Crore	225	245	(8)
PBIDT Margin	%	20.9	25.7	-

## Performance Review

The Chemical business reported a growth of 16% and 17% in production and sales volume, respectively. Additional volumes from its Vilayat plant and an uninterrupted production at its Nagda plant were the key drivers. Production at the Vilayat plant was hampered during the third quarter on account of the unprecedented floods. ECU realisation saw a marginal decline in the first half from the peak level witnessed during FY 12-13, even as it recovered during the second half. The operating profit for the business was lower due to the initial losses after the commissioning of Caustic and Epoxy plant at Vilayat.

## Sector Outlook

Caustic demand in India will benefit from expected high growth in the aluminium industry in India. Demand growth from paper as well as soaps and the detergents segment would be healthy with rising consumption. Chlorine demand will be linked with growth in agrochemicals, dye intermediates, organic intermediates, etc. However, increase in production volume in Western India may impact its demand supply balance.

## Business Outlook

The full benefit of the Chemical complex at Vilayat (Chloro-Alkali, Epoxy and other value added products) will accrue in FY 14-15 with the gradual ramp up in production.

**UltraTech Cement Ltd. (Cement Subsidiary)**

	Unit	FY13-14	FY12-13	% Change
<b>Grey Cement</b>				
Capacity	Mn. TPA	56.95	53.90	6
Production	Mn. Tons	43.60	42.59	2
Sales Volumes <sup>1</sup>	Mn. Tons			
- Cement		44.06	42.75	3
- Clinker		0.60	0.89	-
Cement Realisation (Domestic)	₹/Ton	4,097	4,253	(4)
<b>White Cement and Putty</b>				
Capacity	Lac Tons	13.60	13.60	-
Production <sup>1</sup>	Lac Tons	11.67	10.20	14
Sales Volumes <sup>1</sup>	Lac Tons	11.41	10.18	12
Net Revenue	₹ Crore	21,652.2	21,324.1	2
PBIDT <sup>2</sup>	₹ Crore	4,358.0	5,143.0	(15)
PBIDT Margin	%	19.7	23.7	-

<sup>1</sup> Includes captive consumption for Ready-Mix Concrete and value added products.

<sup>2</sup> Includes income of UltraTech Cement related to unallocated corporate capital employed.

**Performance Review**

The Cement industry was affected by a sluggish demand on account of lower government spending, prolonged monsoon, a gloomy economic environment leading to low off-take from the infrastructure and housing sectors, coupled with the shortage of construction material like sand in some of the major cement consuming states.

Higher capacity addition compared to incremental demand resulted in sector capacity utilisation declining to below 70%. The subdued demand and over-capacity resulted in prices remaining under pressure. UltraTech's domestic cement realisation was at ₹ 4,097 per ton as against ₹ 4,253 per ton in FY 12-13.

UltraTech continued its efforts towards cost optimization and operational efficiencies, which to some extent helped in containing costs. The overall energy cost at ₹ 948 per ton eased by 4% over the previous year. The gain in cost was achieved with a continuous focus on improving efficiencies in consumption and increasing the usage of pet coke. Although prices of imported coal softened, the depreciation in rupee negated the benefit. Limestone mining cost and landed cost of all major input material have increased, linked to regular hike in HSD prices. The rise in rail freight and diesel prices (more than 20%) impacted the logistics cost substantially.

UltraTech has earmarked a capex of ~₹ 10,000 crore to be incurred in setting up the grinding units, Brownfield expansion in Rajasthan, cement terminals and other normal capex. These are likely to be commissioned in a phased manner by 2015.

**Outlook for Cement Business**

Industry is likely to face an oversupply situation till FY 16-17 with the utilisation remaining below 75%. As a result pricing may remain under pressure. The pace of capacity addition is slowing down and an additional ~50 Mn. TPA is expected in next three years.

The demand growth should gradually recover to 8% on improved economic environment. Higher infrastructure spending, robust potential in rural housing and the expected decline in interest rates augur well for the cement industry.

### Textiles - Grasim Bhiwani Textiles Limited (GBTL)

GBTL, your Company's textile subsidiary, grew on the back of higher volume in the OTC segment in India and better realisation in export markets. Its operating profit at ₹ 36.7 crore improved by 17% with higher margins in export markets. Net profit almost doubled from ₹ 9.1 crore in the previous year to ₹ 18.1 crore.

## FINANCIAL REVIEW AND ANALYSIS

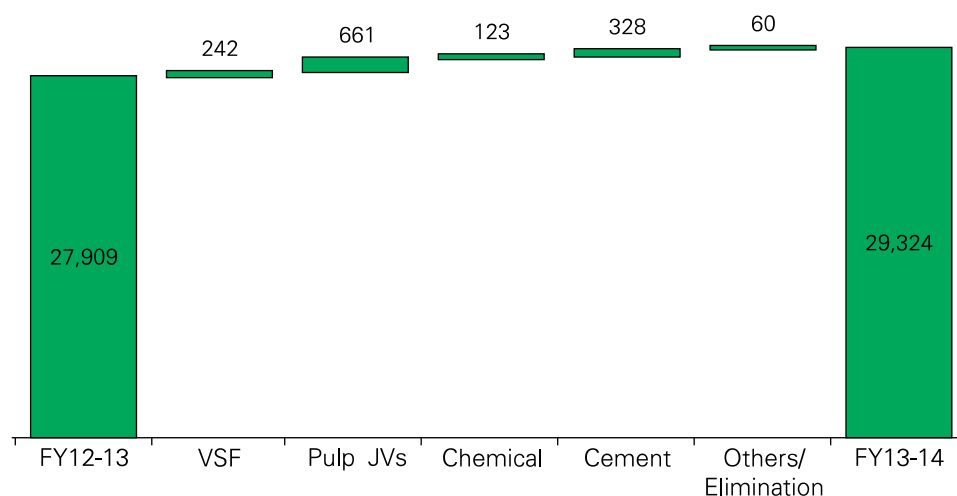
### Consolidated Financial Performance

(₹ Crore)

	FY13-14	FY12-13	% Change
<b>Revenue from Operations (Net)</b>	<b>29,324.0</b>	<b>27,909.3</b>	<b>5</b>
Other Income	576.6	619.5	(7)
<b>Profit Before Interest, Depreciation and Tax</b>	<b>5,491.0</b>	<b>6,543.1</b>	<b>(16)</b>
Interest	447.3	324.1	38
Depreciation	1,457.5	1,252.1	16
<b>Profit Before Tax Expenses</b> (Before Exceptional Item)	<b>3,586.2</b>	<b>4,966.9</b>	<b>(28)</b>
Exceptional Item	-	204.4	-
<b>Profit Before Tax Expenses</b>	<b>3,586.2</b>	<b>5,171.3</b>	<b>(31)</b>
Tax Expenses	734.8	1,467.2	(50)
<b>Profit After Tax</b>	<b>2,851.4</b>	<b>3,704.1</b>	<b>(23)</b>
Less: Minority Interest	882.8	1,073.4	(18)
Add: Share in Profit of Associates	102.9	73.7	40
<b>Profit for the Year</b>	<b>2,071.5</b>	<b>2,704.4</b>	<b>(23)</b>

### Revenue from Operations

The revenue from operations is up from ₹ 27,909 crore to ₹ 29,324 crore, up 5% led by volume growth in all the businesses, namely, VSF, Cement and Chemical.



### Other Income

Other Income of ₹ 577 crore declined by 7% as the surplus treasury size reduced with ongoing capex plans.

### Operating Profit (PBIDT)

PBIDT at ₹ 5,491 crore is lower by 16% due to a fall in realisations in both Cement and VSF businesses. Profitability was also impacted due to rise in freight cost in Cement and pulp cost in VSF due to rupee depreciation. However, the impact was partially offset by higher volumes in all the Businesses and cost control measures.

### Finance Cost

The finance cost increased from ₹ 324 crore in the previous year to ₹ 447 crore, primarily due to commissioning of projects in the Cement business. Finance cost is net of subsidy received in Cement business in terms of State Investment Promotion Scheme amounting to ₹ 62 crore and concessional interest rate on loans secured by VSF business under the Scheme of TUF loans. Interest cover (including interest capitalised) is high at 9 times.

### Depreciation

During the financial year, with the commissioning of various projects, gross fixed assets rose to ₹ 34,112 crore on 31st March, 2014, from ₹ 28,332 crore on 31st March, 2013. Consequently, depreciation has increased by 16% to ₹ 1,458 crore.

### Tax Expenses

Tax expenses declined by 50% at ₹ 735 crore on account of lower profits and reasons indicated.

- Current tax declined from ₹ 1,223 crore to ₹ 359 crore. Your Company as well as its subsidiary UltraTech has made tax payments under the Minimum Alternate Tax (MAT) provision during the year and has accounted for MAT credit amounting to ₹ 392 crore. MAT Credit will be available for set off against tax liability of coming years.
- Deferred tax liability of FY 12-13 was higher due to one-time impact of ₹ 102 crore on account of increase in tax surcharge from 5% to 10%. Further, in the current year, there is lower deferred tax liability on account of tax holiday for newly commissioned thermal power plants.
- There was a reversal of income-tax provision for earlier years amounting to ₹ 125 crore during the current year (₹ 7 crore in the previous year).

### Profit for the Year

Net profit before exceptional item for the year stood at ₹ 2,072 crore vis-à-vis ₹ 2,500 crore last year.

### Standalone Financial Performance

(₹ Crore)

	FY13-14	FY12-13	% Change
Revenue from Operations (Net)	5,604	5,255	7
Profit before Interest, Depreciation and Tax	1,246	1,523	(18)
Profit for the Year (Before Exceptional Item)	896	1,022	(12)
Exceptional Item – Gain on Sale of Long-Term Investments	-	204	
Profit for the Year (After Exceptional Items)	896	1,226	(27)

Revenue rose by 7% on the back of higher volumes in both VSF and Chemical businesses. Standalone performance was subdued mainly due to lower operating margins in the VSF business. Depreciation has increased from ₹ 159 crore to ₹ 219 crore, largely on account of VSF expansion at Harihar and Chemical plant at Vilayat. Net Profit before exceptional item was ₹ 896 crore as compared to ₹ 1,022 crore in the FY 12-13.

**CASH FLOW ANALYSIS (Standalone)**

(₹ in Crore)

	<b>FY 13-14</b>
<b>Sources of Cash</b>	
Cash from Operations	748
Net Decrease in Investments	924
Net Increase in Debts	18
Non-Operating Cash Flow (Dividend and Interest Income)	207
Proceeds from Equity (Issue of Shares under ESOS)	8
	<b>1,905</b>
<b>Uses of Cash</b>	
Capital Expenditure (Net)	909
Increase in Working Capital	686
Interest	84
Dividend	216
Increase in Cash and Cash Equivalents	10
	<b>1,905</b>

**Sources of Cash****Cash from Operations**

The Company generated ₹ 748 crore from operations.

**Net Decrease in Investments**

Investments of ₹ 973 crore (net) were redeemed from various mutual funds, inter-corporate deposits, bonds and certificate of deposits on maturity.

₹ 46.5 crore was invested in AV Terrace Bay and ₹ 7.7 crore in Birla Laos, existing joint ventures of the Company.

**Net Increase in Debts**

Long-Term Loans amounting to ₹ 194 crore under TUF scheme were raised to finance VSF project at Vilayat. TUF Loan (₹ 56 crore), Foreign Currency Loans (₹ 51 crore), and deferred sales tax loans (₹ 17 crore) were repaid. Short-term borrowings decreased by ₹ 52 crore.

**Uses of Cash****Capital Expenditure (Net)**

The Company spent ₹ 612 crore during the year on the Greenfield VSF, Caustic Soda and Epoxy projects at Vilayat, Gujarat. The balance capex was invested in various modernisation and upgradation schemes.

**Increase in Working Capital**

Working capital increased by ₹ 686 crore mainly due to expansion in VSF and Chemical business, as well as impact of increase in raw material prices. Raw material inventory has been built up to cater to increased requirement at Vilayat for VSF, Caustic and Epoxy production. Further, CENVAT/Vat receivable has increased during project stage at Vilayat. The same will be utilised in next two years.

## Dividend

A dividend of ₹ 22.50 per share amounting to ₹ 216 crore was paid for FY 12-13.

## RISKS AND CONCERNS

Risk Management is an important business aspect in today's economic environment. The aim of risk management is to identify, monitor and take mitigation measures in respect of the events that may pose risks for the businesses. The Company's risk management is embedded in the business processes. Your Company has identified the following risks:

Key Risk	Impact on Grasim	Mitigation Plans
Commodity Price Risk	Risk of price fluctuation on raw materials, energy as well as finished goods.	<ul style="list-style-type: none"> <li>- Backward integration in pulp and caustic soda in the VSF business mitigates risk of increase in the prices of raw material.</li> <li>- By setting up captive power plants in all businesses of the Company, effect of rise in power cost is effectively mitigated to a large extent.</li> <li>- Multi fuel capable kiln/power plants in Cement business helps in optimising fuel mix.</li> <li>- Focus on value added products, e.g., speciality fibre in VSF, wall-care putty in white cement, etc., help in lowering the impact of demand/ prices fluctuation in finished goods.</li> </ul>
Securing natural resources	<p>Cement business operations are dependent on continuous availability of quality coal at economical prices.</p> <p>Unavailability of limestone may impact Cement business growth plans in long term.</p> <p>Acquisition of land for expansion is a key challenge.</p>	<ul style="list-style-type: none"> <li>- Entering into long-term contracts, securing coal supplies at competitive prices.</li> <li>- Identifying/Acquiring captive coal mines.</li> <li>- Efforts to increase the use of alternative fuels in cement business.</li> <li>- Sufficient limestone reserves available at existing facilities.</li> <li>- Continuous efforts for securing additional limestone reserves for enhancing the existing plant life as well as future expansion.</li> <li>- Identification of land requirement and commencement of acquisition process well in advance.</li> <li>- Company's CSR activities and delivering societal value will stand it in good stead in this regard.</li> </ul>
Uncertain global economic environment — slow growth in global economy	Impact on demand and realisation of VSF.	<ul style="list-style-type: none"> <li>- Diversification of sales across geographies.</li> <li>- Diversification of product offering by introducing high-end speciality products like Modal and Excel fibre.</li> </ul>
Interest Rate Risk	Any increase in interest rate can affect the finance cost.	<ul style="list-style-type: none"> <li>- Judicious use of fixed and floating rate debts.</li> <li>- Continuous monitoring of interest rate trends.</li> <li>- Use of interest rate swaps in case of forex borrowings.</li> </ul>



Key Risk	Impact on Grasim	Mitigation Plans
Foreign Exchange Risk	Your Company exports VSF to a number of textile manufacturing countries. Pulp in VSF and coal in Cement constitute major portion of imports. Any volatility in the currency market can impact profitability.	<ul style="list-style-type: none"> <li>- Hedge long-term and short-term foreign exchange exposure as per policy of the Company.</li> <li>- The long-term foreign exchange liability is fully hedged on held to maturity basis.</li> <li>- Differential net short-term exposure (exports and imports) is suitably hedged.</li> </ul>
Project Execution Risk	Your Company undertakes large expansion projects to expand its businesses, which are exposed to risk of time and cost overrun. Any delay in project implementation impacts the revenue and profit for the delayed period.	<ul style="list-style-type: none"> <li>- Dedicated project implementation team to monitor project execution on a continuous basis.</li> </ul>
Human Resources Risk	Company's ability to deliver value is dependent on its ability to attract, retain and nurture talent. Attrition and non-availability of the required talent resources can affect the performance of the Company.	<ul style="list-style-type: none"> <li>- Continuous benchmarking of the best HR practices across the industry and carrying out necessary improvements to attract and retain the best talent.</li> </ul>
Competition Risk	With no barriers for entry of new players, your Company is always exposed to competition risk. The increase in competition can create pressure on margins, market share, etc.	<ul style="list-style-type: none"> <li>- Continuous efforts to enhance the brand image of the Company by focusing on R&amp;D, quality, cost, timely delivery and customer service.</li> </ul>
Compliance Risk – Increasing regulatory requirements	Any default can attract penal provisions.	<ul style="list-style-type: none"> <li>- Regular monitoring and review of changes in regulatory framework.</li> <li>- Monitoring of compliances through Legal Compliance Management software.</li> </ul>
Industrial Safety, Employee Health and Safety Risk	Both the VSF and Cement industry are labour intensive and are exposed to accident, health and injury risk due to machinery breakdown, human negligence, etc.	<ul style="list-style-type: none"> <li>- Association with M/s. DuPont Safety Resources to strengthen your Company's Safety Management System.</li> <li>- Development and implementation of critical safety standards across the Units and Project sites, establishing processes for training need identification at each level of employee, introduction of "Life Saving Rule" and "Progressive Consequence Management" system.</li> <li>- Culture of safety, not just for the Company's staff but also for the contract workers.</li> <li>- Adequate Insurance Coverage.</li> </ul>

### INTERNAL CONTROL SYSTEM

Your Company's internal control system is commensurate with its scale of operations. Roles and responsibilities are clearly defined and assigned. Standard operating procedures are in place and have been

designed to provide a reasonable assurance. During the year, a Chartered Accountant firm has also been engaged for internal audit, covering all business operations. The Audit Committee reviews the adequacy and effectiveness of internal control systems and suggests ways of further strengthening them. Apart from having all policies, procedures and internal audit mechanism in place, your Company also periodically engages outside experts to carry out an independent review of the effectiveness of various business processes. The observations and good practices suggested are reviewed by the Management and Audit Committee and appropriately implemented with a view to continuously strengthen internal controls.

## CONCLUSION

In the VSF sector, margins are likely to remain under pressure in the near term due to over capacity in China. The slowdown of new capacity additions in China should lead to improvement in industry utilisation. With additional capacity coming on stream, your Company is well equipped to further consolidate its leadership position in the industry.

In Cement, the demand growth for the industry should gradually recover to 8% on improvement in economic environment.

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## CAUTIONARY STATEMENT

*Statement in this "Management Discussion and Analysis" describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities, laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian demand-supply conditions, finished goods prices, feedstock availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries within which the Company conducts businesses and other factors such as litigation and labour negotiations. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent development, information or events or otherwise.*

## Governance Philosophy

Corporate governance refers to a set of laws, regulations and good practices that enable an organization to perform efficiently and ethically generate long term wealth and create value for all its stakeholders.

We, at **Grasim Industries Limited**, are committed to the adoption of best governance practices and its adherence in the true spirit, at all times. Our governance practices are self-driven, reflecting the culture of the trusteeship that is deeply ingrained in our value system and reflected in our strategic growth process. Our governance philosophy rests on five basic tenets viz.,

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

In line with the above philosophy, your Company continuously strives for excellence through adoption of best governance and disclosure practices. In terms of Clause 49 of the Listing Agreement executed with the stock exchanges, the details of compliance for the year ended 31<sup>st</sup> March, 2014 are as follows:

## Compliance with Corporate Governance Guidelines

### BOARD OF DIRECTORS

#### (A) Composition of Board

As on 31<sup>st</sup> March, 2014, your Company's Board comprises of 12 Directors, having considerable professional experience in their respective fields. Out of them, 6 are Independent Directors, 4 are Non-Executive Directors and 2 are Executive Directors. The composition of the Board is in conformity with the requirements of the existing Clause 49 of the Listing Agreement which is effective as on 31<sup>st</sup> March, 2014.

The Executive Directors include Managing Director and Whole-Time Director.

Name of Director	Executive / Non-Executive/ Independent	No. of Equity Shares held as on 31st March, 2014	No. of Outside Directorships held in Indian Public Ltd. companies	No. of Outside Committee Positions Held in Audit/ Investor Grievance Committees		No. of Board Meetings		Attended Last AGM held on 17.08.2013
				Member	Chairman	Held	Attended	
Mr. Kumar Mangalam Birla	Non-Executive	23,915	9	-	-	4	3	No
Mrs. Rajashree Birla	Non-Executive	72,280	6	1	-	4	0	No
Mr. M.L. Apte	Independent	130	6	5	-	4	3	Yes
Mr. B.V. Bhargava	Independent	357	6	2	3	4	4	Yes
Mr. R.C. Bhargava	Independent	227	7	3	4	4	4	Yes
Mr. N. Mohan Raj (Representing equity interest of LIC)	Independent @	100	-	-	-	4	3	No
Dr. Thomas Martin Connolly Jr.	Independent	100	-	-	-	4	4	No
Mr. Cyril Shroff	Independent	137	-	-	-	4	3	No
Mr. Shailendra K. Jain	Non Executive	14,164	4	2	-	4	4	Yes
Mr. D.D. Rathi	Non-Executive	3,650	1	1	-	4	4	Yes
Mr. K.K. Maheshwari	Managing Director	5,797	2	1	1	4	4	Yes
Mr. Adesh Kumar Gupta	Whole Time Director	980	9	2	-	4	4	Yes

Mr. Kumar Mangalam Birla and Mrs. Rajashree Birla are related as Son & Mother respectively.

No other Director is related to any other Director on the Board.

@ Considered as an Independent Director in terms of the existing Clause 49 of the Listing Agreement which is effective as on 31<sup>st</sup> March, 2014

**(B) Role of Board of Directors**

Your Company's Board of Directors plays primary role in ensuring good governance, smooth functioning of the Company and in the creation of shareholder value. The Board's role, functions, responsibility and accountability are clearly defined. As Board's primary role is fiduciary in nature, it is responsible for ensuring that the Company runs on sound ethical business practices and that the resources of the Company are utilized in a manner so as to create sustainable growth and value for the Company's shareholders and the other stakeholders and also to fulfill the aspirations of the society and the communities in which it operates. As part of its function, your Board periodically reviews all the relevant information which is required to be placed before it pursuant to Clause 49 of the Listing Agreement and in particular reviews and approves corporate strategies, business plans, annual budgets, projects and capital expenditure. Your Board monitors the Company's overall corporate performance, directs and guides the activities of the Management towards the set goals and seek accountability. Your Board also sets standards of corporate behavior, ensures transparency in corporate dealings and compliance with the laws and regulations.

Agenda of the Board Meeting and Notes on Agenda are circulated to the Directors as far as possible well in advance of each Board Meeting. At the Board Meeting, elaborate presentations are made to the Board. The Members of the Board discusses each agenda item freely in detail.

Your Board meets at least once in a quarter to review the quarterly financial results and operations of your Company. Apart from the above, additional Board Meetings are convened by giving appropriate notice to address the specific needs and the business requirements of the Company.

During the year under review, the Board met 4 times. The details of Board Meetings held during FY 2013-14 are as under:

Sr. No.	Date of Board Meeting	City	No. of Directors Present
1.	04.05.2013	Mumbai	10
2.	03.08.2013	Mumbai	9
3.	30.10.2013	Mumbai	10
4.	01.02.2014	Mumbai	11

Your Company also uses video/tele-conferencing facilities to enable participation of your Directors in the Board/Committee Meetings.

**AUDIT COMMITTEE / OTHER COMMITTEES AT BOARD LEVEL****(A) Qualified and Independent Audit Committee**

Your Company has an Audit Committee at the Board level which acts as a link between the management, the statutory and internal auditors and the Board of Directors and oversees the financial reporting process. It interacts with statutory, internal & cost auditors and reviews and recommends their appointment and remuneration. The Audit Committee is provided with necessary assistance and information so as to enable it to carry out its function effectively.

The scope of the functioning of the Audit Committee is to review, from time to time, the audit & internal control procedures, the accounting policies of the Company, oversight of the Company's financial reporting process so as to ensure that the financial statements are correct, sufficient and credible, and it performs such other functions and role, and exercises the powers as are recommended from time to time by SEBI, Stock Exchanges and/or under the Companies Act, 1956. Your Audit Committee mandatorily reviews the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions submitted by the management;
3. Management letters/letters of internal control weaknesses, if any, issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses, if any, & implementation of action points arising there from; and the appointment, removal and terms of remuneration of the Chief Internal auditor;

5. Quarterly and annual financial statements; and
6. Risk assessment and minimization procedures.

The Audit Committee comprises of the following Directors, all of who are Independent Directors and are financially literate and having accounting or related financial management expertise:

1. Mr. B.V. Bhargava, Chairman
2. Mr. R.C. Bhargava, Member
3. Mr. M.L. Apte, Member

The Managing Director and the Whole Time Director & CFO are permanent invitees to the Audit Committee Meetings.

The Statutory as well as Internal Auditor of the Company are also invited to the Audit Committee Meetings. The representatives of the Cost Auditors are also invited to the Audit Committee Meetings whenever matters relating to the Cost Audit are considered.

Mr. Ashok Malu, Company Secretary, acts as the Secretary to the Audit Committee.

The Chairman of the Audit Committee was present at the Annual General Meeting of the Company held on 17<sup>th</sup> August, 2013.

### Meetings of Audit Committee:

During the year under review, the Audit Committee met 8 times to deliberate on various matters. The details of attendance of the Committee members is follows:

Name of Committee Member	No. of Meetings	
	Held	Attended
Mr. B.V. Bhargava	8	8
Mr. R.C. Bhargava	8	8
Mr. M.L. Apte	8	7

## (B) Other Committees at the Board level

### i) Stakeholders Relationship Committee

The Company has a "Stakeholders Relationship Committee" at the Board level to look into various issues relating to shareholders/investors including transfer and transmission of shares as well as non-receipt of dividend, Annual Report, shares after transfers and delays in transfer of shares. In addition, the Committee looks into other issues including status of dematerialization/rematerialization of shares and debentures as well as systems and procedures followed to track investor complaints and suggest measures for improvement from time to time.

The Committee comprises of the following Directors, viz., Mr. Cyril Shroff, Mr. B. V. Bhargava, Mr. D.D. Rathi & Mr. Adesh Kumar Gupta.

During the year under review, the Committee met once to deliberate on various matters referred above. Details of attendance by Directors at the Committee meeting is as follows:

Name of Committee Member	No. of Meetings	
	Held	Attended
Mr. Cyril Shroff	1	1
Mr. B. V. Bhargava	1	1
Mr. D.D. Rathi	1	1
Mr. Adesh Kumar Gupta	1	1

Mr. Ashok Malu, Company Secretary, acts as Secretary to the Committee

**ii) ESOS Compensation Committee**

The ESOS Compensation Committee comprises of the following Directors, viz. Mr. Kumar Mangalam Birla, Chairman, Mr. M.L. Apte and Mr. Cyril Shroff. The Committee is formed to implement, administer and supervise the Employees Stock Option Scheme – 2006 (ESOS 2006) and Employee Stock Option Scheme – 2013 (ESOS 2013).

**iii) Finance Committee**

The Company has a Finance Committee to look into various matters, interalia, to approve opening and operation of Bank Accounts, execution of Power of Attorneys, to authorize officers of the Company in the matter of availment of secured and unsecured loans, to approve signing of agreements with the regulatory authorities and to authorize officers of the Company for performing acts required under various laws.

The Committee comprises of the following Directors, viz., Mr. B.V. Bhargava, Mr. D.D. Rathi and Mr. Adesh Kumar Gupta.

During the year under review, the Committee met 4 times to deliberate on various matters referred above. Details of the attendance of the Committee members are as follows:

Name of Committee Member	No. of Meetings	
	Held	Attended
Mr. B.V. Bhargava	4	4
Mr. D.D. Rathi	4	4
Mr. Adesh Kumar Gupta	4	4

**iv) Corporate Social Responsibility Committee (CSR Committee)**

The CSR Committee comprises of the following Directors, viz., Mrs. Rajashree Birla, Chairperson, Mr. Shailendra K. Jain, Director and Mr. B. V. Bhargava, Independent Director. Dr. (Mrs.) Pragnya Ram, Group Executive President, Corporate Communications and CSR, has been inducted as a permanent invitee.

**v) Nomination and Remuneration Committee**

Your Board has constituted a Nomination and Remuneration Committee at the Board level comprising of the following Directors, viz., Mr. Kumar Mangalam Birla, Mr. M. L. Apte and Mr. Cyril Shroff. Mr. Apte and Mr. Shroff are Independent Directors of the Company.

**REMUNERATION OF NON-EXECUTIVE / EXECUTIVE DIRECTORS**

All decisions relating to the remuneration of the Directors were taken by the Board of Directors of the Company in accordance with the Shareholders' approval, wherever necessary.

Sitting fee has been paid to the Non-Executive / Independent Directors for attending Board / Committee Meetings as under:

Board / Board Committee	Sitting Fees per meeting
Board	₹ 20,000/-
Audit Committee	₹ 10,000/-
Stakeholders Relationship Committee	₹ 5,000/-
ESOS Compensation Committee	₹ 5,000/-
Finance Committee	₹ 5,000/-
CSR Committee	₹ 5,000/-
Nomination & Remuneration Committee	₹ 5,000/-

Mr. K.K. Maheshwari and Mr. Adesh Kumar Gupta are the Managing Director and the Whole Time Director of the Company, respectively, and as such no sitting fee is payable to them for the meetings attended by them.



In addition to the payment of sitting fees, the Company also pays commission to the Non-Executive Directors of the Company. The amount of the commission payable to the Non-Executive Directors is determined after assigning weightage to attendance, type and significance of the meetings to the overall functioning of the Company. At the AGM held on 17<sup>th</sup> September, 2011, the shareholders had approved payment of commission not exceeding 1% per annum of the net profits of the Company to the Non-Executive Directors for a period of five years commencing from 1<sup>st</sup> April, 2011, as may be decided by the Board of Directors. As such, each year the Board fixes the amount to be paid as commission. For FY 2013-14, the Board has approved the payment of ₹ 9.00 crores as commission to the Non-Executive Directors.

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

**a. Non-Executive/ Independent Directors:**

Name of Director	Commission* (₹)	Sitting Fees (for Board and its Committees) (₹)
Mr. Kumar Mangalam Birla	7,89,00,000	60,000
Mrs. Rajashree Birla	37,00,000	-
Mr. M L Apte	13,00,000	1,30,000
Mr. B V Bhargava	19,00,000	1,85,000
Mr. R C Bhargava	16,00,000	1,60,000
Mr. N. Mohan Raj	@2,00,000	#60,000
Dr. Thomas Martin Connelly Jr.	3,00,000	80,000
Mr. Cyril Shroff	7,00,000	65,000
Mr. Shailendra K. Jain	12,00,000	80,000
Mr. D.D. Rath	2,00,000	1,05,000
<b>Total</b>	<b>9,00,00,000</b>	<b>9,25,000</b>

\* Directors Commission amount is Inclusive of applicable Service Tax

# Sitting Fees paid to LIC / Mr. Mohan Raj. @ Commission is payable to LIC.

**b. Managing Director / Whole Time Director:**

Managing Director / Whole-Time Director	Relation- ship with other Directors, if any	Business relationship with the Company	Remuneration paid during 2013-14		
			Salary, benefits, bonus, etc. paid during the year (₹ lacs)	Performance linked incentive paid during the year for FY 2012-13 (₹ lacs)	Service Contracts, notice period, severance fee
Mr. K.K. Maheshwari	None	Managing Director	571.17	264.00	Upto 5 <sup>th</sup> March, 2017 Refer Note (b)
Mr. Adesh Kumar Gupta	None	Whole Time Director & CFO	264.75	67.16	Upto 2 <sup>nd</sup> October, 2014 Refer Note (b)

**Notes:**

- The Board has approved payment of performance linked variable pay for FY 2012-13 as aforesaid to the Managing Director and Whole Time Director on achieving of the targets.
- Managing Director and Whole Time Director's appointment can be terminated by three months' notice in writing on either side.
- Details of stock options granted to the Managing Director and the Whole-Time Director during the year are set out in Annexure to the Directors' Report.

## DISCLOSURES

### (A) Subsidiary Companies:

Your Company does not have any material non-listed Indian Subsidiary Company. The Audit Committee reviews the financial statements and in particular, the investments made by the unlisted subsidiary companies. The minutes of the Board meetings as well as statements of all significant transactions of the unlisted subsidiary companies are placed before the Board of Directors of the Company for its review.

### (B) Basis of related party transactions:

No material transaction has been entered into by the Company with the Promoters, Directors or the Management, their subsidiaries or relatives etc. that may have a potential conflict with the interest of the Company.

A comprehensive list of related party transactions as required by the Accounting Standard (AS) 18 issued by the Institute of Chartered Accountants of India, forms part of the Note No. 4.5 of the Financial Statements to the Accounts in the Annual Report. These transactions are not likely to have any conflict with the interests of the Company at large.

Your Company places all the relevant details before the Audit Committee periodically.

### (C) Risk Management

Your Company has a comprehensive risk management policy. Your Company has laid down procedures to inform Board members about the risk assessment and minimization procedures. These procedures are periodically reviewed to ensure that executive management controls the risks through properly defined framework.

The Audit Committee, which has been designated by the Board for the purpose, reviews the adequacy of the risk management framework of the Company, the key risks associated with the businesses of the Company and the measures and steps in place to minimize the same and thereafter the details are presented to and discussed at the Board Meeting. The risk management issues are discussed in the Management Discussion and Analysis Report.

### (D) Proceeds from Public Issues, Right Issues, Preferential Issues, etc.

During the year under review, the Company has not raised any proceeds from public issue, right issue or preferential issue.

### (E) Management Discussion and Analysis Report / Disclosure of Accounting Treatment

- i) Management Discussion and Analysis Report is forming part of the Annual Report and is in accordance with the requirements laid out in the Listing Agreement.
- ii) Your Company follows all relevant Accounting Standards while preparing the Financial Statements.

## REPORT ON CORPORATE GOVERNANCE

This Corporate Governance Report forms part of the Annual Report. The Company is fully compliant with all the provisions of Clause 49 of the Listing Agreement of the Stock Exchanges in India.

## COMPLIANCES

- i) Certificate from the Statutory Auditors confirming compliance with all the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement of the Stock Exchanges in India is annexed to the Directors' Report and forms part of the Annual Report.
- ii) No strictures/ penalties have been imposed on the Company by the Stock Exchanges or the Securities and Exchange Board of India (SEBI) or any statutory authority on any matters related to capital markets, during the last 3 years.

- iii) Detail of the Directors seeking re-appointment has been provided in the notice of Annual General Meeting.
- iv) Details of shareholders' complaints received, number of shares transferred during the year and the time taken for processing these transfers are furnished in the "Shareholder Information" section of this Annual Report.
- v) Status of compliance of Non-mandatory requirement
  - a) The Company maintains a separate office for the Non-Executive Chairman. All necessary infrastructure and assistance are made available to enable him to discharge his responsibilities.
  - b) "Half Yearly Performance Update" consisting of financial and operational performance for the Half Year ending on 30<sup>th</sup> September is being sent to the shareholders for long and this practice continued this year as well.
  - c) "Whistle Blower Policy" – Your Company follows the "Corporate Principles and Code of Conduct" of the Aditya Birla Group which is applicable to all the Directors and employees of the Company. It provides the mechanism to enforce and report violations of the said Principles and the Code, if any.
- vi) There is a separate section for General Shareholder information which forms part of Annual Report
- vii) Name and Designation of Compliance Officer: Mr. Ashok Malu, Company Secretary.

## GENERAL BODY MEETINGS

### Details of Annual General Meetings

During the last 3 years, the Annual General Meetings (AGM) of your Company were held at the Registered Office of the Company at Birlagram, Nagda 456331, M.P. as under:

Year	Date of AGM	Time
2010-11	17.09.2011	12.30 p.m.
2011-12	07.09.2012	11.30 a.m.
2012-13	17.08.2013	11.30 a.m.

All the resolutions, including the special resolution(s) set out in the respective Notices of the previous 3 AGMs were passed by the Shareholders.

### Postal Ballot

No resolution has been passed in FY 2013-14 through postal ballot.

## MEANS OF COMMUNICATION

- Copies of the Press Release and Quarterly Presentations on Company's performance made to Institutional Investors / Analysts are hosted on the website of the Company [www.grasim.com](http://www.grasim.com) and the Group's website [www.adityabirla.com](http://www.adityabirla.com)
- Quarterly results:

Results are normally published in :	<u>Newspaper</u>	<u>Cities of Publication</u>
	Business Standard	All Editions
	Business Line	All Editions
	The Economic Times	Mumbai
	Nai Duniya	Indore

Results are displayed on our websites : [www.grasim.com](http://www.grasim.com) & [www.adityabirla.com](http://www.adityabirla.com)

## CODE OF CONDUCT

The Board of Directors plays an important role in ensuring good governance and has laid down the Code of Conduct ("the Code") applicable to all Board Members and Senior Management of the Company. The Code is also posted on the website of Company.

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, all the Board Members and Senior Management of the Company have confirmed compliance with the Code of Conduct for the year ended 31<sup>st</sup> March, 2014.

## CEO/ CFO CERTIFICATION

Mr. K.K. Maheshwari, Managing Director and Mr. Adesh Kumar Gupta, Whole Time Director & CFO of the Company have certified to the Board that:

- (a) They have reviewed the Financial Statements and the Cash Flow Statement for the year and that to the best of their knowledge and belief:
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and
  - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) They accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- (d) They have indicated to the auditors and the Audit Committee:
  - i) significant changes in internal control over financial reporting during the year;
  - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Grasim Industries Limited

K. K. Maheshwari  
Managing Director

Adesh Kumar Gupta  
Whole Time Director & CFO

Place : Mumbai

Date : 2<sup>nd</sup> May, 2014

**1. Annual General Meeting**

- Date and Time : Saturday, 6<sup>th</sup> September, 2014 at 11.30 a.m.
- Venue : Grasim Staff Club,  
Registered Office: Birlagram - 456 331  
Nagda, Madhya Pradesh, India

**2. Financial Calendar for reporting**

- Quarters ending on 30<sup>th</sup> June, 2014; : Within 45 days of the close of the respective
- 30<sup>th</sup> September, 2014 and 31<sup>st</sup> December, 2014 quarter
- For the year ending 31<sup>st</sup> March, 2015 : Within 60 days of the close of the year
- Annual General Meeting for the year ending : By August / September 2015
- 31<sup>st</sup> March, 2015

**3. Dates of Book Closure**

- : 22<sup>nd</sup> August, 2014 to 6<sup>th</sup> September, 2014  
(both days inclusive)

**4. Dividend Payment Date**

- : On or after 8<sup>th</sup> September, 2014

**5. Registered Office**

- : Birlagram – 456 331, Nagda, Madhya Pradesh,  
India  
Tel: (07366) 246760 - 246766, 256556  
Fax: (07366) 244114/246024  
**Website** : [www.grasim.com](http://www.grasim.com) / [www.adityabirla.com](http://www.adityabirla.com)

**6 (a) Listing Details:**

- Equity Shares of the Company are listed on : 1. BSE Limited (BSE)  
2. National Stock Exchange of India Limited (NSE)
- Global Depository Receipts (GDRs) are listed on : Societe de la Bourse de Luxembourg (LSE)

**Note:** All Listing Fees on Shares/GDRs has been paid and no amount is outstanding.

**6 (b) Overseas Depository for GDRs**

- : Citibank N.A.  
Depository Receipt Services  
388, Greenwich Street, 14<sup>th</sup> Floor,  
NEW YORK, NY-10013  
Tel: +212 – 723 – 4483; Fax: +212 – 723 – 8023

**6 (c) Domestic Custodian of GDRs**

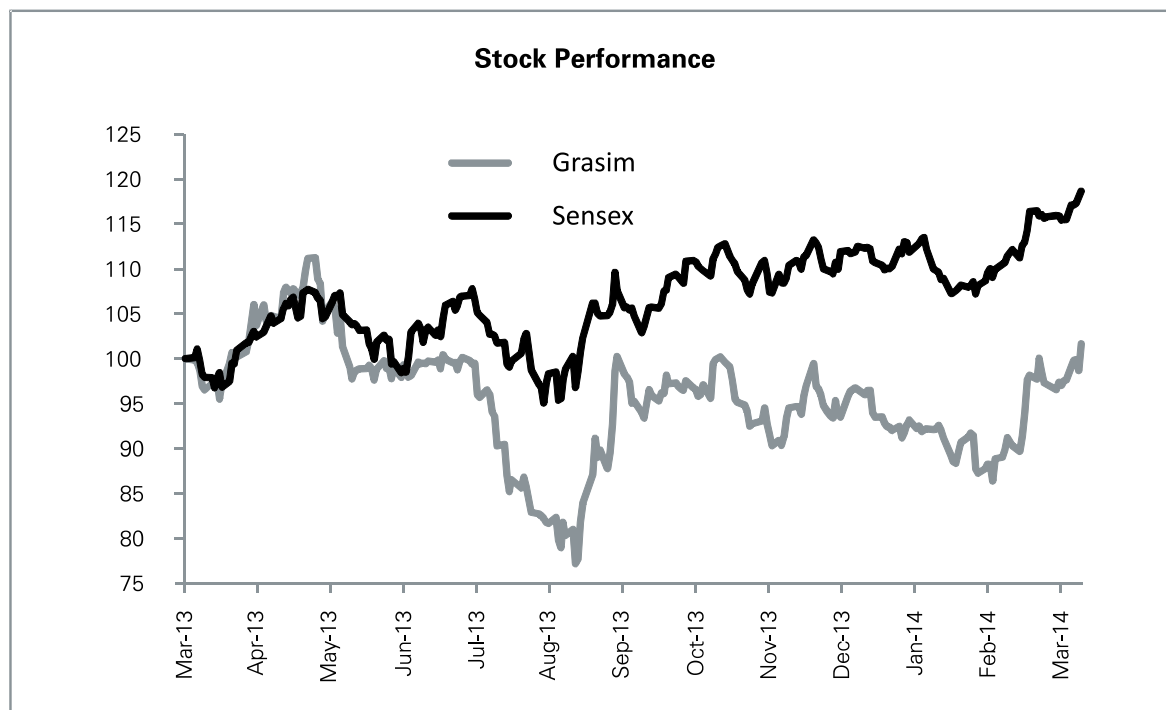
- : Citibank N.A.  
Trent House, 3<sup>rd</sup> Floor, G-60, Bandra Kurla Complex  
Bandra (East), Mumbai – 400 051  
Tel.: 91-22-40296118; Fax: 91-22-26532235

**7. Stock Code :**

	Stock Code	Reuters	Bloomberg
BSE	500300	GRAS.BO	GRASIM IN
NSE	GRASIM	GRAS.NS	NGRASIM IN
LSE (GDRs)	–	GRAS.LU	GRAS LX
ISIN No. of Equity Shares	INE047A01013		
ISIN No. of GDRs	US3887061030 CUSIP No. 388706103		

**8. Stock Price Data:**

	BSE			NSE			LSE	
	High	Low	Avg. Vol.	High	Low	Avg. Vol.	High	Low
	(In ₹)		(In Nos.)	(In ₹)		(In Nos.)	(In US\$)	
Apr-13	3,000.00	2,673.00	6,048	3,000.00	2,666.75	67,046	55.1	46.2
May-13	3,159.00	2,843.00	4,204	3,160.00	2,843.05	54,177	57.0	50.0
Jun-13	2,861.70	2,713.50	5,991	2,873.65	2,705.00	61,334	49.5	45.7
Jul-13	2,834.90	2,620.50	5,391	2,839.90	2,620.00	46,869	47.7	42.3
Aug-13	2,674.00	2,134.00	8,784	2,665.00	2,125.00	1,12,610	43.5	31.6
Sep-13	2,858.10	2,121.00	8,467	2,859.00	2,105.65	78,777	45.4	32.0
Oct-13	2,839.05	2,616.15	5,683	2,842.00	2,616.20	86,727	46.0	42.1
Nov-13	2,843.95	2,522.35	5,484	2,849.90	2,520.00	80,802	45.3	40.4
Dec-13	2,825.90	2,571.85	6,808	2,827.00	2,562.65	49,698	45.7	38.5
Jan-14	2,738.85	2,538.25	13,550	2,740.00	2,536.40	64,114	43.1	40.0
Feb-14	2,594.90	2,431.70	5,831	2,599.00	2,426.35	50,695	41.7	39.2
Mar-14	2,921.35	2,517.85	4,378	2,922.00	2,515.80	72,794	48.3	40.6

**9. Stock Performance:**


**10. Stock Performance and Returns:**

Absolute Returns (In %)

(In Percentage)	1 Year	3 Years	5 Years*
GRASIM	2.66%	17.55%	144.69%
SENSEX	18.85%	15.12%	130.58%
NIFTY	17.98%	14.92%	121.92%

Annualized Returns (In %)

(In Percentage)	1 Year	3 Years	5 Years*
GRASIM	2.66%	5.54%	19.60%
SENSEX	18.85%	4.81%	18.19%
NIFTY	17.98%	4.74%	17.28%

\*Returns adjusted for issue of shares of Samruddhi Cement Limited against demerger of Cement Business. (Source Bloomberg)

**11. Registrar and Transfer Agents:**

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

: In-house Share Transfer

Registered with SEBI as Category II -  
Share Transfer Agent vide Registration  
No. INR 000003688

**Share Department**

Grasim Industries Limited  
Birlagram-456 331, Nagda, Madhya Pradesh  
Tel: (07366) 246760-246766, 256556  
Fax: (07366) 244114/246024  
E-Mail ID for Share Dept.: shares@adityabirla.com  
E-Mail ID for Investor Complaints:  
grasimshares@adityabirla.com

**12. Share Transfer System:**

Share transfers in physical form are registered and returned within a period of 15 days from the date of receipt, if the documents are clear in all respects. Officers of the Company have been authorised to approve transfers upto 1000 shares in physical form under one transfer deed. One Director jointly with two Officers has been authorised to approve the transfers exceeding 1000 shares under one transfer deed. The Company obtains from a Company Secretary in Practice half-yearly certificate of compliance as required under Clause 47(c) of the Listing Agreement entered with the Stock Exchanges.

**13. Investor Services:**Complaints received during the year ended 31<sup>st</sup> March, 2014

Nature of Complaints (relating to)	2013-14	
	Received	Attended
Transfer, Transmission, Duplicate shares, Change of address, etc.	9	9
Annual Report	2	2
Dividend, Interest, Redemption, etc.	6	6
<b>TOTAL</b>	<b>17</b>	<b>17</b>



**14. Distribution of Shareholding as on 31<sup>st</sup> March, 2014:**

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares Held	% Shareholding
1-100	1,19,354	86.66	33,51,053	3.65
101-200	9,579	6.95	13,83,523	1.51
201-500	5,838	4.24	18,30,044	1.99
501-1000	1,613	1.17	11,22,192	1.22
1001-5000	928	0.67	17,89,487	1.95
5001-10000	117	0.09	8,20,672	0.89
10001 & above	303	0.22	8,15,30,000	88.79
<b>Total</b>	<b>1,37,732</b>	<b>100.00</b>	<b>9,18,26,971</b>	<b>100.00</b>

**15. Categories of Shareholding as on 31<sup>st</sup> March, 2014:**

Category	No. of Shareholders	% of Shareholders	No. of Shares Held	% Shareholding
Promoters and Promoter Group	22	0.01	2,34,29,468	25.51
UTI and Mutual Funds	174	0.13	53,03,383	5.77
Banks, Financial Institutions and Insurance Companies	111	0.08	94,64,282	10.31
FII's	242	0.17	2,09,67,591	22.83
GDRs*	1	0.00	1,32,59,243	14.44
NRIs/OCBs	4,140	3.01	32,27,721	3.52
Other Corporates	1,553	1.13	69,05,095	7.52
Individuals	1,31,489	95.47	92,70,188	10.10
<b>Total</b>	<b>1,37,732</b>	<b>100.00</b>	<b>9,18,26,971</b>	<b>100.00</b>

\*Includes 4,802,304 GDRs held by Promoters/Promoter Group

**16. Dematerialisation of Shares and Liquidity:**

94.87% of outstanding Equity (including 14.44 % of capital in the form of Global Depository Receipts) has been dematerialised as on 31<sup>st</sup> March, 2014.

• National Securities Depository Ltd. (NSDL)	:	93.66 %
• Central Depository Services (India) Ltd. (CDSL)	:	1.21 %
Total		94.87 %

**17. Details on use of public funds obtained in the last three years :** No public funds have been obtained in the last three years.

**18. Outstanding GDRs/Warrants and Convertible Bonds :** 13,259,243 GDRs (Previous Year 12,997,155) are outstanding as on 31<sup>st</sup> March 2014. Each GDR represents one underlying equity share. There are no warrants/convertible bonds outstanding as at the year-end.

**19. Plant Locations:****Fibre and Pulp Plants**

Name	Address	Phone Nos.	Fax Nos.
<b>Staple Fibre Division</b>	Birlagram-456 331, Nagda, Madhya Pradesh	Tel: (07366) 246760/246766	Fax: (07366) 244114/246024
<b>Harihar Polyfibers &amp; Grasilene Division</b>	Harihar, Dist. Haveri Kumarapatnam-581 123, Karnataka	Tel: (08373) 242171-75	Fax: (08373) 242875 (08192) 247555
<b>Birla Cellulosic</b>	Birladham, Kharach, Kosamba-394 120 Dist. Bharuch, Gujarat	Tel: (02646) 270001-5	Fax: (02646) 270010, 270310
<b>Grasim Cellulosic Division</b>	Plot No.1, GIDC Vilayat Industrial Estate P O Vilayat, Taluka: Vagra, District: Bharuch-392 012 Gujarat	Tel: (2642) 291214	-

**Chemical Plants**

Name	Address	Phone Nos.	Fax Nos.
<b>Grasim Chemical Division</b>	Birlagram-456 331 Nagda, Madhya Pradesh	Tel: (07366) 246760- 246766	Fax: (07366) 246176/245845/ 246097
<b>Grasim Chemical Division</b>	Plot No.1, GIDC Vilayat Industrial Estate P O Vilayat, Taluka: Vagra, District: Bharuch-392 012 Gujarat	Tel: 08347008059	-

**Textile Plant**

Name	Address	Phone Nos.	Fax Nos.
<b>Vikram Woollens</b>	GH I to IV, Ghironghi Malanpur-477 117 Dist. Bhind, Madhya Pradesh	Tel: (07539) 283602, 283603	Fax: (07539) 283339

**20. Investor Correspondence:****For Secretarial Matters and Investor Grievances**

**: Share Department  
Grasim Industries Limited**  
Registered Office: Birlagram - 456 331, Nagda (M.P.)  
Tel: (07366) 246760-246766, 256556;  
Fax: (07366) 244114/246024  
E-Mail ID for -  
Share Department: [shares@adityabirla.com](mailto:shares@adityabirla.com)  
Investor Complaints: [grasimshares@adityabirla.com](mailto:grasimshares@adityabirla.com)

**Other than Secretarial Matters**

**: Grasim Industries Limited  
Corporate Finance Division**  
A2, Aditya Birla Centre,  
S.K. Ahire Marg, Worli,  
Mumbai - 400 030  
Tel: (022) 66525000, Fax : (022) 66525114; (022) 24995114  
E-Mail ID: [grasimcfd@adityabirla.com](mailto:grasimcfd@adityabirla.com)

## 21. OTHER USEFUL INFORMATION FOR SHAREHOLDERS

### PROCESS FOR IMPORTANT INVESTOR SERVICES

#### Share Transfer/ Dematerialisation

Share transfer request for physical shares is acted upon within 15 days from the date of their receipt at the Share Department. In case no response is received from the Company within 30 days of lodgement of transfer request, the lodger should immediately write to the Share Department of the Company with full details so that necessary action could be taken to safeguard interest of the concerned against any possible loss/interception during postal transit.

Dematerialisation requests, duly completed, in all respects are normally processed within 7 days from the date of receipt at the Share Department of the Company.

Shareholders are requested to note that if physical documents viz. Demat Request Form (DRF), Share Certificates, etc., are not received from their concerned DPs by the Company within a period of 15 days from the date of generation of the DRN for dematerialisation, the DRN will be treated as rejected/cancelled. This step is being taken on the advice of National Securities Depository Limited (NSDL), so that no demat request remains pending beyond a period of 21 days.

#### Permanent Account Number (PAN)

Members who hold shares in physical form are advised that SEBI has made it mandatory that a self attested copy of the PAN card of the transferee(s), members, surviving joint holders/legal heirs be furnished to the Company while making request for transfer, deletion of name of deceased joint holder, transposition of names and transmission of shares, as the case may be.

#### Nomination Facility for Shareholding

Section 72 of the Companies Act, 2013, extends nomination facility to individuals holding shares in physical form. Shareholders, in particular, those holding shares in single name, may avail the above facility by furnishing the particulars of their nominations in the prescribed Nomination Form, which can be downloaded from the website of the Company or obtained from the Share Department of the Company by sending written request through any mode including e-mail on shares@adityabirla.com.

#### Change of Address and Furnishing of Bank Details

Shareholders holding shares in physical form should notify to the Company, change in their address with Pin Code number and Bank Account details by written request under the signatures of sole/ first joint holder.

Beneficial Owners of shares in demat form should send their instructions regarding change of address, bank details, nomination, power of attorney, change in email address, etc., directly to their DP as the said records are maintained by the DPs.

To prevent fraudulent encashment of dividend warrants, please provide your Bank Account details to the Company (if shares are held in physical form) or to your DP (if shares are held in demat form), for printing of the same on the dividend warrants.

#### Registering of E-mail Address

Request you to please provide your e-mail address for availing the facility of e-communication, so as to enable us to serve you fast.

#### Loss of Shares

In case of loss/misplacement of shares, investors should immediately lodge a FIR/Complaint with the police and inform to the Company along with original or certified copy of FIR/Acknowledged copy of Police Complaint along with a self-attested copy of PAN card.

### Correspondence with the Company

Shareholders/Beneficial Owners are requested to quote their Folio No./DP and Client ID Nos., in all correspondence with the Company.

All correspondence regarding physical shares should be addressed to the Share Department of the Company at its Registered Office at Birlagram-456 331, Nagda (M. P.) and not to any other office(s) of the Company including the Corporate Finance Division.

Shareholders can send such correspondence, which do not require signature verification for processing, through E-mail on [shares@adityabirla.com](mailto:shares@adityabirla.com)

### Non-Resident Shareholders

Non-Resident Shareholders are requested to immediately notify the following to the Company in respect of shares held in physical form and to their DPs in respect of shares held in dematerialised form: -

- Indian address for sending all communications, if not provided so far;
- Change in their residential status on return to India for permanent settlement;
- Particulars of the Bank Account maintained with a bank in India, if not furnished earlier; and
- RBI Permission number with date to facilitate prompt credit of dividend in their Bank Accounts.

### Unclaimed Dividends

Unclaimed equity dividends up to Financial Year 1994-95 have been transferred to the General Revenue Account of the Central Government. Shareholders who have so far not encashed their dividend warrant(s) for the said period, may claim the same from the Registrar of Companies – Madhya Pradesh, Sanjay Complex, 3<sup>rd</sup> Floor, 'A' Block, Jayendraganj, Gwalior-474 009 (M.P.) by submitting an application in Form II of the Companies Unpaid (Transfer to General Reserve Account of the Central Government) Rules, 1978.

Unclaimed equity dividend for the Financial Years 1995-96 to 2006-2007 have been transferred to the Investor Education and Protection Fund (IEPF) constituted by the Central Government. No claim by the Shareholders shall lie against IEPF in respect of the said unclaimed amount.

Your Company will transfer the unclaimed dividend for the Financial Year 2007-2008 to IEPF in September, 2015. Shareholders, who have not claimed the dividend for aforesaid period, are requested to lodge their claim with the Company by 31<sup>st</sup> August, 2015.

### Payment of Dividend through Electronic mode

SEBI by its Circular dated 21<sup>st</sup> March, 2013, has advised usage of approved electronic mode, viz. ECS (Electronic Clearing Services), NECS (National Electronic Clearing Services) and other modes of electronic fund transfer for distribution of dividend to the shareholders.

**Shareholders who have still not provided their Bank details for receiving dividend in electronic mode are requested to please provide the following bank details by a letter signed by the sole/ 1st joint holder along with a cancelled copy of your cheque leaf –**

- ✓ Name of the Bank with its Branch & complete Address;
- ✓ Bank Account Number (SB/ CC/ Current)
- ✓ 9 digit MICR Code (Magnetic Ink Character Recognition) appearing on the MICR cheque issued by your bank to you
  - to your Depository Participant (DP) in case you are holding shares in dematerialized form quoting reference of your DP and Client ID

- to the Share Department of the Company, in case you are holding shares in physical mode quoting reference of your Ledger Folio No.

so that going forward your Company can pay you all future dividends in electronic mode through NECS/ECS.

In case you have already registered your bank details and you wish to change the NECS/ECS mandate then please write to your DP for shares held in demat form or to the Share Department of the Company for shares held in physical form by informing your revised bank details.

**Kindly note that there are a number of benefits of payment of dividend in electronic mode viz,**

- ✓ Prompt credit of dividend amount directly into your bank account as there will be no mailing or handling delays in receiving the physical dividend warrant;
- ✓ Avoids loss/ misplacement of physical dividend warrant in postal transit;
- ✓ It eliminates the need to deposit the physical warrant in the bank;
- ✓ Avoids dividend warrant becoming stale/ time barred;

**Unclaimed shares in Physical Form**

Clause 5A(II) of the Listing Agreement provides the manner of dealing with the shares issued in physical form pursuant to a public issue or any other issue and which remains unclaimed with the Company. In compliance with the provisions of the said Clause, the Company has sent three reminders under Registered Post to the shareholders whose share certificates were returned undelivered and are lying unclaimed so far.

In terms of Clause 5A(II) of the Listing Agreement, your Company has taken appropriate steps on unclaimed shares by transferring and dematerializing them into one folio in the name of "Grasim Industries Limited Unclaimed Share Suspense Account". In case your shares are lying unclaimed with the Company, you are requested to claim the same. Upon transfer and dematerialization to the suspense account, the voting rights on the said shares shall remain frozen till the rightful owner of such shares claims the shares.

Disclosure pursuant to Clause 5A II of The Listing Agreement

- Aggregate number of shareholders and the outstanding shares in the suspense account lying as at 1<sup>st</sup> April, 2013;  
*2,998 shareholders holding 78,150 equity shares of the Company*
- Number of shareholders who approached issuer for transfer of shares from suspense account during the year;  
*5 shareholders holding 185 equity shares of the Company*
- Number of shareholders to whom shares were transferred from suspense account during the year;  
*5 shareholders holding 185 equity shares of the Company*
- Aggregate number of shareholders and the outstanding shares in the suspense account lying as at 31<sup>st</sup> March, 2014;  
*2,993 shareholders holding 77,965 equity shares of the Company*

The voting rights on the shares in the suspense accounts as on March 31, 2014 shall remain frozen till the rightful owners of such shares claim the shares.

**Company's website**

Members are requested to visit the Company's website [www.grasim.com](http://www.grasim.com)/[www.adityabirla.com](http://www.adityabirla.com) for -

- information on investor services being offered by the Company;

- downloading of various forms/formats, viz., Nomination form, ECS Mandate form, formats of Affidavits and Indemnity Bonds, etc.; and
- **registering your E-mail ID with the Company to receive Notices of General Meetings/ other Notices, Audited Financial Statements, Directors' Report, Auditors' Report, etc., henceforth electronically.**

### Service of Documents in Electronic Form (Green Initiative in Corporate Governance)

In order to conserve paper and environment, Ministry of Corporate Affairs (MCA), Government of India, has allowed and envisage the companies to send Notices of General Meetings/other Notices, Audited Financial Statements, Directors' Report, Auditors' Report, etc., henceforth to their shareholders electronically as a part of its green initiatives in corporate governance.

Keeping in view the aforesaid green initiative of MCA, your Company shall send the Annual Report to its shareholders in electronic form, to the e-mail address provided by them and made available to it by the Depositories. In case of any change in your e-mail address, you are requested to please inform the same to your Depository.

**Shareholders can avail e-communication facility by registering their e-mail address with the Company by sending the request on e-mail to [grasimshares@adityabirla.com](mailto:grasimshares@adityabirla.com) or by logging on to Company's website [www.grasim.com](http://www.grasim.com)**

**You will get following advantages by registering your e-mail address with the Company for availing e-communication:**

- ✓ **it will enable you to receive communication promptly;**
- ✓ **it will avoid loss of documents in postal transit; and**
- ✓ **it will help in eliminating wastage of paper, reduce paper consumption and, in turn, save trees;**

Your Company will make the said documents available on its website [www.grasim.com/](http://www.grasim.com/) [www.adityabirla.com](http://www.adityabirla.com) Please note that physical copies of the above documents shall also be made available for inspection, during office hours, at the Registered Office of the Company at Birlagram-456 331, Nagda (M.P.).

In case you wish to receive the same in physical form, please write to our Share Department or send us an e-mail at [grasimshares@adityabirla.com](mailto:grasimshares@adityabirla.com). Upon receipt of a request from you, physical copy shall be provided free of cost.

### Feed Back:

Members are requested to give us their valuable suggestions for improvement of our investor services to our Corporate Office at Mumbai or the Share Department at Nagda.



## Our Vision

*"To actively contribute to the social and economic development of the communities in which we operate. In so doing, build a better, sustainable way of life for the weaker sections of society and raise the country's human development index".*

**- Mrs. Rajashree Birla**

Chairperson, Aditya Birla Centre for Community Initiatives and Rural Development

Adds Mrs. Birla: "Over these decades through our committed engagement, largely around our plants, all of us have laboured hard to lift the burden of poverty, from the lives of thousands. Each one of our Group Companies, such as yours, has played a significant role to bring in change. And together, we have managed to make a difference. Today, our Group is regarded as an exemplar in the CSR domain. Our work has been well recognised".

Since its inception, we at Grasim have been working towards inclusive growth.

The Companies Act, 2013 (Act) has been primarily introduced, to bring in inclusive growth in totality, through roping as many corporates as possible.

Our focus areas are healthcare, education, sustainable livelihood, infrastructure and social reform. The Act clubs several areas under different headings in 10 buckets given below. Consequently, we have reclassified our activities as well.

The **first** is eradicating hunger, poverty and malnutrition, preventive health care and sanitation and making available safe drinking water.

**Second**, education continues to be a major plank. Within education, the Act includes employment enhancing vocational skills and livelihood enhancement projects.

The **third** plank is promoting gender equality, empowering women, setting up homes and hostels for women and orphans. This sits in well with our



Mrs. Rajashree Birla with a team of empowered women at Grasim, Harihar (Karnataka)



women empowerment programmes including Self Help Groups (SHGs).

**Fourth** on their list is ensuring environmental sustainability, inclusive of animal welfare, agro forestry. The projects that we do with BAIF-integrated livestock development and animal welfare, water harvesting structures, non-conventional energy programmes come within its purview.

**Fifth** on their list is protection of national heritage, art and culture, as well as promotion and development of traditional arts and handicrafts. In this regard, over the years, in a small way we have been doing this. May be, wherever possible, you can scale it up.

The **sixth** subject in which we are engaged to some extent, is training to promote rural sports.

The **seventh** on their agenda is the rural development projects. All of our work, by and large, falls within its ambit.

Other areas that the Act has specified as CSR include- measures for the benefit of armed forces veterans, war widows and their dependents, contribution to the Prime Minister's Relief Fund and other funds set up by the Central Government and lastly, contribution of funds to trusts for CSR engagement and to technology incubators in academic institutes approved by the Central Government.

The Act also makes it mandatory to have a CSR policy and a CSR Board level Committee in every company. The CSR Board level Committee of your Company comprises of:

- Mrs. Rajashree Birla, Chairperson
- Mr. Shailendra K. Jain, Director
- Mr. B. V. Bhargava, Independent Director

To gain benefit from her group wide experience, Dr. (Mrs.) Pragnya Ram, Group Executive President, Corporate Communications and CSR, has been inducted as a permanent invitee.

The CSR policy can be accessed on [www.grasim.com](http://www.grasim.com) and [www.adityabirla.com](http://www.adityabirla.com).

## Highlights

We pursue a project based approach with a robust implementation structure, monitoring process and a team of professionals in place at the Company units.

Your Company works in 105 villages and 36 urban slums in proximity to its Manufacturing

Units at Nagda and Malanpur in Madhya Pradesh, Kharach and Vilayat in Gujarat, Bhiwani in Haryana and Harihar in Karnataka. We reach out to a rural populace of around 3 lakhs.

Through our focused endeavours in healthcare, education, sustainable livelihood, infrastructure support and social causes, we work towards alleviating poverty and ringing in inclusive growth.

## Health Care

Through our Company managed hospitals – viz. Indubhai Parekh Memorial Hospital in Nagda and G. D. Birla Memorial Hospital at Ujjain, we reached out to more than 2,00,000 patients. They are spread across 3 districts in a radius of 50 kilometres for general health checkups and an additional 30,260 villagers in the deep interiors through our rural mobile medical van services.

At the eye camps organized by us, 128 patients were operated for cataract at Harihar.

At Osteoporosis check-up camps held in Kharach, 312 patients were checked and referred for further treatment. Dental camps and general health check-ups at 19 schools enabled us treat 1,195 children in Nagda, Harihar and Kharach.

At the medical camps organized for the physically challenged in Harihar, 177 patients were provided with artificial limbs, which enabled them walk again.

To minimise infectious diseases several programmes at Harihar were conducted. 27,182 patients were treated at Rural Health Camps held here.

Over 1,750 villagers participated in the speciality medical camps organized at Nagda, Harihar and Kharach for cardiac check-up, skin diseases, arthritis and other health related problems. Furthermore, at Nagda, we have tied up with the Government's AYUSH Programme to familiarise the locals with Ayurveda, Yoga and Homeopathy as alternative treatment modes.

At Nagda, a special awareness drive was launched against tuberculosis in collaboration with Rotary International and the Local Civil Hospital. Over 650 participants were sensitized and made aware of various preventive measures that need to be taken. We apprised them of the Government's thrust on eradicating tuberculosis.

For creating awareness on Sexually Transmitted Diseases (STD) Reproductive Tract Infections (RTI)

and AIDS related ailments among the rural and urban communities around the units, camps for adolescent youths and sex workers, were organised with on the spot testing facilities. Around 11,800 people participated in these camps at Nagda, Bhiwani, Kharach and Harihar.

At blood donation camps held in Vilayat and Bhiwani, 140 donors participated.

### **Mother and Child Health Care**

In collaboration with the District Health Department, 91,854 children were immunized against polio and 3,836 children for diphtheria, typhoid and hepatitis-B at Nagda, Kharach, Harihar, Bhiwani, Vilayat and Malanpur.

School health check-up camps were regularly organized in the village schools with Nagda, Harihar and Kharach checking the wellness of 2,193 students.

Alongside, 2,672 women took advantage of the ante-natal, post natal, mass immunization, nutrition and escort services for institutional delivery. These form part of our Reproductive and Child Health Care programmes.

### **Education**

We were successful in enlisting 884 children in the local schools at Nagda, Kharach, Harihar and Malanpur. Merit scholarships were awarded to 97 students at Harihar and Malanpur.

Our thrust continues to be on the girl child. We are involved with the Kasturba Gandhi Balika Vidyalayas (KGBV) – residential schools for girls. This year, we enrolled 485 girls in the KGBVs

and other Government schools around Nagda and Vilayat. Focussing on the girl child education, various programs were taken on priority at all locations. These include activities like computer education, material support, incentives, support for fees, cycles besides a comprehensive health check-up. A total of 2,840 children were covered at Nagda, Harihar and Kharach.

Our talent search programme 'Pratibha Karanji' drew 862 children from different schools in Harihar.

"Way to Success" – a new initiative launched for higher secondary students met with great enthusiasm at Kharach. Full day workshops were organized to enable students prepare for Board examinations and earn high grades. At the workshops, 571 higher secondary students gained enormous confidence through these extensive sessions.

A study tour of 310 students from the VI to the IX grade, from Vilayat and Bhersam villages were taken to Science exhibitions in Baroda. This was done primarily to orient students to scientific developments and physical applications.

Our unique learning programme "Chal Ma Sathe Bhaniye" (Come Mother, Let Us Learn Together), at Kharach and Nagda is on track with 54 mothers who have become students for the first time in their lives. While the girls teach functional literacy to their mothers, parents in turn make a commitment to help them pursue their studies.

### **Safe drinking water and sanitation**

The installation of Reverse Osmosis Plants and water tanks has had a salutary impact on the

*"AWOO Foundation" - At a different level, to provide support for the education of the needy and the deserving children for pursuing Under Graduate and Post Graduate professional courses, we have set up the A World of Opportunities (AWOO) Foundation. The intent is to provide scholarships for the courses that lead to employment. The AWOO is a charitable trust with a single minded focus on the social cause of education of children in India. The Foundation will fulfill its commitment by providing scholarships to those children who wish and have the potential to pursue quality higher education but are unable to do so for lack of resources and means. Over 8,000 employees of the Aditya Birla Group have donated a sum of ₹ 4.2 crore (₹ 42 million) for this very noble cause.*

villagers. Up until now 16 plants have been installed. Consequently, more than 35,000 villagers have access to safe drinking water around our operational areas in Gujarat, Madhya Pradesh and Karnataka.

Supporting the Nirmal Gram Yojana, we have facilitated the construction of 324 individual toilets in villages around Harihar and Nagda.

## **Sustainable Livelihood**

### **Agriculture**

On the agricultural front, we have enabled farmers earn better. We conducted farmer training programmes, relating to advance cropping techniques and other crop enhancement processes. These learning programmes were highly appreciated by the 375 farmers at Harihar and 778 farmers at Nagda, who participated.

### **Animal Husbandry**

The immunisation of 10,944 cattle at Harihar and Nagda through animal husbandry and veterinary camps went a long way in stoking farmer prosperity.

At Nagda, a cattle breed improvement project was launched in collaboration with BAIF. Under the project, two "Integrated Livestock Development Centres (ILDC)" were established in the villages. These centres provide livestock breed improvement services in surrounding 30 villages. The project was started in October and up until March, 423 Artificial Insemination (AI) have already been done.

Organic farming and vermi-composting have been encouraged with 11 Units in Nagda.

### **Self Help Groups and Income Generation**

Across Grasim, 222 Self Help Groups (SHGs) empower 2,456 households financially and socially. Most of the SHGs have been linked with the economic schemes of NABARD and the District Industries Centre. At the various centres, 1,128 women were trained in different skills. These comprise of tailoring, crafting handbags and purses as well as making soaps and detergent.

### **Vocational Training**

The Ansuya Kendra at Birla Cellulosic, Kharach and Training centres at Nagda, Bhiwani and Vilayat were started with the objective of training rural women, particularly from low income families to be self reliant. So far, they have enabled more than

2,000 women to stand on their feet, supplement the household income and in some instances, run their family.

At Nagda, these centres were linked with USHA International to provide accreditation for the three month and six month courses. Furthermore, 72 sewing machines were distributed to the beneficiaries, to help them start their business.

The women SHG members at Harihar were trained in blanket weaving, knitting, bag stitching and animal rearing. They have mobilized loans of Rs 61.05 lakh from Banks to start income generation activities and become self reliant.

### **Infrastructure Development**

The 4 dams constructed at Nagda on the River Chambal continue to benefit nearly 100,000 people.

Your Company has constructed/renovated Community halls, School buildings, Boundary walls, Anganwadi centres, Panchayat office, Primary Health Centres and Cattle sheds around its Harihar, Nagda and Kharach plants. Through the Jal Nirmal Programme for safe drinking water, we reached out to the villagers at Harihar.

At Bhiwani, solar street lights were provided in villages and the colony area inhabited by 130 families.

### **Social Welfare**

Under the mass marriage programme this year, 190 couples in Harihar were united in wedlock.

We helped new beneficiaries to access Government pension funds for old age widows and the physically handicapped.

### **Accolades/Awards**

The Federation of Madhya Pradesh Chamber of Commerce & Industries (FMPCCI) has conferred "CSR ACTIVIST OF THE YEAR" award to your Company's Staple Fibre Division at Nagda, in the Large Scale industry category. The award was given by the Hon'ble Chief Minister Mr. Shivraj Singh Chouhan in the presence of Mr. Ramesh Chandra Agrawal, President of FMPCCI and Chairman of Dainik Bhaskar Group.

Your Company's Vikram Woollens Division at Malanpur, has won the Overall Winner award in the "Amity CSR Conclave 13". The award was organised by the Amity Global Business School, Indore.

### **Our Partners/Collaborators include**

- District Rural Development Authorities at various locations
- Local Hospital and District Health departments
- District Panchayatiraj Institutions
- District Animal Husbandry
- District Agriculture Department
- District Horticulture Department
- BAIF
- The Khadi and Village Industries (KVIC)
- Sarva Shiksha Abhiyan
- Rotary International
- Envirofit India
- SATHI, Ujjain & CARD, Bhopal (NGO's)
- Aroni Charitable Trust

### **Our Investments**

For the year 2013-14, Grasim's CSR spend was ₹ 12.73 crore (₹ 127.3 million). In addition, we mobilised ₹ 13 crore (₹ 130 million) through the

various schemes of the Government, acting as catalysts for the community.

### **In sum:**

Our CSR work is making a difference to the lives of thousands. In our own humble way, we have helped lower the level of poverty in the villages and the urban slums in proximity to our plants. We attained this by reaching out to 3,71,149 people through health care interventions, 28,166 through Education, Sustainable Livelihood 31,803, Rural Infrastructure 48,526 and for social causes 23,931 villagers.

"With all of us working so whole heartedly and the Government also fully committed to inclusive growth, transparency and good governance, we can hope for a holistic transformation of our country. At the end of the day, we look forward to a time when the word poverty will be struck off the lexicon and no mention of it will be made in relation to India", avers Mrs. Birla.



*"It is our responsibility to see sustainability becoming one of the defining attributes of our Group.*

*I appreciate the commitment of our businesses and their teams to sustainable development. I believe that in so far as it relates to sustainability, there is no finish line. Because the goalpost will keep moving. Therefore, our endeavour should be to constantly raise the bar and strive to match the world's best on all the metrics of sustainability measurements".*

**- Kumar Mangalam Birla**

Chairman, Aditya Birla Group

Your Company's Sustainable Development philosophy is to manage the businesses in a responsible manner, far ahead of legal compliance. It has been this way since our inception and this year, we are pleased to report that, while maintaining our ISO 14001 certification, we have taken more positive steps to preserve the environment.

One key focus area this year has been our investment in water treatment and reduction of water usage. We have upgraded our effluent treatment plant at Nagda, installed a reverse osmosis plant at Kharach which has resulted in saving of 2,500 cubic meters of water per day and also saved the same amount of waste water



generation. At our recently commissioned plant in Vilayat, we have installed a continuous monitoring system for water usage to allow high levels of control.

In our manufacturing facilities, we have very positive progress to report from a number of key focus areas.

### **Waste Management**

We have had impressive results in the area of waste management. At your Nagda plant, a Novel Technology of Recovery of Cs<sub>2</sub> from "Spinning Off" Gases using an absorption-desorption technology is under final stages of optimization. Also, extending the same Technology Platform, the team has installed a Pilot Plant for H<sub>2</sub>S gas recovery. The same is being explored for Technological Feasibility.

Further efforts have been focussed on finding better solutions for the disposal of fly ash. At your Kharach plant, all fly ash is now used for brick making. We have agreed with our sister company Ultratech that all 6,860 MT of gypsum will be taken for use in cement manufacture.

### **Water**

Multiple projects at Kharach, including re-use of scrubber water, back water recycling and the use

of RO reject water, have resulted in a total saving of 2,500 cubic metres of fresh water per day.

### **Reducing the Carbon Footprint**

At your Harihar plant, the team has increased use of Bio Gas in process from 24% to 35%, thereby reducing the use of furnace oil. Also, post commissioning of Line 3, use of LDO in Pulp Production has been completely stopped through process synergy between Pulp and Fibre units from June 2013.

### **Life cycle assessment**

At your Nagda plant, a focused life cycle assessment study was conducted for Spun Dyed Viscose Fibre and Excel fibre. We expect this information to focus our energy and efforts towards prioritized improvement areas across supply chain in the coming year.

Your Board and Management team across all the operations remain committed to a sustainable future.

## TO THE SHAREHOLDERS OF GRASIM INDUSTRIES LIMITED

### Dear Shareholders,

Your Directors take pleasure in presenting the 67<sup>th</sup> Annual Report and Audited Accounts of your Company for the year ended 31<sup>st</sup> March, 2014.

The Management Discussion and Analysis Section, forming part of the Annual Report, focuses on your Company's strategies for growth and the performance review of the businesses/operations in depth. So, we are providing only a brief overview of these matters in this Report.

### STRATEGIC INITIATIVES

Your Company's strategic intent continues to be the strengthening of its leadership position in both the Viscose Staple Fibre (VSF) and Cement businesses. In this regard, significant progress has been made on its expansion/acquisition plans.

#### Expansion Projects

Your Company's expansion plan to increase VSF capacity from 334K TPA to 498K TPA is nearing completion. The 36,500 TPA Brownfield expansion at Harihar in Karnataka has been completed. Trial runs for Line 1 have commenced at the Greenfield project (120K TPA) at Vilayat in Gujarat from April 2014, to be followed by trial runs of Line 2 shortly. The other two lines for specialty fibre are expected to be commissioned in the 2<sup>nd</sup> quarter of the current year.

The Caustic Soda plant of 182,500 TPA capacity for backward integration for VSF plant at Vilayat has been commissioned in May 2013. The capacity utilisation of the new plant is being ramped up in a phased manner. Consequently, your Company now has the largest capacity of 452,500 TPA in Chlor-alkali segment in India.

As part of its strategy to increase its downstream value added products portfolio, a 51,500 TPA Epoxy plant at Vilayat in Gujarat, was commissioned in December 2013.

#### Acquisition of 4.8 Mn. TPA Cement Capacity in Gujarat

Your Company's subsidiary, UltraTech Cement Ltd. (UltraTech), entered into an agreement to acquire, by way of a demerger, the Gujarat Cement units (4.8 Mn. TPA) comprising of an integrated cement plant at Sewagram and a grinding unit at Wanakbori of Jaypee Cement Corporation Limited (JCCL). The

transaction has received the requisite regulatory approvals from the Competition Commission of India, shareholders, creditors and the Hon'ble High Courts, and the Scheme is now subject to the approval of Securities and Exchange Board of India.

#### Capacity Expansion by UltraTech Cement

UltraTech is implementing capacity expansion projects at its plants in Chhattisgarh, Karnataka and Rajasthan. The Clinkerisation plants of 3.3 Mn. TPA, each at Raipur in Chhattisgarh and Malkhed in Karnataka, have already been commissioned along with the grinding capacity at Hotgi in Maharashtra (1.55 Mn. TPA), Malkhed in Karnataka (1.45 Mn. TPA) and Jharsuguda in Odisha (1.60 Mn. TPA). The balance grinding facility of ~4.5 Mn. TPA of cement is slated to be commissioned in phases, in FY 14-15. Work on Aditya Cement expansion of 2.9 Mn. TPA at Shambhupura in Rajasthan, is on track and the capacity is expected to go onstream in FY 15-16.

On completion of all the expansions and the acquisition, UltraTech's cement capacity will increase to 70 Mn. TPA.

### FINANCIAL PERFORMANCE

In the VSF business, globally the demand was healthy led by growth in Asian countries, particularly China. Despite the volume growth, the business environment continues to remain challenging. The demand supply imbalance and the liquidity crunch in China have impacted VSF prices in global markets. Your Company's sales volume increased by 9% with the enhanced capacity at Harihar plant. The decline in realisations was much lower compared to global trends, supported by rupee depreciation. A steep increase in pulp costs, due to the rupee depreciation and the increase in wood costs, led to a fall in EBIDTA margins.

In the Cement business, the industry witnessed sluggish demand, given the slowdown in economic growth leading to lower offtake from infrastructure projects, real estate sector and capex cycle. The subdued demand and over-capacity resulted in a price squeeze. The year witnessed continuing pressure on input and logistics costs, because of the increase in railway freight and a continuous hike in diesel prices. Your Company's subsidiary, UltraTech's volume growth also remained subdued at 3%. Optimization of fuel mix and other initiatives



helped in maintaining costs almost at the previous year levels. The decline in average realizations led to a drop in EBITDA margins. UltraTech reported a net profit of ₹ 2,206 crore as compared to ₹ 2,678 crore in the previous year.

Despite the prevailing economic slowdown, Volumes

have risen in all the businesses, viz., VSF, Chemical and Cement, driven by the commissioning of new capacities. While Revenue rose by 5% at ₹ 29,324 crore (₹ 27,909 crore), Net Profit for the year was lower at ₹ 2,072 crore, vis-à-vis ₹ 2,500 crore (before exceptional item) in the last year.

(₹ Crore)

	Consolidated		Standalone	
	2013-14	2012-13	2013-14	2012-13
<b>Revenue from Operations (Net)</b>	<b>29,324.04</b>	<b>27,909.34</b>	<b>5,603.50</b>	<b>5,255.01</b>
Profit Before Interest, Depreciation/Amortisation and Tax (PBITD)	5,491.02	6,543.12	1,246.12	1,522.75
Less: Finance Costs	447.32	324.14	41.52	39.09
Less: Depreciation and Amortisation	1,457.48	1,252.06	219.61	159.21
<b>Profit Before Exceptional Item and Tax</b>	<b>3,586.22</b>	<b>4,966.92</b>	<b>984.99</b>	<b>1,324.45</b>
<b>Add:</b> Exceptional Item	-	204.43	-	204.43
<b>Profit Before Tax</b>	<b>3,586.22</b>	<b>5,171.35</b>	<b>984.99</b>	<b>1,528.88</b>
Tax Expense	734.79	1,467.21	89.00	302.89
<b>Profit After Tax</b>	<b>2,851.43</b>	<b>3,704.14</b>	<b>895.99</b>	<b>1,225.99</b>
<b>Add:</b> Share in Profit/(Loss) of Associates	102.87	73.65	-	-
<b>Less:</b> Minority Interest	882.76	1,073.40	-	-
<b>Profit for the Year</b>	<b>2,071.54</b>	<b>2,704.39</b>	<b>895.99</b>	<b>1,225.99</b>
Balance brought forward from Previous Year	788.09	778.77	1,549.40	662.34
<b>Surplus Available for Appropriation</b>	<b>2,859.63</b>	<b>3,483.16</b>	<b>2,445.39</b>	<b>1,888.33</b>
<b>Appropriations:</b>				
- Reserve Fund	0.57	0.77	-	-
- General Reserve	2,503.68	2,424.51	700.00	122.60
- Debenture Redemption Reserve	(56.50)	9.36	-	-
- Proposed Dividend	192.87	206.52	192.87	206.52
- Corporate Dividend Tax	49.43	51.75	7.48	9.81
- Share of Appropriation related to Associates	3.12	2.16	-	-
- Balance carried to Balance Sheet	166.46	788.09	1,545.04	1,549.40
	<b>2,859.63</b>	<b>3,483.16</b>	<b>2,445.39</b>	<b>1,888.33</b>

## DIVIDEND

Your Directors have recommended a dividend of ₹ 21 per equity share. The dividend, if approved by the members, would involve a cash outflow of ₹ 200.35 crore (inclusive of Corporate Dividend Tax). Equity shares as may be allotted upon the exercise

of Options granted under the Employee Stock Option Schemes and out of the Share Capital Suspense before the Book Closure for payment of dividend will rank *pari passu* with the existing shares and shall also be entitled to receive the aforesaid dividend.

## EMPLOYEE STOCK OPTION SCHEMES (ESOS)

### Employee Stock Option Scheme 2006 (ESOS-2006)

During the year:

- 11,201 Options were granted;
- 20,370 Options were vested out of the Options granted in the earlier years; and
- 50,438 shares were allotted upon exercise of Options by the concerned option holders.

### Employee Stock Option Scheme 2013 (ESOS-2013)

A new Employee Stock Option Scheme was formulated during the year, pursuant to the approval accorded by you at the last Annual General Meeting held on 17<sup>th</sup> August, 2013. A total of 1,37,384 Options and 32,985 Restricted Stock Units (RSUs) were granted under the said Scheme.

The details of Employee Stock Options/RSUs granted pursuant to ESOS-2006 and ESOS-2013, as also the other disclosures in compliance with Clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, are set out in Annexure "A" to this Report.

## FINANCE

Your Company raised long-term rupee loan of ₹ 194 crore for financing its VSF expansion projects. Term loans aggregating ₹ 106 crore were repaid during the year.

Your Company has adequate liquidity and a strong Balance Sheet. CRISIL Limited (CRISIL) and Credit Analysis & Research Limited (CARE) have re-affirmed the ratings of "CRISIL AAA/Stable" and "CARE AAA" respectively, for your Company's long-term borrowings and "CRISIL A1+" and "CARE A1+", respectively, for your Company's short-term borrowings.

## AWARDS AND ACCOLADES

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

- "Unnatha Suraksha Puraskara" from the National Safety Council, Karnataka chapter in recognition of Outstanding Safety Performance and Management Systems in Pulp, Fibre and Paper Products Category Industries during 2011-12: Harihar Division.

- "Best CSR Activist of the Year-2013" in the category of Large Scale Industry from the Federation of Madhya Pradesh Chambers of Commerce & Industry, Bhopal: Staple Fibre Division, Nagda.
- "SAMMAN PATRA" for remarkable contribution in the category of Customs in FY 2013-14 from the Government of India, Ministry of Finance, Department of Revenue, Indore: Staple Fibre Division, Nagda.

## RESEARCH AND DEVELOPMENT

Significant progress was made during FY 2013-14 in building the technology capabilities, to address competitive market threats and begin laying the groundwork for significant profitable growth.

## PULP AND FIBRE PLANTS

### Programme Portfolio

Your Company's fibre and pulp sites have implemented a comprehensive quality improvement approach centred on instituting statistical process control and Six Sigma continuous improvement techniques. Process variation has reduced significantly at the lead sites and best practices are being shared to accelerate improvements across sites. A robust customer monitoring and feedback process is in place to assess site and line quality performance versus competition. It identifies specific areas for further improvement. Focused R&D and Six Sigma improvement projects are resolving chronic process and fibre finish issues. These advances are aimed at significantly enhancing our customers' satisfaction levels.

Reducing chemical material and energy requirements in the existing processes are underway. Strengthened technology networks across the fibre and pulp sites are accelerating the commercialization of these advances. Programmes exploring alternative fibre process concepts with superior environmental performance continue with the active engagement of external knowledge network partners.

In forestry R&D at Harihar and Laos, the high-skill Control Pollination (CP) technique was perfected to produce genetic material with desired traits like high volume and basic density, high cellulosic pulp yield and low energy consumption. A multi-disciplinary approach to create sustainable and eco-efficient forestry is ongoing. This includes programmes in genetic tree improvement, development of site

specific silviculture best practices, integrated pest and disease management and the use of improved genetic material and management of genetic diversity at each site.

### Enabling Capabilities

Your Company's Joint Venture, Domsjo's pulp R&D team is improving its fibre and process performance. The results to-date are being applied across the pulp production sites to help optimize performance along the integrated value chain.

The GRASIM Forestry Research Institute (GFRI) at Harihar has been strengthened and Tissue Culture (TC) protocols have been modified to match different genotypes, and species to improve efficiency of micro propagation process to contribute to better planting stocks for local wood supplies. The Birla Research Institute for Applied Sciences (for fibres) at Nagda is focused on accelerating improvements in new fibre production technologies. The Textile Research and Application Development Centre (TRADC) at Kharach has ushered novel applications for fibres to quicken growth and improve overall market position. The R&D expansion project at Aditya Birla Science & Technology Company Ltd. (ABSTCL), an associate of your Company at Taloja, is in place. It is contributing to scaling sophisticated laboratory and semi-works capabilities for fibre research. The construction of the semi-commercial scale Fibre Research Centre at Kharach is complete and a project portfolio has been developed which will contribute significantly to the fibre process and product R&D programmes in 2014 and beyond. These investments, along with significant increases in R&D resources and the growing analytical and research support available through the corporate R&D organisation at Taloja, are integral to your Company's growth.

The technology talent pool has been bolstered with the recruitment of talented R&D professionals with diverse backgrounds, capabilities and experience, along with exposure to the development of the programme management processes. A core team of R&D professionals is actively engaged in various technology programmes and initiatives. Importantly, external knowledge networks to complement internal capabilities are actively contributing to advanced technologies in the areas of cellulose pulp and novel new fibres.

We are pursuing systematic programme and intellectual property management processes and engaging key business stakeholders to ensure

delivery of quantitative results. An organisation structure and associated personnel management system is in place to enable continued enhancement of the effectiveness and performance of the R&D function.

In summary, significant milestones have been achieved in the areas of programme portfolio development and execution, infrastructure project execution, staff recruiting and development, and the creation of the overall R&D function operating systems. Our Leadership is actively engaged in developing the initial contributions from this R&D capability and looks forward to its increasing impact across the Pulp and Fibre business in the future.

### CHEMICAL BUSINESS

Your Company's allied Chemical business has set up a pilot scale plant based on Oxygen Depolarization Cathode (ODC) technology. With this, the energy consumption is lowered by approx. 30% as compared to conventional membrane cell technology. It is also planning to set up a pilot lab scale electrolyzer in collaboration with Uhde at ABSTCL, Taloja. This facility will provide it with an opportunity to run the electrolyzer at various current densities with varying electrolyte parameters which will help in optimizing the plant performance. The quality of brine is very critical for optimum performance of Membrane cell plant. It is proposed to install the Pilot brine plant at Nagda to study the conditions/parameters affecting the brine quality and incorporate the same learnings in the main plant to enhance its performance.

### HUMAN RESOURCES

Your Company strives to foster a culture of high performance. Ongoing learning, aligning HR systems in line with global benchmarks, aligning rewards and recognitions with performance have enabled your Company sustain its reputation of being a meritocratic organisation.

The Group's Corporate Human Resources function continues to play an integral role in your Company's talent management programme.

### CORPORATE GOVERNANCE

Your Directors reaffirm their continued commitment to good corporate governance practices. Your Company fully adheres to the standards set out by the Securities and Exchange Board of India for Corporate Governance practices and has implemented all of its stipulations.

As required by Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section on Corporate Governance together with a certificate from your Company's statutory auditors, forms part of this Annual Report.

## BUSINESS RESPONSIBILITY REPORT

As per Clause 55 of the Listing Agreement with the Stock Exchanges, a separate section of Business Responsibility Report forms part of this Annual Report.

## DIRECTORS' RESPONSIBILITY STATEMENT

As stipulated in Section 217(2AA) of the Companies Act, 1956, your Directors subscribe to the "Directors' Responsibility Statement" and confirm that:

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) the accounting policies selected have been applied consistently and judgements, and estimates are made that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at the end of the financial year and of the profit of your Company for that period;
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities; and
- iv) the annual accounts have been prepared on a going concern basis.

## CONSOLIDATED FINANCIAL STATEMENTS AND RESULTS OF SUBSIDIARY COMPANIES

Consolidated Financial Statements have been prepared by your Company in accordance with the applicable Accounting Standards (AS-21, AS-23 and AS-27) issued by the Institute of Chartered Accountants of India and the provisions of the Listing Agreement with the Stock Exchanges. Together with the Auditors' Report, these form part of the Annual Report.

In terms of the General Circular of the Ministry of Corporate Affairs (MCA), Government of India, the copy of Balance Sheet, Statement of Profit and Loss, Directors' Report, Auditors' Report, etc., of the subsidiary companies is not attached with the Annual Report of the Company. The related information on

the Annual Accounts of the subsidiary companies shall be made available to the shareholders of the Company and of the subsidiary companies, who shall seek such information at any point of time. The Annual Accounts of the subsidiary companies will also be kept for inspection by any shareholder at the Registered Office of the Company and that of the subsidiary companies concerned during business hours. The Statement pursuant to Section 212 of the Companies Act, 1956, containing the details of the Company's subsidiaries and the gist of the financial performance of the subsidiary companies forms part of the Consolidated Financial Statements of this Annual Report.

## PARTICULARS AS PER SECTION 217 OF THE COMPANIES ACT, 1956

Information on Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, stipulated under Section 217(1)(e) of the Companies Act, 1956, is set out in a separate statement, as Annexure "B", attached to this Report and forms part of it.

In accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of employees are to be set out in the annexure to the Directors' Report. Having regard to the provisions of Section 219(1)(b)(iv) of the said Act, the Report and Accounts as set out therein are being sent to all members of the Company excluding the information about the employees. Any member, interested in obtaining such particulars, may write to the Company Secretary at the Registered Office of the Company.

## DIRECTORS

Mrs. Rajashree Birla and Mr. D.D. Rath, the Non-Executive Directors of your Company, retire from office by rotation in line with the provisions of the Companies Act, 2013, and, being eligible, have offered themselves for re-appointment.

## INDEPENDENT DIRECTORS

Your Board has recommended re-appointment of Mr. Cyril Shroff as an Independent Director of your Company, pursuant to the provisions of Section 149 and applicable Rules and Schedule of the Companies Act, 2013.

Other Independent Directors on your Board, viz. Mr. M.L. Apte, Mr. B.V. Bhargava, Mr. R.C. Bhargava and Dr. Thomas M Connelly, continue in office as

per the applicable provisions of the Companies Act, 2013.

Your Board has reviewed the declarations made by the said Independent Directors and is of the view that they meet the criteria of independence as provided in Section 149 of the Companies Act, 2013, and the Rules made thereunder, as also those prescribed under the Listing Agreement.

### RE-APPOINTMENT OF MR. ADESH KUMAR GUPTA AS WHOLE-TIME DIRECTOR

The term of appointment of Mr. Adesh Kumar Gupta as a Whole-Time Director of the Company is expiring on 2<sup>nd</sup> October, 2014. The Board has re-appointed him as the Whole-Time Director for a further period of 5 years with effect from 3<sup>rd</sup> October, 2014. The approval of the members in the ensuing Annual General Meeting is being sought for his re-appointment.

Necessary resolutions seeking your approval to the appointments/re-appointments of the aforesaid Directors, as applicable, have been included in the Notice convening the ensuing Annual General Meeting of the Company. A brief resume of the aforesaid Directors, being appointed/re-appointed, has also been incorporated in the Notice of the ensuing Annual General Meeting.

### AUDITORS

The Board, on the recommendation of the Audit Committee, has proposed that M/s. G.P. Kapadia & Co., Chartered Accountants, Mumbai, and M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai, be re-appointed as the Joint Statutory Auditors of the Company, to hold office from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting of the Company. M/s. G.P. Kapadia & Co., Chartered Accountants, Mumbai, and M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai, have forwarded their certificates to the Company, stating that their re-appointment, if made, will be within the limit specified in that behalf in Section 139(1) of the Companies Act, 2013.

The Board, on the recommendation of the Audit Committee, has also proposed that M/s. Vidyarthi & Sons, Chartered Accountants, Gwalior, be re-appointed as the Branch Auditors of Vikram Woollens, a Division of your Company, from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting of the Company.

Resolutions seeking your approval on these items have been included in the Notice of the ensuing Annual General Meeting.

The observations made in the Auditors' Report are self-explanatory, and, therefore, do not call for any further comments under Section 217(3) of the Companies Act, 1956.

### COST AUDITORS

Your Directors have appointed M/s. R. Nanabhoy & Co., Mumbai, as the Cost Auditors to conduct the Cost Audit for the year 2014-15.

In accordance with the Cost Audit (Report) Rules, 2011, the Cost Audit Report of the Company for the financial year ended 31<sup>st</sup> March, 2013 was filed in XBRL on 22<sup>nd</sup> September, 2013 vide SRN No. S22430193 with the Ministry of Corporate Affairs, New Delhi.

### APPRECIATION

Your Directors record their sincere appreciation of the Central and State Governments, banks, financial institutions, stakeholders and business associates for their whole-hearted support and co-operation.

Your Directors also place on record their deep appreciation of your Company's employees at all levels, for their contribution to its success.

For and on behalf of the Board



Kumar Mangalam Birla  
Chairman

Mumbai, 2<sup>nd</sup> May, 2014

## Disclosure pursuant to the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999

### (A) Employee Stock Option Scheme 2006 (ESOS-2006)

	Particulars	Details of Employee Stock Options as on 31 <sup>st</sup> March, 2014				
		Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5
a)	Number of Stock Options Granted	2,01,530	16,610	71,297	6,037	11,201
b)	The Pricing Formula	Exercise price was determined by averaging the daily closing price of the Company's equity shares during the 7 days immediately preceding the date of grant and discounting it by 30%.	Exercise price was determined by averaging the daily closing price of the Company's equity shares during the 7 days immediately preceding the date of grant and discounting it by 5%.	Exercise price was determined by averaging the daily closing price of the Company's equity shares during the 7 days immediately preceding the date of grant and discounting it by 30%.	Exercise price was determined by averaging the daily closing price of the Company's equity shares during the 7 days immediately preceding the date of grant and discounting it by 30%.	Exercise price was determined by averaging the daily closing price of the Company's equity shares during the 7 days immediately preceding the date of grant.
c)	Exercise Price	₹ 1,928/-	₹ 2,885/-	₹ 1,440/-	₹ 1,594/-	₹ 2,728/-
d)	Options Vested	1,62,654	14,345	54,509	3,019	–
e)	Options Exercised	1,18,268	7,547	24,204	2,346	–
f)	The total number of shares arising as a result of exercise of options	1,18,268	7,547	24,204	2,346	–
g)	Options forfeited/cancelled/lapsed	38,876	2,265	1,036	–	–
h)	Variation of Terms of Options	Pursuant to the Scheme of Arrangement for demerger of Cement Business of the Company to Samruddhi Cement Limited ("Samruddhi") (a subsidiary of the Company, which has since been merged with UltraTech Cement Limited (another subsidiary of the Company)), the Exercise Price of stock options of the Company issued under Tranche 1 and Tranche 2 was divided between the stock options issued by the Company and the stock options issued by Samruddhi under its Compensatory Stock Options Scheme. Accordingly, the Exercise Price of stock options issued by the Company stands revised as under:		None	None	None
		₹ 1,523/-	₹ 2,279/-			
i)	Money realized by exercise of Options	₹ 18,37,63,924/-	₹ 1,71,99,613/-	₹ 3,48,53,760/-	₹ 37,39,524/-	–
j)	Total number of Options in force	44,386	6,798	46,057	3,691	11,201
k)	Employee-wise details of Options Granted					
	i) Senior Managerial Personnel	Mr. Shailendra K. Jain#: 16,980* Mr. D.D. Rathi#: 7,550*	–	Mr. K.K. Maheshwari : 43,932 Mr. Adesh Kumar Gupta: 6,981	–	–
	ii) Any other employee who received a grant in any one year of Options amounting to 5% or more of options granted during that year	–	–	Dr. Prakash Maheshwari: 12,090 Mr. Sunay Kamat #: 3,111* Mr. Gerard D'Cunha: 4,147	Dr. Raju Mistry: 4,147 Mr. D.P. Modani: 1,890	Mr. Pavan K. Jain: 4,261 Mr. Hemant K. Kadel: 4,261 Mr. Ashok Malu: 2,679
	iii) Identified employees who were granted Options during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	–	–	–	–	–
l)	Diluted Earnings Per Share	₹97.54				
m)	Difference between the employee compensation cost, computed using the intrinsic value of the stock options and the employee compensation cost that shall have been recognized if the fair value of the options was used.	<b>Particulars</b> Net Profit 895.99 Add: Intrinsic Value Compensation Cost 1.36 Less: Fair Value Compensation Cost 4.73 Adjusted Net Profit 892.62				
	The impact of this difference on profits and on EPS of the Company.	<b>Earnings Per Share (₹)</b> As reported : Basic 97.58 As reported : Diluted 97.54 As adjusted : Basic 97.22 As adjusted : Diluted 97.17				

# Ceased to be in employment of the Company

\* Net of Options cancelled/lapsed



	Particulars	Details of Employee Stock Options as on 31 <sup>st</sup> March, 2014				
		Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5
n)	i) Weighted-average exercise prices and weighted-average fair values of options whose exercise price equals the market price of the stock ii) Weighted-average exercise prices and weighted-average fair values of options whose exercise price is less than the market price of the stock iii) Weighted-average exercise prices and weighted-average fair values of options whose exercise price exceeds the market price of the stock	NA  Revised Weighted average exercise price: ₹ 1,523/- Revised Weighted average fair value: ₹ 1,038.81 NA	NA  Revised Weighted average exercise price: ₹ 2,279/- Revised Weighted average fair value: ₹ 872.13 NA	NA  Weighted average exercise price: ₹ 1,440/- Weighted average fair value: ₹ 1,130/- NA	NA  Weighted average exercise Price: ₹ 1,594/- Weighted average fair value: ₹ 1,259.39 NA	NA  Weighted average exercise Price: ₹ 2,728/- Weighted average fair value: ₹ 986.58
o)	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information: <b>On the Date of Grant</b> i) Risk-free interest rate (%) ii) Expected life (No. of years) iii) Expected volatility (%) iv) Dividend yield (%) v) The price of the underlying share in market at the time of option grant	7.78 5 33 1.84 ₹ 2,728/-	7.78 5 36 1.80 ₹ 2,885/-	8.09 5 45.64 1.58 ₹ 2,018/-	8.09 5 31.73 0.61 ₹ 2,330/-	8.58 5 24.01 1.03 ₹ 2,714/-



**(B) Employee Stock Option Scheme 2013 (ESOS-2013)**

	Particulars	Details of Employee Stock Options / Restricted Stock Units as on 31 <sup>st</sup> March, 2014				
		Employee Stock Options		Restricted Stock Units (RSUs)		
		Tranche 1	Tranche 2	Tranche 1	Tranche 2	Tranche 3
a)	Number of Stock Options/RSUs Granted	1,25,403	11,981	18,699	8,084	6,202
b)	The Pricing Formula	Exercise price was determined on the basis of the closing price of the Company's equity shares on the day immediately preceding the date of grant		At par (face value)		
c)	Exercise Price	₹ 2,714/-	₹ 2,593/-	₹ 10/-	₹ 10/-	₹ 10/-
d)	Options/RSUs Vested	–	–	–	–	–
e)	Options/RSUs Exercised	–	–	–	–	–
f)	The total number of shares arising as a result of exercise of Options/RSUs	–	–	–	–	–
g)	Options/RSUs forfeited/cancelled/lapsed	–	–	–	–	–
h)	Variation of Terms of Options/RSUs	None	None	None	None	None
i)	Money realized by exercise of Options/RSUs	–	–	–	–	–
j)	Total number of Options/RSUs in force	1,25,403	11,981	18,699	8,084	6,202
k)	Employee-wise details of Options/RSUs granted					
	ii) Senior Managerial Personnel	Mr. K.K. Maheshwari: 97,400 Mr. Adesh Kumar Gupta: 18,263	–	Mr. K.K. Maheshwari: 13,333 Mr. Adesh Kumar Gupta: 2,500	–	–
	ii) Any other employee who received a grant in any one year of Options/RSUs amounting to 5% or more of Options granted during that year	Mr. Thomas Varghese (employee of subsidiary): 9,740	Mr. S. Krishnamoorthy (employee of subsidiary): 8,133	Mr. Thomas Varghese (employee of subsidiary): 1,333	–	Mr. S. Krishnamoorthy (employee of subsidiary): 1,114
	iii) Identified employees who were granted Options/RSUs during any one year, equals to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	–	–	–	–	–
l)	Diluted Earnings Per Share	₹ 97.54				
m)	Difference between the employee compensation cost, computed using the intrinsic value of the stock options and the employee compensation cost that shall have been recognized if the fair value of the options was used. The impact of this difference on profits and on EPS of the Company.	<b>Particulars</b> Net Profit Add: Intrinsic value Compensation Cost Less: Fair Value Compensation Cost Adjusted Net Profit <b>Earnings Per share (₹)</b> As reported : Basic As reported : Diluted As adjusted : Basic As adjusted : Diluted				<b>₹ Crore</b> 895.99 1.36 4.73 892.62 97.58 97.54 97.22 97.17
n)	i) Weighted-average exercise prices and weighted-average fair values of Options/RSUs whose exercise price equals the market price of the stock	Weighted average exercise price: ₹ 2,714/- Weighted average fair value: ₹ 992.75	Weighted average exercise Price: ₹ 2,593/- Weighted average fair value: ₹ 952.52	NA	NA	NA
	ii) Weighted-average exercise prices and weighted-average fair values of Options/RSUs whose exercise price is less than the market price of the stock	NA	NA	Weighted average exercise price: ₹ 10/- Weighted average fair value: ₹ 2,598.59	Weighted average exercise Price: ₹ 10/- Weighted average fair value: ₹ 2,492.40	Weighted average exercise Price: ₹ 10/- Weighted average fair value: ₹ 2,475.81
	iii) Weighted-average exercise prices and weighted-average fair values of Options/RSUs whose exercise price exceeds the market price of the stock	NA	NA	NA	NA	NA

	Particulars	Details of Employee Stock Options / Restricted Stock Units as on 31 <sup>st</sup> March, 2014				
		Employee Stock Options		Restricted Stock Units (RSUs)		
		Tranche 1	Tranche 2	Tranche 1	Tranche 2	Tranche 3
o)	A description of the method and significant assumptions used during the year to estimate the fair values of Options/RSUs, including the following weighted-average information:  <b>On the Date of Grant</b>					
	i) Risk-free interest rate (%)	8.58	8.87	8.66	8.90	9.00
	ii) Expected life (No. of years)	5	5	5.50	5.50	5.50
	iii) Expected volatility (%)	24.01	23.47	24.01	23.76	23.47
	iv) Dividend yield (%)	1.03	1.10	1.34	1.40	1.43
	v) The price of the underlying share in market at the time of Option / RSU grant	₹ 2,714/-	₹ 2,593/-	₹ 2,714/-	₹ 2,608/-	₹ 2,593/-

Information under Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rule, 1988, and forming part of the Directors' Report for the year ending 31st March, 2014.

## A CONSERVATION OF ENERGY

### a) Energy Conservation Measures Taken

The Company is continuously engaged in the process of energy conservation through continuous improvements in operational and maintenance practices. Following measures have been taken by different units of the Company:

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

- Installation of Caustic Dilution Plant for power saving
- Mist type Water jet Vacuum Condenser in place of HP steam ejector for New Anhydrous Plant
- Motorised valves for TG3 cooling tower pump delivery line to conserve electrical energy
- Variable Frequency Drive for HBL transfer pump in evaporator to reduce power consumption
- Installation of Plate type Heat Exchangers for sump zone cooling instead of cooling towers to achieve desired cold sump zone temperature

#### ii) Chemical Unit

- Installation of Variable Frequency Drives
- Installation of Low voltage Transformer for lighting circuit
- Replacement of Low capacity Air compressor with Energy efficient higher capacity Air compressor

#### iii) Textile Unit

- Optimisation in Chiller Running hours
- Reduced water consumption in Dyeing process

### b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy:

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

- Steam control valve in Sulphur melting pits
- Installation of VFD for Dissolvers for Power saving
- Installation of 40 HP stand by Pump for Condenser cooling water circulation Pump
- Installation of correct size Filter water Pump in WTP
- Installation of correct size Soft Water Pump for Power Saving in WTP
- LP Steam jet vacuum system with optimum capacity vacuum pump in black liquor evaporator for improved vacuum and reduced steam consumption

#### ii) Chemical Unit

- Conversion of 1st Generation Electrolyzer "C" to 5th Generation Electrolyzer
- Replacement of Low capacity Cold water pumps with energy efficient higher capacity pump

#### iii) Textile Unit

- Reuse of Petcoke Ash and increased petcoke to steam generation
- Replacement of old motors with energy efficient motors

### c) Impact of Measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

- The above measures have resulted/will result in reduction in energy consumption, increase in productivity and reduction in energy cost.

### d) Total Energy Consumption and Energy Consumption per Unit of Production:

As per Form "A" attached.

## FORM 'A'

## Total Energy Consumption and Energy Consumption per Unit of Production

## (A) POWER AND FUEL CONSUMPTION:

	Unit	Current Year	Previous Year	Reason for Deviation
<b>1. Electricity</b>				
a) Purchased - Unit	'000	<b>466,569</b>	399,968	Increased due to higher production with the commissioning of new chemical unit at Vilayat
Total Amount	₹ in Crore	<b>235.92</b>	197.64	
Rate per Unit	₹/Unit	<b>5.06</b>	4.94	
b) Own Generation				
i) Through Diesel Generator - Unit	'000	<b>194</b>	139	
Unit per Litre of Diesel Oil	Units/Ltr.	<b>3.37</b>	3.31	
Cost/Unit	₹/Unit	<b>19.87</b>	16.20	Increase in diesel price
ii) Through Steam Turbine - Units	'000	<b>812,809</b>	726,284	
Units of Steam generated per Kg. of coal	Kg/Kg	<b>5.65</b>	5.65	
Units of Electricity per Kg. of Steam	KwH/Kg	<b>0.22</b>	0.22	
Cost/Unit	₹/Unit	<b>3.59</b>	3.59	
(Cost of fuel, Fixed cost & Govt. levies)				
<b>2. Coal (Slack, Steam &amp; ROM including Lighting Coal)</b>				
For Co-generation of Steam & Power	Tonne	<b>1,137,198</b>	1,045,096	Increased due to higher production of Fibre and higher Captive Power generation
Total Amount	₹ in Crore	<b>526.85</b>	458.08	
Average Rate	₹/Tonne	<b>4,633</b>	4,383	Increase in coal prices
<b>3. Furnace Oil (Including LSHS)</b>				
Quantity	K. Ltrs.	<b>5,888</b>	5,954	Use of more Biogas in place of Furnace Oil
Total Amount	₹ in Crore	<b>21.99</b>	24.44	
Average Rate	₹/K.Ltrs.	<b>37,341</b>	41,039	
<b>4. Light Diesel Oil (LDO)</b>				
Quantity	K. Ltrs.	<b>69</b>	664	
Total Amount	₹ in Crore	<b>0.46</b>	4.01	
Average Rate	₹/K.Ltrs.	<b>66,921</b>	60,396	Increase in market rate
<b>5. High Speed Diesel Oil (HSD)</b>				
Quantity	K. Ltrs.	<b>60</b>	42	
Total Amount	₹ in Crore	<b>0.39</b>	0.22	
Average Rate	₹/K.Ltrs.	<b>64,903</b>	53,686	Increase in market rate
<b>6. Internal Generation</b>				
Steam				
a) From Chemical Recovery Boiler in Rayon Pulp Plant:				
Quantity	Tonne	<b>646,320</b>	617,760	
Total Cost	₹ in Crore	<b>1.76</b>	1.09	
Rate/Unit	₹/Tonne	<b>27.28</b>	17.65	More use of Frnace Oil in Recovery Boiler during FY 14 as compared to FY 13
(Cost of Oil used for firing support in Boiler)				
b) From Waste Heat Boiler in Sulphuric Acid Plants:				
Quantity	Tonne	<b>384,971</b>	340,623	
Total Cost	₹ in Crore	<b>N.A.</b>	N.A.	
Rate/Unit	₹/Tonne	<b>N.A.</b>	N.A.	

**(B) CONSUMPTION PER UNIT OF PRODUCTION :**

Particulars	Unit	Standard	Actual	
			Current Year	Previous Year
<b>VSF</b>				
Electricity	Units/Tonne	1,500	<b>1,214</b>	1,185
Steam	Tonne/Tonne	12.50	<b>9.10</b>	8.87
<b>Caustic Soda</b>				
Electricity	Units/Tonne	2,143	<b>2,230</b>	2,173
Steam	Tonne/Tonne	0.53	<b>0.68</b>	0.57
<b>Textiles:</b>				
<b>Yarn</b>				
Electricity	Units/100 Kg.	-	<b>781</b>	744
Steam	Tonne/100 Kg.	-	<b>0.19</b>	0.20
<b>Fibre Dyeing</b>				
Steam	Tonne/100 Kg.		<b>0.60</b>	0.56
<b>Stable Bleaching Powder (SBP)</b>				
Electricity	Units/Tonne	126	<b>112</b>	120
Steam	Tonne/Tonne	0.13	<b>0.13</b>	0.12
<b>Poly Aluminium Chloride</b>				
Electricity	Units/Tonne	72	<b>64</b>	62
Steam	Tonne/Tonne	0.27	<b>0.27</b>	0.28
<b>Chlorosulphonic Acid</b>				
Electricity	Units/Tonne	31	<b>27</b>	33
Steam	Tonne/Tonne	0.10	<b>0.08</b>	0.09
<b>Caustic Fusion Plant</b>				
Electricity	Units/Tonne	60	<b>65</b>	63
Steam	Tonne/Tonne	0.03	<b>0.06</b>	0.06
<b>Chlorinated Paraffin</b>				
Electricity	Units/Tonne	75	<b>76</b>	68
Steam	Tonne/Tonne	0.08	<b>0.08</b>	0.07

**B. TECHNOLOGY ABSORPTION**

Efforts made in Technology Absorption in Form "B"

**RESEARCH & DEVELOPMENT (R&D)****FORM "B"****1 Specific areas in which R&D carried out by the Company:****Viscose Staple Fibre Units**

- Quality and consistency improvement projects focused on Dyed Fibre
- Setting up of VSF pilot plant for R&D activities

**Chemical Unit**

- Set up a pilot scale plant based on Oxygen Depolarization Cathode technology to reduce energy consumption

**2 Future Plan of Action****Viscose Staple Fibre Units**

- R&D initiatives aimed at fundamental research on improving process efficiency, and properties to meet market requirements
- Development of novel processes for manufacturing of Cellulosic Fibre with enhanced product attributes

**Chemical Unit**

- To set up a pilot lab scale electrolyzer in collaboration with UHDE at ABSTCL Mumbai
- To install the Pilot brine plant at Nagda to study the conditions/parameters affecting the brine quality and incorporate the same learnings in main plant to enhance its performance

**3 Expenditure on R&D**

<b>Expenditure</b>	<b>₹ in Crore</b>
a. Capital	41.41
b. Recurring	18.69
	<u>60.10</u>

- c. Total R&D Expenditure as a percentage of turnover 1.09%

**4 Technology Absorption, Adoption and Innovation**

The Company continuously strives to adopt latest technology for improving productivity, product quality and reducing consumption of scarce raw material, energy and other inputs.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

The Company is exporting Viscose Staple Fibre, Chemicals, Textiles and Plant and Machinery and has taken successful initiatives for increasing exports.

- (a) Activities related to Exports

Exports on F.O.B. basis during the year : ₹ 1,500.63 Crore

- (b) Total Foreign Exchange Used and Earned

Foreign Exchange Used : ₹ 2,041.57 Crore

Foreign Exchange Earned : ₹ 1,507.39 Crore



### Section A: General Information about the Company

1. Corporate Identity Number (CIN) of the Company : L17124MP1947PLC000410
2. Name of the Company : GRASIM INDUSTRIES LIMITED
3. Registered Address : BIRLAGRAM, NAGDA 456331 (M.P.)
4. Website : www.grasim.com
5. E-mail ID : grasim.brr@adityabirla.com
6. Financial Year Reported : April 1, 2013 – March 31, 2014
7. Sector(s) that the Company is engaged in (industrial activity code-wise):

Sectors	Industrial Activity Code			
	Group	Class	Sub-Class	Description
Fibre	203	2030	20302	Manufacture of synthetic or artificial staple fibre not textured
Pulp	170	1701	17011	Manufacture of rayon grade pulp
Chemicals	201	2011	20116	Manufacture of basic chemical elements
Textiles	131	1311	13113	Preparation and spinning of wool, including other animal hair and blended wool including other animal hair.

8. List three key products/services that the Company manufactures/provides (as in the Balance Sheet) :
  - i) Viscose Staple Fibre
  - ii) Rayon Grade Pulp
  - iii) Caustic Soda & allied Chemicals/ ECU (Electro Chemical Unit)
9. Total number of locations where business activity is undertaken by the Company
  - i. Number of International Locations : On a standalone basis, Grasim does not have any manufacturing Unit outside India.  
(Provide details of major 5)
  - ii. Number of National Locations : 8
10. Markets served by the Company – Local/State/National/International : National and International

### Section B: Financial Details of the Company

1. Paid up Capital (INR) : ₹ 91.83 crore
2. Total Turnover (INR) : ₹ 5,988.29 crore
3. Total Profit After Taxes (INR) : ₹ 895.99 crore
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of Profit After Tax (%) : ₹ 12.73 crore (1.07%)  
(based on average net profit of last 3 years)  
CSR activities are conducted under the aegis of Aditya Birla Centre for Community Initiatives and Rural Development spearheaded by Mrs. Rajashree Birla, Director of the Company
5. List of activities in which expenditure in 4 above has been incurred:- : Towards poverty alleviation and inclusive growth on:
  - a. Healthcare
  - b. Education

- c. Sustainable Livelihood
- d. Infrastructure Support
- e. Social Reform

### Section C: Other Details

1. Does the Company have any Subsidiary : Yes, the Company has 5 direct subsidiaries and its subsidiary, UltraTech Cement Limited has 9 subsidiaries.
2. Do the Subsidiary Company/Companies : The subsidiary companies conduct their CSR activities participate in the BR Initiatives of the parent company? If yes, then indicate under the aegis of Aditya Birla Centre for Community Initiatives and Rural Development. the number of such subsidiary company(s)
3. Do any other entity/entities (e.g. : No. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

### Section D: BR Information

1. **Details of Director/Directors responsible for BR**
  - a) Details of the Director/Director responsible for implementation of the BR policy/policies
    - DIN Number : 00017572
    - Name : Mr. K.K. Maheshwari
    - Designation : Managing Director
  - b) Details of the BR head

S. No.	Particulars	Details	
1.	DIN Number (if applicable)	—	—
2.	Name	Dr. Prakash Maheshwari	Mr. K.C. Jhanwar
3.	Designation	Group Executive President, Chief Operating Officer (India) & Head (Projects) (Pulp & Fibre Business)	Group Executive President (Chemical Business)
4.	Telephone Number	022 - 67499411	022 - 61980401
5.	E-mail ID	<a href="mailto:prakash.maheshwari@adityabirla.com">prakash.maheshwari@adityabirla.com</a>	<a href="mailto:kailash.jhanwar@adityabirla.com">kailash.jhanwar@adityabirla.com</a>

2. **Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)**

Business should

- P1** conduct and govern themselves with Ethics, Transparency and Accountability. (*Business Ethics*)
- P2** provide goods and services that are safe and contribute to sustainability throughout their life circle. (*Product Responsibility*)
- P3** promote the well-being of all employees. (*Wellbeing of Employees*)

- P4** respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized. *(Stakeholder Engagement & CSR)*
- P5** respect and promote human rights. *(Human Rights)*
- P6** respect, protect and make efforts to restore the environment. *(Environment)*
- P7** act and engage in a responsible manner while influencing public and regulatory policy. *(Public Policy)*
- P8** support inclusive growth and equitable development. *(CSR)*
- P9** engage with and provide value to their customers and consumers in a responsible manner. *(Customer Relations)*

S. No.	Questions	Business Ethics	Product Responsibility	Wellbeing of Employees	Stakeholder Engagement & CSR	Human Rights	Environment	Public Policy	CSR	Customer Relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national/international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	Y	Y	Y
		Grasim's Sustainable Development and CSR Policy, including governance is based on National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business as issued by Ministry of Corporate Affairs, Government of India, in July, 2011								
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	*	-	*	*	-	-	-	*	-
		<a href="http://www.grasim.com/">www.grasim.com /</a> <a href="http://www.adityabirla.com/grasim">www.adityabirla.com/grasim</a> *view restricted to employees								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	The policies have been communicated to key internal stakeholders. The communication is an on-going process to cover all the internal and external stakeholders.								

S. No.	Questions	Business Ethics	Product Responsibility	Wellbeing of Employees	Stakeholder Engagement & CSR	Human Rights	Environment	Public Policy	CSR	Customer Relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
8.	Does the company have in-house structure to implement the policy/policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		Internal Auditor of the Company from time to time reviews implementation of these policies.								

2a. **If answer to S.No. 1 against any principle, is 'No', please explain why:**

**(Tick up to 2 options)**

S. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the Principles	Not Applicable								
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3.	The Company does not have financial or manpower resources available for the task									
4.	It is planned to be done within next 6 months									
5.	It is planned to be done within the next 1 year									
6.	Any other reason (please specify)									

3. **Governance related to BR**

- **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year**

By the Business CSR Committee on a periodical basis.

- **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

No, the Company does not publish a BR or a Sustainability Report.

## Section E: Principle-wise performance

### Principle 1 – Business should conduct and govern themselves with Ethics, Transparency and Accountability

#### 1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

The Company's governance structure guides the organization keeping in mind its core values of Integrity, Commitment, Passion, Seamlessness and Speed. The Corporate Principles and the Code of Conduct are applicable to all the employees of the Company.

#### 2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? *If so, provide details thereof, in about 50 words or so.*

No stakeholder complaint was received during the year.

### Principle 2 – Businesses should provide goods and services that are safe and contribute to sustainability throughout their life circle

#### 1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities:

The 3 products are Viscose Staple Fibre, Rayon Grade Pulp and Chemicals. The Company understands its obligations relating to social and environmental concerns, risks and opportunities. Accordingly, the Company has devised the manufacturing processes of these products, factoring social and environmental concerns.

The Company's plants in respect of the above products are ISO 14001 EMS certified. The plants at Nagda are also OHSAS-18001 and SA-8000 certified. The Harihar Plant is also OHSAS-18001 certified.

#### 2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (*optional*)

##### i. Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?

The Company has worked towards cost optimization, optimization of logistics, reduction in input consumption ratio in the processes and has reduced the consumption of major inputs including energy, water, etc., by adoption of new techniques and alternate methods.

##### ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?

The details of reduction during usage by the consumers are not available with the Company.

#### 3. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? *Also, provide details thereof, in about 50 words or so.*

The Company has built up highly integrated horizontal and vertical integration processes in its operations. All the major inputs under the Company's control are sourced sustainably. The internal processes and procedures ensure adequate safety during transportation and optimization of logistics, which, in turn, help to mitigate climate change.

With respect to wood procurement, which is one of the important inputs for manufacture of pulp, the Company distributes annually about 1.5 crores Pulp Wood seedlings to farmers for plantation. The Company has also invested in Joint Ventures abroad so as to ensure sustainable supply of wood pulp, a major raw material. It also procures pulp from certified sources outside India having the Forest Stewardship Council Certificate. The inputs used for manufacture of the Chemical Products are sourced through sustainable vendors.

**4 Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

The Company fosters local and small suppliers for procurement of the goods and services including communities in proximity to its plant locations. It has also encouraged setting up of many ancillary units around its plants. Training and technical support is being provided to them to improve and build their capability, and to educate and raise their standards.

**5 Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so**

The Company believes in 3-R Principles (Reduce, Recycle & Reuse). It recycles products and waste in the range of around 10% at its various locations.

Waste Water Recycling is also being done across all its locations.

**Principle 3 – Businesses should promote the well-being of all employees**

1. Please indicate the Total number of employees. : 7,326
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis : 5,344
3. Please indicate the number of permanent women employees : 92
4. Please indicate the number of permanent employees with disabilities : 24
5. Do you have an employee association that is recognized by management : Yes
6. What percentage of your permanent employees is members of this recognized employee association? : Apparently, all the workers are members of recognized employees' association.
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year : Nil

S. No.	Category	No. of complaints filed during the financial year	No of complaints pending as on end of the financial year
1.	Child labour/forced labour/involuntary labour	Nil	Nil
2.	Sexual Harassment	Nil	Nil
3.	Discriminatory Employment	Nil	Nil

**8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**

Category of Employees	Safety Training*	Skill upgradation
Permanent Employees	100%	80%
Permanent Women Employees	100%	80%
Casual/Temporary/Contractual Employees	100%	60%
Employees with Disabilities	100%	100%

\* 100% Safety training is imparted at the time of joining



**Principle 4 – Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized**

**1. Has the Company mapped its internal and external stakeholders? Yes/No**

Yes

**2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders**

The Company has identified the disadvantaged, vulnerable and marginalised stakeholders, namely the communities in and around its manufacturing sites through socio-demographic data of the community through base line surveys.

**3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.**

The Company's endeavor to bring in inclusive growth are channelized through the Aditya Birla Centre for Community Initiatives and Rural Development, of which, the Company's Director, Mrs. Rajashree Birla is the Chairperson.

Several initiatives such as health care, education, infrastructure, watershed management, safe drinking water and sanitation, sustainable livelihood, self-help groups and income generation, etc. are extended to the people living near to the Company's manufacturing units.

The safety of the workers is of utmost importance and a culture of safety is brought in, not just for the Company's employees but also for the contract workers, etc. through the training programmes.

**Principle 5 – Businesses should respect and promote human rights**

**1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

The Policy covers the Company, its subsidiaries and business associates.

**2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

Nil

**Principle 6 – Business should respect, protect and make efforts to restore the environment**

**1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others**

The Policy covers the Company, its subsidiaries and business associates.

**2. Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage, etc.**

Yes, the Company is committed to address issues of global warming and reduction of emissions. Please visit [www.grasim.com](http://www.grasim.com)

**3. Does the company identify and assess potential environmental risks? Y/N**

Yes, the Company regularly assesses the environmental risks emanating from its operations. The Company's plants are ISO 14001 EMS certified. The plants at Nagda are also OHSAS-18001 and SA-8000 certified. The Plant at Harihar is also OHSAS-18001 certified.

**4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

The Company has undertaken various projects on Clean Development Mechanism (CDM) at its manufacturing units.

**5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page, etc.**

Yes, the Company has taken several initiatives on clean technology, energy efficiency, renewable energy, etc. These include adoption of energy efficient ejector system for sodium sulphate production and replacement of Centrifugal Chiller by Energy Efficient Chiller at Nagda, Oil Recycling, installation of Variable Frequency Drives, installation of solar water heater; solar lamps; Bio-gas plants; improved Bio-mass cook stoves, etc and E-Waste Recycling to authorized recyclers.

**6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

Yes, the emissions/waste generated by the Company are within the permissible limits given by CPCB/SPCB.

**7. Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year**

Nil

**Principle 7 – Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

**1. Is your Company/Unit a member of any trade and chamber or association? If Yes, name only those major ones that your business deals with**

The Company is a Member of

- a. Federation of Indian Chambers of Commerce and Industry, New Delhi
- b. Associated Chambers of Commerce and Industry of India, New Delhi
- c. Confederation of Indian Industry, Mumbai
- d. National Safety Council, Mumbai
- e. The Synthetics Rayon & Textile Export Promotion Council, Indore
- f. Federation of Indian Export Organizations, Mumbai
- g. Alkali Manufacturing Association of India, New Delhi

**2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (Drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others).**

Yes, the broad areas are Water, Environment & Energy issues and Sustainable Business Principles.

**Principle 8 - Businesses should support inclusive growth and equitable development**

**1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof**

Yes, the Company has formulated a well defined CSR policy, which focuses on the following major areas:

1. Health care
2. Education
3. Sustainable Livelihood Development
4. Infrastructure Development
5. Social Reform

**2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organization?**

The programmes/projects are undertaken through In-house teams/our foundation as well as in partnership with non-governmental organizations (NGOs) and governmental institutions.

**3. Have you done any impact assessment of your initiative?**

Yes, the Company has conducted impact assessment of its CSR initiatives and has seen positive outcomes and benefits for the people in and around the Company's plants.

**4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?**

The Company has spent an amount of ₹ 12.73 crore on CSR activities mainly on education, health care, sustainable livelihood, infrastructure development, and to bring about social change by advocating and supporting various social campaigns and programmes.

**5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so**

Projects evolve out of the felt needs of the communities and they are engaged in the implementation of the welfare driven initiatives, as well. Committees actively partner with the Company and take ownership of the projects, eventually as its positive outcome benefits them hugely.

**Principle 9 – Businesses should engage with and provide value to their customers and consumers in a responsible manner**

**1. What percentage of customer complaints/consumer cases are pending as on the end of financial year?**

The Company has a well-defined system of addressing customer complaints. All complaints are appropriately addressed and resolved.

**2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./N Remarks (additional information)**

Yes, the Company displays product information on the products label. The Company also has a website which provides information about products and its usage.

**3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so**

An enquiry is being conducted by Competition Commission of India (CCI) against the Manmade Fibre Industries for alleged abuse of dominance. The Company believes that it has not indulged in any such activity and is defending its case.

**4. Did your Company carry out any consumer survey/consumer satisfaction trends?**

Yes, Consumer Satisfaction Surveys are being conducted periodically to assess consumer satisfaction levels.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GRASIM INDUSTRIES LIMITED****Report on the Financial Statements**

We have audited the accompanying financial statements of **GRASIM INDUSTRIES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information, in which are incorporated the Returns for the year ended on that date audited by the branch auditors of the Company's branch at Malanpur.

**Management's Responsibility for the Financial Statements**

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by Section 227(3) of the Act, we report that:

- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branch not visited by us.
- (c) The report on the accounts of the branch at Malanpur, audited by the branch auditor appointed under Section 228 of the Act, has been forwarded to us and has been properly dealt with by us in preparing this report.
- (d) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from the branch not visited by us.
- (e) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).
- (f) On the basis of the written representations received from the directors as on 31st March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm Registration No. 117366W/W-100018)

**Rajesh K. Hiranandani**  
Partner  
Membership No.: 36920  
Mumbai, 2nd May, 2014

For **G. P. KAPADIA & CO.**  
Chartered Accountants  
(Firm Registration No. 104768W)

**Atul B. Desai**  
Partner  
Membership No.: 30850

**ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GRASIM INDUSTRIES LIMITED****(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date of Grasim Industries Limited for the year ended 31st March, 2014)**

Having regard to the nature of the Company's business/activities/results during the year, clauses (x) regarding cash loss incurred by the Company, (xiii) regarding chit fund, nidhi/mutual benefit fund/societies, and (xiv) regarding dealing or trading in shares, securities, debentures and other investments, of paragraph 4 of the Order, are not applicable to the Company.

- (i) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
  - (b) The fixed assets were physically verified during the year by the Management in accordance with a programme of verification, which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (ii) In respect of its inventories:
  - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals except stocks lying with third parties, for which confirmations have been obtained from those parties.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956 ("the Act").
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets, and the sale of goods and services. During the course of our audit, we have not observed any major weaknesses in such internal control system.
- (v) To the best of our knowledge and belief and according to the information and explanations given to us, there were no contracts or arrangements, particulars of which needed to be entered in the Register maintained under Section 301 of the Act.
- (vi) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year in terms of the provisions of Sections 58A and 58AA or any other relevant provisions of the Act.
- (vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Act, and are of the opinion that, *prima facie*, the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.



- (ix) According to the information and explanations given to us, in respect of statutory dues:
- The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
  - There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2014 for a period of more than six months from the date they became payable.
  - Details of dues of Income-tax, Sales Tax, Value Added Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on March 31, 2014 on account of disputes are given below:

Name of the statute (Nature of dues)	Forum where dispute is pending	Amount (₹ in Crores)	Period to which the amount relates (Financial Year)
Income Tax Act, 1961 (Income Tax and Interest)	Assessing Authorities	4.22	2007 – 2014
	Appellate Authorities	145.51	2009 – 2011
Sales Tax Act and Value Added Tax Act (Central Sales Tax)	High Court	0.53	2001 – 2002
		0.01	2008 – 2009
	Appellate Authorities	0.34	2008 – 2010
Entry Tax Act (Entry Tax and Interest)	High Court	9.08	2004 – 2014
	Appellate Authorities	0.20	2006 – 2010
Service Tax under the Finance Act, 1994 (Service Tax, Interest and Penalty)	High Court	0.01	2009 – 2010
	Appellate Authorities	0.89	2009 – 2012
		0.18	2006 – 2007
Customs Act, 1962 (Customs Duty and Interest)	Appellate Authorities	0.21	2007 – 2008
	Assessing Authorities	1.11	2004 – 2006
		2.92	2012 – 2013
Central Excise Act, 1944 (Excise Duty, Interest and Penalty)	High Court	1.79	1998 – 2000
	Appellate Authorities	119.89	2004 – 2014
Cess under various Acts (Cess and Interest)	High Court	0.49	1988 – 1989
	Appellate Authorities	0.10	1978 – 1980

- (x) In our opinion and according to the information and explanations given to us, and based on the records of the Company, the Company has not defaulted in the repayment of dues to financial institutions, banks and debenture holders.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xii) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by a Subsidiary and a Joint Venture from banks and financial institutions are not, *prima facie*, prejudicial to the interests of the Company.

- (xiii) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained.
- (xiv) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have, *prima facie*, not been used during the year for long-term investment.
- (xv) According to the information and explanations given to us and the records examined by us, during the year, the Company has not made preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act.
- (xvi) According to the information and explanations given to us, during the period covered by our audit report, the Company has not issued debentures.
- (xvii) During the year, the Company has not raised money by public issues.
- (xviii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year nor have we been informed of such case by the management.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm Registration No. 117366W/W-100018)

For **G. P. KAPADIA & CO.**  
Chartered Accountants  
(Firm Registration No. 104768W)

**Rajesh K. Hiranandani**  
Partner  
Membership No.: 36920  
Mumbai, 2nd May, 2014

**Atul B. Desai**  
Partner  
Membership No.: 30850

**TO THE MEMBERS OF GRASIM INDUSTRIES LIMITED**

We have examined the compliance of the conditions of Corporate Governance by Grasim Industries Limited for the year ended on March 31, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The compliance of the condition of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **G. P. Kapadia & Co.**  
Chartered Accountants  
(Registration No. 104768W)

**Atul B. Desai**  
Partner  
Membership No. 30850

Place: Mumbai  
Date: 2nd May, 2014

## BALANCE SHEET AS AT 31st MARCH, 2014

	Note		₹ in Crore
		Current Year	Previous Year
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2.1	91.84	91.79
Reserves and Surplus	2.2	10,735.74	10,030.07
		<b>10,827.58</b>	10,121.86
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	2.3	1,004.38	980.92
Deferred Tax Liabilities (Net)	2.4	462.00	343.91
Other Long-Term Liabilities	2.5	14.66	12.91
Long-Term Provisions	2.6	42.31	43.44
		<b>1,523.35</b>	1,381.18
<b>Current Liabilities</b>			
Short-Term Borrowings	2.7	127.16	179.58
Trade Payables	2.8	451.39	345.69
Other Current Liabilities	2.9	481.98	539.65
Short-Term Provisions	2.10	466.19	498.12
		<b>1,526.72</b>	1,563.04
<b>TOTAL</b>		<b>13,877.65</b>	13,066.08
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets	2.11		
Tangible Assets		3,545.66	2,070.25
Intangible Assets		2.08	1.71
Capital Work-in-Progress		1,807.45	2,425.09
		<b>5,355.19</b>	4,497.05
Non-Current Investments	2.12	4,420.10	4,518.81
Long-Term Loans and Advances	2.13	478.60	439.45
		<b>10,253.89</b>	9,455.31
<b>Current Assets</b>			
Current Investments	2.14	1,183.54	1,705.62
Inventories	2.15	1,212.27	789.34
Trade Receivables	2.16	613.79	505.39
Cash and Bank Balances	2.17	26.30	16.27
Short-Term Loans and Advances	2.18	551.49	567.56
Other Current Assets	2.19	36.37	26.59
		<b>3,623.76</b>	3,610.77
<b>TOTAL</b>		<b>13,877.65</b>	13,066.08

Significant Accounting Policies 1  
 Accompanying Notes are an integral part of the Financial Statements.

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP  
 Chartered Accountants

For G. P. KAPADIA & CO.  
 Chartered Accountants

For GRASIM INDUSTRIES LIMITED

K. K. Maheshwari  
 Managing Director

B. V. Bhargava  
 M. L. Apte  
 Directors

Rajesh K. Hiranandani  
 Partner

Atul B. Desai  
 Partner

Adesh Gupta  
 Whole-time Director & CFO

Mumbai  
 Dated: 2nd May, 2014

Ashok Malu  
 Company Secretary

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2014

			₹ in Crore
	Note	Current Year	Previous Year
<b>REVENUE</b>			
Sale of Products and Services (Gross)	3.1	6,035.18	5,661.13
Other Operating Revenues	3.2	64.89	73.64
		6,100.07	5,734.77
Less: Excise Duty		496.57	479.76
<b>Revenue from Operations (Net)</b>		<b>5,603.50</b>	5,255.01
Other Income	3.3	384.79	434.57
<b>Total Revenue (I)</b>		<b>5,988.29</b>	5,689.58
<b>EXPENSES</b>			
Cost of Materials Consumed	3.4	2,982.61	2,609.41
Purchases of Stock-in-Trade	3.5	6.80	4.87
Changes In Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	3.6	4.05	(26.56)
Employee Benefits Expense	3.7	378.80	371.79
Power and Fuel		814.58	714.33
Freight and Handling Expense		94.32	82.99
Other Expenses	3.8	480.92	439.87
		4,762.08	4,196.70
Less: Captive Consumption [Net of Excise Duty of ₹ 0.79 Crore (Previous Year ₹ 3.71 Crore)]		19.91	29.87
<b>Total Expenses (II)</b>		<b>4,742.17</b>	4,166.83
<b>Profit Before Interest, Depreciation/Amortisation and Tax (PBITD) (I) - (II)</b>		<b>1,246.12</b>	1,522.75
Finance Costs	3.9	41.52	39.09
Depreciation and Amortisation	2.11.5	219.61	159.21
<b>Profit Before Exceptional Item and Tax</b>		<b>984.99</b>	1,324.45
Add: Exceptional Item	3.11	-	204.43
<b>Profit Before Tax</b>		<b>984.99</b>	1,528.88
Tax Expense			
Current Tax		166.51	265.01
MAT Credit		(166.51)	(63.61)
Provision for Tax of Earlier Years Written Back		(29.09)	(3.18)
Deferred Tax		118.09	104.67
<b>Total Tax Expense</b>		<b>89.00</b>	302.89
<b>Profit For The Year</b>		<b>895.99</b>	1,225.99
<b>Earnings Per Equity Share (Face Value ₹ 10 each)</b>	3.13		
Basic (₹)		97.58	133.62
Diluted (₹)		97.54	133.51
Significant Accounting Policies	1		
Accompanying Notes are an integral part of the Financial Statements.			

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP  
Chartered AccountantsFor G. P. KAPADIA & CO.  
Chartered Accountants

For GRASIM INDUSTRIES LIMITED

K. K. Maheshwari  
Managing DirectorB. V. Bhargava  
M. L. Apte  
DirectorsRajesh K. Hiranandani  
PartnerAtul B. Desai  
PartnerAdesh Gupta  
Whole-time Director & CFOMumbai  
Dated: 2nd May, 2014Ashok Malu  
Company Secretary

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2014

₹ in Crore

	Current Year	Previous Year
<b>A. Cash Flow from Operating Activities</b>		
a. Profit Before Tax	<b>984.99</b>	1,528.88
Adjustments for:		
Depreciation and Amortisation	<b>219.61</b>	159.21
Finance Costs	<b>41.52</b>	39.09
Interest Income	<b>(22.70)</b>	(28.73)
Dividend Income	<b>(185.60)</b>	(216.36)
Provision for Bad and Doubtful Debts (Net)	<b>0.12</b>	0.21
Provision for Diminution in Value of Long-Term Investments (Note 2.12.5)	-	0.05
Employee Compensation Expenses under Employee Stock Option Scheme (Note 2.1.8)	<b>1.36</b>	1.00
(Profit)/Loss on Sale of Fixed Assets (Net)	<b>0.09</b>	(0.91)
Profit on Sale of Investment (Net)	<b>(103.83)</b>	(149.92)
Profit on Sale of Long-Term Investments (Exceptional Item) (Note 3.11)	-	(204.43)
b. Operating profit Before Working Capital Changes	<b>935.56</b>	1,128.09
Adjustments for:		
Trade and Other Receivables	<b>(267.35)</b>	(163.93)
Inventories	<b>(422.93)</b>	(158.43)
Trade and Other Payables	<b>4.80</b>	264.66
c. Cash Generated from Operations	<b>250.08</b>	1,070.39
Direct Taxes Paid (Net)	<b>(187.80)</b>	(216.84)
<b>Net Cash from Operating Activities</b>	<b>62.28</b>	853.55
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets (including Capital Advances)	<b>(911.76)</b>	(2,397.90)
Sale of Fixed Assets	<b>2.47</b>	8.01
Investment in Joint Ventures and Associates	<b>(54.23)</b>	(186.89)
Sale of Long-Term Investments	-	221.60
Sale/(Purchase) of Mutual Fund Units, Bonds and Certificate of Deposits (Net)	<b>778.85</b>	924.90
Loans and Advances to Subsidiaries, Joint Ventures and Associates	<b>5.00</b>	19.71
Inter-Corporate Deposits	<b>194.00</b>	6.00
Interest Received	<b>21.56</b>	31.23
Dividend Received	<b>185.60</b>	216.36
<b>Net Cash From/(Used in) Investing Activities</b>	<b>221.49</b>	(1,156.98)



**C. Cash Flow from Financing Activities**

Proceeds from Issue of Share Capital under ESOS (Net)	<b>8.05</b>	10.19
Proceeds from Long-Term Borrowings	<b>194.00</b>	537.10
Repayments of Long-Term Borrowings	<b>(123.52)</b>	(89.38)
Proceeds/(Repayment) of Short-Term Borrowings (Net)	<b>(52.42)</b>	122.84
Interest Paid (Net of Interest Subsidy)	<b>(83.80)</b>	(54.23)
Dividend Paid	<b>(206.24)</b>	(205.82)
Corporate Dividend Tax Paid	<b>(9.81)</b>	(12.02)
<b>Net Cash (Used in) / From Financing Activities</b>	<b>(273.74)</b>	308.68

**D. Net Increase/(Decrease) in Cash and Cash Equivalents****10.03** 5.25**Cash and Cash Equivalents at the Beginning of the Year****16.27** 11.02**Cash and Cash Equivalents at the End of the Year****26.30** 16.27

(Cash and Cash Equivalents represent Cash and Bank Balances)

**Notes:**

- (i) Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard-3.
- (ii) Cash and Cash Equivalents include ₹ 10.48 Crore (Previous Year ₹ 10.18 Crore) which are statutorily and contractually restricted accounts.
- (iii) Previous year figures have been regrouped/recasted, wherever necessary.

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP  
Chartered AccountantsFor G. P. KAPADIA & CO.  
Chartered Accountants

For GRASIM INDUSTRIES LIMITED

K. K. Maheshwari  
Managing DirectorB. V. Bhargava  
M. L. Apte  
DirectorsRajesh K. Hiranandani  
PartnerAtul B. Desai  
PartnerAdesh Gupta  
Whole-time Director & CFOMumbai  
Dated: 2nd May, 2014Ashok Malu  
Company Secretary

## GENERAL INFORMATION

Grasim Industries Limited (the "Company") is engaged primarily in two businesses, Viscose Staple Fibre (VSF) and in Cement, through its subsidiary UltraTech Cement Limited. It also produces Rayon Grade Pulp, Caustic Soda and allied Chemicals, which are used in the manufacture of VSF. The manufacturing plants of the Company, its Subsidiaries and Joint Ventures are located in India, Canada, Sweden, China, Middle East, Sri Lanka and Bangladesh. The Company is a public limited company and its shares are listed on the Bombay Stock Exchange (BSE), India, and the National Stock Exchange (NSE), India, and the Company's Global Depository Receipts are listed on the Luxembourg Stock Exchange.

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### 1.1 Basis of Preparation:

The financial statements have been prepared and presented in accordance with the Generally Accepted Accounting Principles (GAAP) in India under the historical cost convention on accrual basis and comply in all material aspects with the Accounting Standards (AS) and the relevant provisions of the Companies Act, 1956, and Companies Act, 2013, as applicable, besides the pronouncements/guidelines of the Institute of Chartered Accountants of India (ICAI) and of the Securities and Exchange Board of India (SEBI).

#### 1.2 Classification of Assets and Liabilities as Current and Non-Current:

All assets and liabilities are classified as current or non-current as per the Company's normal operating cycle, and other criteria set out in Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, 12 months period has been considered by the Company as its normal operating cycle for the purpose of classification of assets and liabilities as current and non-current.

#### 1.3 Use of Estimates:

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and reported amount 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, the actual outcome may be different from the estimates. Difference between actual results and estimates are recognised in the period in which the results are known or materialise.

#### 1.4 Government Grants:

Any government grant is recognised when there is reasonable assurance of its receipt. A capital grant relating to specific assets is reduced from the gross value of the fixed assets, and capital grant for Project Capital Subsidy is credited to Capital Reserve. Revenue grant is recognised in the Statement of Profit and Loss.

#### 1.5 General Reserve:

General Reserve, a free reserve, is created by appropriation from profits of the current year and/or undistributed profits of previous years, before declaration of dividend duly complying with any regulations in this regard.

#### 1.6 Fixed Assets:

Fixed assets (Tangible and Intangible) are stated at cost, less accumulated depreciation/amortisation. Cost comprises the purchase price and any attributable cost of bringing the asset to its location and working condition for its intended use. Fixed assets, retired from active use and held for sale, are stated at lower of their net book value and net realisable value, and are disclosed separately in the financial statements under Current Assets.

#### 1.7 Treatment of Expenditure during Construction Period:

Expenditure during construction period is included under capital work-in-progress, and the same is allocated to the respective fixed assets on the completion of construction.

#### 1.8 Impairment of Assets:

Carrying amount of assets is reviewed at the Balance Sheet date to ascertain if there is any indication of impairment based on the internal and external factors. The assets are treated as impaired when the carrying amount of the asset exceeds its recoverable amount.

An impairment loss, if any, is charged to the Statement of Profit and Loss as and when it arises. Impairment loss recognised in prior years is reversed when there is an indication that impairment loss recognised for the asset no longer exists or may have decreased.

**1.9 Investments:**

Long-term investments are stated at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments. Such reduction is determined and made for each investment individually.

Current investments, except current maturities of Long-term investments, are stated at lower of cost and fair value determined for each category of investments.

**1.10 Inventories:**

Inventories are valued at the lower of cost and net realisable value. The cost is computed on weighted-average basis. In case of sale of raw material/stores, the proceeds are credited to their respective heads.

Cost of finished goods and process stock include cost of conversion, and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion, and the estimated costs necessary to make the sale. 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.

**1.11 Financial Derivatives:**

Financial derivative instruments, such as swaps and options, are meant to hedge risks associated with fluctuations in foreign exchange and interest rates and, accordingly, are closely linked with the underlying transactions and are intended to be held to maturity. The underlying transactions are recorded as per the terms of the financial derivative contracts.

**1.12 Revenue Recognition:**

Sales revenue is recognised on transfer of the significant risks and rewards of ownership of the goods to the buyer, and stated net of sales tax, VAT, trade discounts and rebates but includes excise duty.

Income from services is recognised as they are rendered (based on agreement/arrangement with the concerned customers).

Dividend income on investments is accounted for as and when the right to receive the payment is established.

Interest income is recognised on time-proportion basis.

Export incentives and other government incentives, insurance claims and other claims, where quantum of accruals cannot be ascertained with reasonable certainty, are accounted on acceptance basis.

Profit/(Loss) on sale of investments is recorded on transfer of title from the Company, and is determined as the difference between the sale price and carrying value of investment and other incidental expenses.

**1.13 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, are recognised as expense in the Statement of Profit and Loss, as they are incurred.

The Provident Fund contribution as specified under the law is paid to the Provident Fund set-up as an irrevocable trust by the Company or to the Regional Provident Fund Commissioner. The Company is liable for any shortfall in the fund assets based on the Government specified minimum rates of return. Such shortfall, if any, is recognised in the Statement of Profit and Loss as an expense in the year incurred.

**Defined Benefit Plan**

The obligation in respect of defined benefit plans, which covers Gratuity and Pension, are provided for on the basis of an actuarial valuation at the end of each financial year. Gratuity is funded with an approved fund. Actuarial gains/losses, if any, are recognised immediately in the Statement of Profit and Loss.

**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 Statement of Profit and Loss.

### Employee Share-Based Payments

The stock options granted under Employee Stock Option Scheme-2006 and Employee Stock Option Scheme-2013 to employees of the Company are accounted for as per the accounting treatment prescribed by the Securities and Exchange Board of India, whereby the intrinsic value of options is recognised as deferred employee compensation. The deferred employee compensation is charged to the Statement of Profit and Loss on the straight-line basis over the vesting period of the option. The employee stock option outstanding account is shown net of any unamortised deferred employee compensation.

#### 1.14 Foreign Currency Transactions and Translation:

Foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities in foreign currency, existing at the Balance Sheet date, are translated at the year-end exchange rates.

Exchange differences, including premium or discount on forward exchange contracts, arising till the commissioning of fixed assets, relating to borrowed funds and liabilities in foreign currency for acquisition of the fixed assets, are adjusted to the cost of fixed assets. All other exchange differences are recognised in the Statement of Profit and Loss.

The premium or discount on forward exchange contracts entered into to hedge an existing asset/liability is amortised as expense or income over the life of the contract. Any gain or loss arising on cancellation or renewal of such forward exchange contract is recognised as income or expense, as the case may be on such occurrence.

Forward exchange contracts entered to hedge firm commitment and outstanding as at the year end are marked-to-market. In accordance with the announcement by the Institute of Chartered Accountants of India on 'Accounting for Derivatives' the marked-to-market losses, if any, are recognised in the Statement of Profit and Loss, while gains are ignored.

Investment in Share Capital of companies registered outside India is carried in the Balance Sheet at the rates at which transactions have been executed.

Exchange difference, arising on restatement of long-term monetary items that in substance forms part of Company's net investment in non-integral foreign operations, is accumulated in Foreign Currency Translation Reserve until the disposal of the investment, at which time such exchange difference is recognised in the Statement of Profit and Loss.

#### 1.15 Research and Development Expenditure:

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development expenditure is capitalised if such expenditure leads to creation of any intangible asset, otherwise, such expenditure is charged to the Statement of Profit and Loss. Fixed assets procured for research and development activities are capitalised.

#### 1.16 Operating Leases:

Leases, where risk and reward of ownership are significantly retained by the lessor, are classified as operating leases, and lease rentals thereon are charged to the Statement of Profit and Loss on straight-line basis over the period of the lease.

#### 1.17 Borrowing Costs:

Borrowing costs include interest and ancillary costs incurred in connection with the borrowings. Borrowing costs in connection with the borrowing of funds, to the extent attributable to the acquisition or construction 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. All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

#### 1.18 Depreciation/Amortisation:

Depreciation/Amortisation charge is provided on fixed assets on written-down-value method in respect of fixed assets of Viscose Staple Fibre Division (excluding Power Plants), Nagda, Engineering Division, Nagda, and Corporate Finance Division, Mumbai, and on Straight-line Method in respect of other assets.

For provision of Depreciation/Amortisation the rates/useful life specified in Schedule XIV to the Companies Act, 1956, are applied except for the following assets where different useful life as stated below is used:

**Assets**

Leasehold Land
Motor Cars/Two-Wheelers
Computer Software
Computer and Other Electronic Office Equipment
Furniture, Fixtures and Electrical Fittings
Trademarks

**Estimated Useful Life**

Over the period of lease
5 years
3 years
4 years
7 years
10 years

Individual assets costing less than ₹ 5,000 are depreciated in full in the year of acquisition.

Continuous process plants, as defined in Schedule XIV of the Companies Act, 1956, have been classified on the basis of technical assessment and depreciation is provided accordingly.

In respect of fixed assets added/disposed off during the year, depreciation is provided on *pro-rata* basis with reference to the month of addition/deduction, however, in case of new projects the depreciation from the date of commissioning of such project is charged to the Statement of Profit and Loss.

**1.19 Provision for Current and Deferred Tax:**

Provision for Current Tax is made on the basis of estimated taxable income for the current accounting period in accordance with the provisions of the Income-tax Act, 1961.

Deferred Tax, resulting from timing difference between book and taxable profit for the year, is accounted for using the Tax rates and laws enacted or substantively enacted as on the Balance Sheet date. The Deferred Tax asset is recognised and carried forward only to the extent there is a reasonable certainty of its realisation in future.

**1.20 Minimum Alternate Tax (MAT):**

MAT is recognised as an asset only when and to the extent there is convincing evidence based on projections that the Company will pay normal Income-tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in the Guidance Note issued by the ICAI, the said asset is created by way of a credit to the Statement of Profit and Loss and is shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income-tax during the specified period.

**1.21 Provisions/Contingencies:**

A provision is recognised when there is a present obligation as a result of past event, and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined (as provided/charged to the Statement of Profit and Loss) based on estimate of the amount required to settle the obligation at the Balance Sheet date and are not discounted to the present value.

Contingent liabilities are not recognised but are disclosed in the financial statements. Claims against the Company where the possibility of materialisation is remote are not considered as contingent liabilities.

Contingent assets are neither recognised nor disclosed, in the financial statements.

## 2.1 SHARE CAPITAL

		₹ in Crore	
		Current Year	Previous Year
<b>2.1.1 Authorised</b>			
95,000,000 Equity Shares of ₹ 10 each		95.00	95.00
Redeemable Cumulative Preference Shares of ₹ 100 each			
150,000 15% "A" Series		1.50	1.50
100,000 8.57% "B" Series		1.00	1.00
300,000 9.30% "C" Series		3.00	3.00
		<b>100.50</b>	<b>100.50</b>
<b>2.1.2 Issued, Subscribed and Fully Paid-up</b>			
91,826,971 (Previous Year 91,776,533) Equity Shares of ₹ 10 each fully paid-up		91.83	91.78
<b>Share Capital Suspense</b>			
14,879 (Previous Year 14,879) Equity Shares of ₹ 10 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>91.84</b>	<b>91.79</b>
<b>2.1.3 Reconciliation of the Number of Equity Shares Outstanding (including Share Capital Suspense)</b>			
	Number of Shares		
	Current Year	Previous Year	
Outstanding as at the beginning of the year	91,791,412	91,724,648	91.72
Issued during the year under Employee Stock Option Scheme	50,438	66,764	0.07
Outstanding as at the end of the year	<b>91,841,850</b>	<b>91,791,412</b>	<b>91.79</b>
<b>2.1.4 Aggregate Number of Equity Shares allotted as fully paid-up out of Share Capital Suspense account as aforesaid during the period of five years immediately preceding the reporting date (without payment being received in cash)</b>			
	27	378	
<b>2.1.5 List of Shareholders holding more than 5% shares in the Equity Share Capital of the Company</b>			
	Current Year		Previous Year
	No. of Shares	% Holding	No. of Shares
Turquoise Investments and Finance Private Limited	5,908,341	6.43%	5,908,341
Trapti Trading and Investments Private Limited	5,477,863	5.96%	5,477,863
Life Insurance Corporation of India	7,696,546	8.38%	5,375,364
<b>2.1.6 Equity Shares of ₹ 10 each represented by Global Depository Receipts (No voting rights)</b>			
	13,259,243	14.44%	12,997,155

₹ in Crore

Current Year	Previous Year
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**2.1.7 Rights, Preferences and Restrictions attached to Equity Shares**

The Company has only one class of Equity Shares having a par value of ₹ 10 per share. Each holder of Equity Shares is entitled to one vote per share. The Company declares dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the Shareholders.

**2.1.8 282,502 (Previous Year 152,406) Equity Shares of Face Value of ₹ 10 each are reserved for issue under Employee Stock Option Scheme, 2006 (ESOS-2006) and Employee Stock Option Scheme-2013 (ESOS-2013)**

**2.1.8.1 a.** Under the ESOS-2006, the Company has granted 306,675 Options to its eligible employees in five tranches, the details of which are given hereunder:

	Options				
	Tranche I	Tranche II	Tranche III	Tranche IV	Tranche V
No. of Options Granted	201,530	16,610	71,297	6,037	11,201
Grant Date	23rd Aug, 2007	25th Jan, 2008	30th Aug, 2010	2nd Jun, 2011	18th Oct, 2013
Grant Price (₹ Per Share)	1,928	2,885	1,440	1,594	2,728
Revised Grant Price*	1,523	2,279	N.A.	N.A.	N.A.
Market Price on the Date of Grant (₹)	2,728	2,885	2,018	2,330	2,714
Method of Accounting	Intrinsic Value				
Graded Vesting Plan	25% every year, commencing after one year from the date of grant				
Normal Exercise Period	5 years from the date of vesting				

\*The Grant Price in respect of Tranche I and II was revised in the Financial Year 2010-11 as per the Scheme of Demerger of Cement Business.



₹ in Crore

	Current Year	Previous Year
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- b. Under the ESOS-2013, the Company has granted 170,369 Options and Restricted Stock Units (RSUs) to the eligible employees of the Company and its subsidiaries in three tranches, the details of which are given hereunder:

	Options*		Restricted Stock Units		
	Tranche I	Tranche III	Tranche I	Tranche II	Tranche III
No. of Options Granted	125,403	11,981	18,699	8,084	6,202
Grant Date	18th Oct, 2013	29th Jan, 2014	18th Oct, 2013	21st Nov, 2013	29th Jan, 2014
Grant Price (₹ Per Share)	2,714	2,593	10	10	10
Market Price on the Date of Grant (₹)	2,714	2,593	2,714	2,608	2,593
Method of Accounting	Intrinsic Value		Intrinsic Value		
Graded Vesting Plan	"25% every year, commencing after one year from the date of grant"		100% on completion 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		

\* No options were granted in Tranche II.

#### 2.1.8.2 Movement of Options and RSUs Granted

	Number of Options and RSUs	
	Current Year	Previous Year
Outstanding at the beginning of the year	152,406	219,170
Granted during the year	181,570	-
Exercised during the year	50,438	66,764
Lapsed during the year	1,036	-
Outstanding at the end of the year	282,502	152,406
Options: Unvested at the end of the year	200,340	40,176
Exercisable at the end of the year	82,162	112,230

₹ in Crore

	Current Year	Previous Year
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**2.1.8.3 Fair Valuation**

The fair value of options used to compute proforma net income and earnings per equity share has been done by an independent firm of Chartered Accountants on the date of grant using Black-Scholes Model.

The Key assumptions in Black-Scholes Model for calculating fair value as on the date of grant are:

ESOS-2006	Options				
	Tranche I	Tranche II	Tranche III	Tranche IV	Tranche V
Risk-Free Rate	7.78%	7.78%	8.09%	8.09%	8.58%
Option Life (Years)	Vesting Period (1 Year) + Average of Exercise Period				
Expected Volatility	33.00%	36.00%	45.64%	31.73%	24.01%
Dividend Yield	1.84%	1.80%	1.58%	0.61%	1.03%

The weighted-average fair value of the option, as on the date of grant, works out to ₹ 1,057 per stock option (Previous Year ₹ 1,056 per stock option).

ESOS-2013	Options*		Restricted Stock Units		
	Tranche I	Tranche III	Tranche I	Tranche II	Tranche III
Risk-Free Rate	8.58%	8.87%	8.66%	8.90%	9.00%
Option Life (Years)	Vesting Period (1 Year)+ Average of Exercise Period		5.50	5.50	5.50
Expected Volatility	24.01%	23.47%	24.01%	23.76%	23.47%
Dividend Yield	1.03%	1.10%	1.34%	1.40%	1.43%

The weighted-average fair value of the option and RSU, as on the date of grant, works out to ₹ 990 per stock option and ₹ 2550 per RSU.

\* No options were granted in Tranche II.

Had the compensation cost for the stock options granted under ESOS-2006 and ESOS-2013 been determined based on fair-value approach, the Company's net profit and earnings per share would have been as follows:

<b>Profit for the Year (As Reported)</b>	<b>895.99</b>	1,225.99
Add: Compensation Expenses under ESOS included in the Statement of Profit and Loss	<b>1.36</b>	1.00
Less: Compensation Expenses under ESOS as per Fair Value	<b>4.73</b>	1.83
<b>Profit for the Year (Fair Value basis)</b>	<b>892.62</b>	1,225.16
Basic Earnings Per Share: (As Reported) - ₹/Share	<b>97.58</b>	133.62
<b>(Fair Value basis) - ₹/Share</b>	<b>97.22</b>	133.53
Diluted Earnings Per Share: (As Reported) - ₹/Share	<b>97.54</b>	133.51
<b>(Fair Value basis) - ₹/Share</b>	<b>97.17</b>	133.42

## 2.2 RESERVES AND SURPLUS

₹ in Crore

	Securities Premium Account	General Reserve	Employee Share Options Outstanding #	Foreign Currency Translation Reserve	Surplus as per Statement of Profit and Loss	Total
<b>Current Year</b>						
Opening Balance as at 1st April, 2013	21.73	8,445.81	8.10	5.03	1,549.40	10,030.07
Profit for the Year	-	-	-	-	895.99	895.99
Transfer from the Statement of Profit and Loss to General Reserve	-	700.00	-	-	(700.00)	-
Proposed Dividend (including Corporate Dividend Tax)	-	-	-	-	(200.35)	(200.35)
Movement related to ESOS	10.79	-	(1.32)	-	-	9.47
Restatement of Long-Term Monetary Loan to a Foreign Joint Venture	-	-	-	0.56	-	0.56
<b>Closing Balance as at 31st March, 2014</b>	<b>32.52</b>	<b>9,145.81</b>	<b>6.78</b>	<b>5.59</b>	<b>1,545.04</b>	<b>10,735.74</b>
<b>Previous Year</b>						
Opening Balance as at 1st April, 2012	7.49	8,323.21	11.22	3.41	662.34	9,007.67
Profit for the Year	-	-	-	-	1,225.99	1,225.99
Transfer from the Statement of Profit and Loss to General Reserve	-	122.60	-	-	(122.60)	-
Proposed Dividend (including Corporate Dividend Tax)	-	-	-	-	(216.33)	(216.33)
Movement related to ESOS	14.24	-	(3.12)	-	-	11.12
Restatement of Long-Term Monetary Loan to a Foreign Joint Venture	-	-	-	1.62	-	1.62
<b>Closing Balance as at 31st March, 2013</b>	<b>21.73</b>	<b>8,445.81</b>	<b>8.10</b>	<b>5.03</b>	<b>1,549.40</b>	<b>10,030.07</b>

# Net of Deferred Employees' Compensation Expenses ₹ 7.88 Crore (Previous Year ₹ 0.65 Crore).

**2.2.1** The Board of Directors has recommended a dividend of ₹ 21 per share for the year ended, 31st March, 2014 (Previous Year ₹ 22.50 per share). The total cash outflows on account of the dividend would be ₹ 192.84 Crore (Previous Year ₹ 206.52 Crore) and on account of Corporate Dividend Tax ₹ 7.48 Crore (Previous Year ₹ 9.81 Crore).

**2.2.2** Proposed Dividend (including Corporate Dividend Tax) includes ₹ 0.03 Crore (Previous Year ₹ 0.02 Crore) related to Previous Year.

	₹ in Crore	
	Current Year	Previous Year
<b>2.3 LONG-TERM BORROWINGS</b>		
<b>Secured</b>		
Rupee Term Loans from Banks	<b>964.43</b>	922.59
<b>Unsecured</b>		
Deferred Sales Tax Loans	<b>39.95</b>	58.33
	<b><u>1,004.38</u></b>	<u>980.92</u>

**2.3.1 Nature of Security, Repayment Terms and Break-up of Current and Non-Current:**

	Current Year		Previous Year	
	Current*	Non-Current	Current*	Non- Current
<b>Secured Long-Term Borrowings:</b>				
(a) Rupee Term Loan secured by exclusive charge on certain specific fixed assets of the Company located at Nagda (Staple Fibre Division) and Harihar (Staple Fibre and Pulp Divisions) Quarterly ballooning repayment from October 2007, over 8 years	<b>26.16</b>	<b>6.68</b>	22.13	32.84
(b) Rupee Term Loan secured by first <i>pari passu</i> charge on the fixed assets, both present and future, of the Company located at Nagda (Staple Fibre, Chemical and Engineering & Development Divisions), Kharach (Staple Fibre Division) and Harihar (Staple Fibre and Pulp Divisions) [excluding those specific fixed assets, which are exclusively charged for the loan mentioned in Note (a) above] Quarterly ballooning repayment from April 2010, over 8 years	<b>45.00</b>	<b>138.75</b>	33.75	183.75
(c) Rupee Term Loan secured by first <i>pari passu</i> charge on the Plant and Machinery, both present and future, of the Company located at Vilayat (Staple Fibre Division) Quarterly ballooning repayment from April 2014, over 5 years	<b>81.00</b>	<b>819.00</b>	-	706.00

	Current Year		Previous Year	
	Current*	Non-Current	Current*	Non- Current
(d) Foreign Currency Loan secured by first <i>pari passu</i> charge on the fixed assets, both present and future, of the Company located at Nagda (Staple Fibre, Chemical and Engineering & Development Divisions), Kharach (Staple Fibre Division) and Harihar (Staple Fibre and Pulp Divisions) [excluding those specific fixed assets, which are exclusively charged for the loan mentioned in Note (a) above]				
- Repayable after 5 years, bullet repayment in April 2013	-	-	50.60	-
<b>Total Secured Borrowings (I)</b>	<b>152.16</b>	<b>964.43</b>	106.48	922.59
<b>Unsecured Long-Term Borrowings:</b>				
Deferred Sales Tax Loans				
- Repayable in six annual instalments starting from 31st May, 2012	10.89	32.68	10.89	43.57
- Repayable after ten years from the respective year in which the actual tax was collected, starting from 14th March, 2011	7.49	7.27	6.15	14.76
<b>Total Unsecured Borrowings (II)</b>	<b>18.38</b>	<b>39.95</b>	17.04	58.33
<b>Total Borrowings (I + II)</b>	<b>170.54</b>	<b>1,004.38</b>	123.52	980.92

\* Amount disclosed as Current maturities of long-term debts under the head 'Other Current Liabilities' (Note 2.9).

### 2.3.2 Maturity Profile of Long-Term Borrowings (including Current maturities) is as set out below:

		Maturity Profile		
		1-2 years	3-4 years	5-6 years
<b>Secured</b>				
Rupee Term Loans from Banks		318.21	451.88	346.50
<b>Unsecured</b>				
Deferred Sales Tax Loans		36.55	21.78	-
<b>Total</b>	<b>Current Year</b>	<b>354.76</b>	<b>473.66</b>	<b>346.50</b>
	Previous Year	276.59	346.92	480.93

		₹ in Crore	
	Current Year	Previous Year	
<b>2.4 DEFERRED TAX LIABILITIES (NET)</b>			
	<b>Current Year</b>	Charge for the Year	Previous Year
<b>Deferred Tax Liabilities:</b>			
Accumulated Depreciation	<b>475.61</b>	121.28	354.33
<b>Deferred Tax Assets:</b>			
Accrued Expenses Allowable on Payment Basis	<b>8.25</b>	4.23	4.02
Expenses Allowable in Instalments in Income-tax	<b>0.53</b>	(0.90)	1.43
Provision for Contingencies Allowable on Payment Basis	<b>4.83</b>	(0.14)	4.97
	<b>13.61</b>	3.19	10.42
<b>Deferred Tax Liabilities (Net)</b>	<b>462.00</b>	118.09	343.91
<b>2.5 OTHER LONG-TERM LIABILITIES</b>			
Security and Other Deposits	<b>1.32</b>		0.14
Other Liabilities	<b>13.34</b>		12.77
	<b>14.66</b>		12.91
<b>2.6 LONG-TERM PROVISIONS</b>			
For Employee Benefits	<b>42.31</b>		43.44
	<b>42.31</b>		43.44
<b>2.7 SHORT-TERM BORROWINGS</b>			
<b>Loans Repayable on Demand from Bank</b>			
<b>Secured</b>			
Working Capital Borrowings (Note 2.7.1)			
Foreign Currency Loans	-		27.85
Rupee Loans	<b>93.86</b>		72.34
<b>Unsecured</b>			
Working Capital Borrowings			
Foreign Currency Loans	-		54.39
Rupee Loans	<b>31.00</b>		25.00
Documentary Demand Bills/Usance Bills under Letter of Credit discounted	<b>2.30</b>		-
	<b>127.16</b>		179.58
<b>2.7.1</b> Working Capital Borrowings are secured by hypothecation of stocks and book debts of the Company			
<b>2.8 TRADE PAYABLES</b>			
Due to Micro and Small Enterprises	<b>0.12</b>		1.01
Others	<b>451.27</b>		344.68
	<b>451.39</b>		345.69

There is no principal amount and interest overdue to the Micro and Small Enterprises. During the year, no interest has been paid to such parties. This information has been determined to the extent such parties have been identified on the basis of information available with the Company and the same has been relied upon by the auditors.

₹ in Crore

## 2.9 OTHER CURRENT LIABILITIES

	Current Year	Previous Year
Current Maturities of Long-Term Debts (Note 2.3.1)	170.54	123.52
Interest Accrued but not Due on Borrowings	8.32	10.35
Unpaid Dividends (Amount Transferable to Investor Education and Protection Fund, when due)	10.40	10.09
Security and Other Deposits (Trade Deposits)	12.26	10.87
Advances from Customers	30.32	33.99
Liability for Capital Goods	49.49	197.45
Other Payables (including Statutory Dues, etc.)	200.65	153.38
	<b>481.98</b>	<b>539.65</b>

## 2.10 SHORT-TERM PROVISIONS

For Employee Benefits	9.67	8.33
For Proposed Dividend	192.84	206.52
For Corporate Dividend Tax	7.48	9.81
For Taxation (Net of Advance Tax)	256.20	273.46
	<b>466.19</b>	<b>498.12</b>

## 2.11 FIXED ASSETS

₹ in Crore

	Gross Block				Depreciation/Amortisation				Net Block
	Opening	Additions	Deductions	Closing	Opening	For the Year	Deductions	Closing	Closing
<b>Current Year</b>									
<b>TANGIBLE ASSETS</b>									
Freehold Land	37.98	9.31	-	47.29	-	-	-	-	47.29
Leasehold Land	85.72	6.28	-	92.00	2.86	0.42	-	3.28	88.72
Buildings	329.02	237.70	-	566.72	110.07	13.86	-	123.93	442.79
Plant and Equipment	3,169.04	1,425.62	6.96	4,587.70	1,477.74	193.34	6.19	1,664.89	2,922.81
Furniture and Fixtures	26.19	3.98	0.38	29.79	21.11	1.92	0.31	22.72	7.07
Vehicles	40.95	7.37	5.52	42.80	24.22	4.97	3.89	25.30	17.50
Office Equipment	58.25	7.65	1.03	64.87	43.56	5.16	0.94	47.78	17.09
Railway Sidings	5.67	-	-	5.67	3.01	0.27	-	3.28	2.39
<b>Total Tangible Assets</b>	<b>3,752.82</b>	<b>1,697.91</b>	<b>13.89</b>	<b>5,436.84</b>	<b>1,682.57</b>	<b>219.94</b>	<b>11.33</b>	<b>1,891.18</b>	<b>3,545.66</b>
<b>INTANGIBLE ASSETS</b>									
Computer Software	9.86	1.24	0.09	11.01	8.16	0.87	0.09	8.94	2.07
Trade Mark (Note 2.11.6)	0.01	-	-	0.01	-	-	-	-	0.01
<b>Total Intangible Assets</b>	<b>9.87</b>	<b>1.24</b>	<b>0.09</b>	<b>11.02</b>	<b>8.16</b>	<b>0.87</b>	<b>0.09</b>	<b>8.94</b>	<b>2.08</b>
	<b>3,762.69</b>	<b>1,699.15</b>	<b>13.98</b>	<b>5,447.86</b>	<b>1,690.73</b>	<b>220.81</b>	<b>11.42</b>	<b>1,900.12</b>	<b>3,547.74</b>
									<b>1,807.45</b>
									<b>5,355.19</b>
<b>Previous Year</b>									
<b>TANGIBLE ASSETS</b>									
Freehold Land	25.24	12.81	0.07	37.98	-	-	-	-	37.98
Leasehold Land	85.72	-	-	85.72	2.44	0.42	-	2.86	82.86
Buildings	310.38	18.69	0.05	329.02	99.97	10.13	0.03	110.07	218.95
Plant and Equipment	2,542.13	645.62	18.71	3,169.04	1,356.09	137.47	15.82	1,477.74	1,691.30
Furniture and Fixtures	24.09	2.46	0.36	26.19	19.83	1.57	0.29	21.11	5.08
Vehicles	55.54	6.09	20.68	40.95	35.53	5.53	16.84	24.22	16.73
Office Equipment	57.81	4.36	3.92	58.25	42.87	4.40	3.71	43.56	14.69
Railway Sidings	5.67	-	-	5.67	2.74	0.27	-	3.01	2.66
<b>Total Tangible Assets</b>	<b>3,106.58</b>	<b>690.03</b>	<b>43.79</b>	<b>3,752.82</b>	<b>1,559.47</b>	<b>159.79</b>	<b>36.69</b>	<b>1,682.57</b>	<b>2,070.25</b>
<b>INTANGIBLE ASSETS</b>									
Computer Software	8.97	0.89	-	9.86	7.56	0.60	-	8.16	1.70
Trade Mark (Note 2.11.6)	0.01	-	-	0.01	-	-	-	-	0.01
<b>Total Intangible Assets</b>	<b>8.98</b>	<b>0.89</b>	<b>-</b>	<b>9.87</b>	<b>7.56</b>	<b>0.60</b>	<b>-</b>	<b>8.16</b>	<b>1.71</b>
	<b>3,115.56</b>	<b>690.92</b>	<b>43.79</b>	<b>3,762.69</b>	<b>1,567.03</b>	<b>160.39</b>	<b>36.69</b>	<b>1,690.73</b>	<b>2,071.96</b>
									<b>2,425.09</b>
									<b>4,497.05</b>



	₹ in Crore	
	Current Year	Previous Year
<b>2.11.1</b> Building includes workers' quarters mortgaged with state governments against subsidies received:		
Gross Block	<b>0.46</b>	0.50
Accumulated Depreciation	<b>0.45</b>	0.48
Net Block	<b>0.01</b>	0.02
<b>2.11.2</b> Assets Held on Co-ownership with other companies:		
Gross Block	<b>87.60</b>	81.19
Accumulated Depreciation	<b>18.20</b>	17.33
Net Block	<b>69.40</b>	63.86
<b>2.11.3</b> Fixed Assets include Capital Expenditure for Research and Development Activities:		
Gross Block	<b>83.93</b>	35.13
Accumulated Depreciation	<b>14.37</b>	12.66
Net Block	<b>69.56</b>	22.47
Additions during the year	<b>48.89</b>	0.37
Capital Work-in-Progress	<b>4.88</b>	11.99
<b>2.11.4</b> Additions to Fixed Assets include Capitalisation on Account of:		
Interest Expense	-	3.33
<b>2.11.5</b> Depreciation and Amortisation for the Year:	<b>220.81</b>	160.39
Less: Capitalised as Pre-operative Expenses	<b>1.20</b>	1.18
Depreciation and Amortisation for the Year Charged to the Statement of Profit and Loss	<b>219.61</b>	159.21
<b>2.11.6</b> Amortisation Expenses related to Trademark for the year is ₹ 10,000 (Previous Year ₹ 10,619)		
<b>2.11.7</b> Pre-Operative Expenses Pending Allocation included in Capital Work-in-Progress:		
Expenditure incurred during the year:		
Salaries, Wages, Bonus and Gratuity	<b>32.68</b>	26.14
Raw Materials Consumed	<b>4.72</b>	4.41
Consumption of Stores, Spare Parts and Components, Packing Materials and Incidental Expenses	<b>8.46</b>	0.61
Rent and Hire Charges	<b>1.28</b>	0.85
Power and Fuel	<b>41.67</b>	7.99
Rates and Taxes	<b>0.17</b>	0.19
Insurance	<b>2.41</b>	1.83
Exchange Rate Difference Loss/(Gain) (Net)	<b>(0.52)</b>	(3.84)
Depreciation	<b>1.20</b>	1.18
Other Expenses	<b>20.20</b>	11.08
Finance Costs	<b>40.25</b>	20.02
	<b>152.52</b>	70.46
Less: Income Earned during the year		
Sale of Trial Run Production {(Net of Excise Duty ₹ 1.35 Crore (Previous Year ₹ 0.11 Crore)}	<b>18.90</b>	0.90
Stock of Trial Run Production	<b>(3.04)</b>	3.25
Miscellaneous Receipts	<b>2.86</b>	0.12
	<b>18.72</b>	4.27
Total Pre-Operative Expenses incurred during the year	<b>133.80</b>	66.19
Add: Pre-Operative Expenditure Incurred upto Previous Year	<b>77.37</b>	14.92
Less: Pre-Operative Expenditure Allocated to Fixed Assets during the Year	<b>90.27</b>	3.74
<b>Total Pre-Operative Expenses Pending Allocation</b>	<b>120.90</b>	77.37

					₹ in Crore	
					Current Year	Previous Year
					Face Value	Total Nos.
2.12 NON-CURRENT INVESTMENTS						
(Long-Term, Fully Paid up, At Cost)						
<b>Trade Investments</b>						
<b>Investments in Equity Instruments</b>						
<b>Subsidiaries</b>						
UltraTech Cement Limited # (Note 2.12.2)	₹ 10	165,335,150	2,636.25			2,636.25
Samruddhi Swastik Trading and Investments Limited	₹ 10	6,500,000	6.50			6.50
Sun God Trading and Investments Limited	₹ 10	49,000	0.05			0.05
Grasim Bhiwani Textiles Limited (Note 2.12.3)	₹ 10	20,050,000	60.05			60.05
Aditya Birla Power Ventures Limited	₹ 10	50,000	0.05			0.05
Provision for Diminution (Note 2.12.5)			(0.05)			(0.05)
					<b>2,702.85</b>	2,702.85
<b>Joint Ventures</b>						
AV Cell Inc., Canada, Class 'A' Shares of aggregate value of Canadian Dollar 13.50 Million (Note 2.12.3)	WPV	81,000	50.66			50.66
AV Nackawic Inc., Canada, Class 'A' Shares of aggregate value of Canadian Dollar 24.75 Million (Note 2.12.3)	WPV	123,750	102.38			102.38
Birla Jingwei Fibres Co. Limited, China, Shares of aggregate value of RMB 174.53 Million (Note 2.12.3)	WPV	-	117.40			117.40
Birla Lao Pulp and Plantations Company Limited, Laos (Previous Year 16,700 shares)	US\$ 1000	18,000	86.12			78.41
Bhubaneswari Coal Mining Limited	₹ 10	33,540,000	33.54			33.54
Aditya Birla Elyaf Sanayi Ve Ticaret Anonim Sirketi, Turkey	TRY 10	1,999,998	56.67			56.67
AV Terrace Bay Inc., Canada (Previous Year 18,000,000 shares) (Note 2.12.3)	CAD 1	26,000,000	145.35			98.83
Aditya Group AB, Sweden (Note 2.12.3)	SEK 1000	50	274.89			274.89
					<b>867.01</b>	812.78
<b>Associates</b>						
Aditya Birla Science & Technology Company Limited	₹ 10	7,799,500	7.80			7.80
					<b>7.80</b>	7.80
<b>Others</b>						
Thai Rayon Public Company Limited, Thailand#	Thai Baht 1	13,988,570	1.07			1.07
P.T. Indo Bharat Rayon Co. Limited, Indonesia	US\$ 100	5,000	0.40			0.40
Aditya Birla Ports Limited	₹ 10	50,000	0.05			0.05
					<b>1.52</b>	1.52
<b>Investments in Preference Shares</b>						
<b>Subsidiaries</b>						
15% Cumulative Redeemable Preference Shares of Sun God Trading and Investments Limited	₹ 100	100			*	*
* ₹ 10,000						
<b>Joint Ventures</b>						
6% Cumulative Redeemable Retractable, Non-voting Preferred Shares of AV Nackawic Inc., Canada, of aggregate value of Canadian Dollar 6.75 million	WPV	6,750,000			<b>26.65</b>	26.65
<b>Others</b>						
3.50% Cumulative Redeemable Preference Shares of Aditya Birla Health Services Limited	₹ 100	2,500,000			<b>25.00</b>	25.00

	Face Value	Total Nos.		₹ in Crore
			Current Year	Previous Year
<b>Other Investments</b>				
<b>Investments in Equity Instruments</b>				
<b>Associates</b>				
Idea Cellular Limited# (Note 2.12.3)	₹ 10	171,013,894	<b>171.01</b>	171.01
<b>Others</b>				
Aditya Birla Nuvo Limited#	₹ 10	3,345,816	68.37	68.37
Larsen & Toubro Limited# (Note 2.12.4) (Previous Year 3,851,984 shares)	₹ 2	5,777,976	23.11	23.11
Hindalco Industries Limited#	₹ 1	54,542,475	351.11	351.11
Indophil Textile Mills Inc., Philippines	Peso 10	422,496	0.04	0.04
Birla International Limited - Isle of Man	CHF 100	2,500	0.53	0.53
Welspun Maxsteel Limited	₹ 10	200,000	0.10	0.10
			<b>443.26</b>	443.26
<b>Investments in Government or Trust Securities</b>				
Deposited with Government Departments			<b>0.02</b>	0.02
<b>Investments in Debentures or Bonds#</b>				
Tata Steel Limited - 11.80% Perpetual NCD (Previous Year 530 units)	₹ 1,000,000	180	18.53	55.09
Tata Power Company Limited - 11.40% Perpetual NCD (Previous Year 70 units)	₹ 1,000,000	-	-	7.05
Government of India - 8.33% Taxable Bond	₹ 100,000,000	-	10.17	-
Housing and Urban Development Corporation Limited - Tax Free Bond - 8.10% 2022 (Previous Year 210,000 units)	₹ 1000	195,000	19.50	21.00
Indian Railway Finance Corporation Limited - Tax Free Bond - 7.18% 2023	₹ 1000	400,000	40.00	40.00
Indian Railway Finance Corporation Limited - Tax Free Bond - 7.34% 2028	₹ 1000	600,000	60.00	60.00
National Highways Authority of India - Tax Free Bond - 8.20% 2022	₹ 1000	147,238	14.72	14.72
Power Finance Corporation Limited - Tax Free Bond - 8.20% 2022	₹ 1000	119,546	11.95	11.95
State Bank of India - 9.50% Bond 2025	₹ 10,000	107	0.11	0.11
			<b>174.98</b>	209.92
<b>Investments in Debt Schemes of various Mutual Funds#</b>				
(Previous Year 107,794,991 units)		-	-	118.00
			<b>4,420.10</b>	4,518.81

WPV - Without Par Value

# Quoted Investments

**2.12.1** Aggregate Book Value of:

Quoted Investments	<b>3,425.90</b>	3,578.84
Unquoted Investments	<b>994.20</b>	939.97
	<b>4,420.10</b>	4,518.81
Aggregate Market Value of Quoted Investments	<b>40,668.36</b>	34,624.96

**2.12.2** 97,142,856 Equity Shares of ₹ 10 each, received in terms of the Scheme of Amalgamation of Samruddhi Cement Limited with UltraTech Cement Limited, were locked in for a period of 3 years from the date of allotment, i.e., 26th August, 2010.

**2.12.3** The investment in Company's Subsidiary, Grasim Bhiwani Textiles Limited; its Joint Ventures, AV Cell Inc., AV Nackawic Inc., AV Terrace Bay Inc., Birla Jingwei Fibres Company Limited, Aditya Group AB; and its Associate, Idea Cellular Limited, are subject to maintenance of specified holding by the Company until the credit facility provided by certain lenders to the respective companies are outstanding.

Without guaranteeing the repayment to the lenders, the Company has also agreed that the affairs of the Subsidiary and JVs will be managed through its nominee directors on the boards of respective borrowing companies, in such a manner that they are able to meet their respective financial obligations.

**2.12.4** Investment in shares of Larsen & Toubro Limited are non-transferable, pending disposal of appeal filed in earlier year by Larsen & Toubro Limited and others in the Hon'ble Bombay High Court against the single bench order of the court in favour of the Company.

**2.12.5** Provision for diminution represents diminution in value of shares of Aditya Birla Power Ventures Limited (ABPVL). Application filed during the year for striking off the name of ABPVL under Section 560 of the Companies Act, 1956.

₹ in Crore

	Current Year	Previous Year
<b>2.13 LONG-TERM LOANS AND ADVANCES</b>		
(Unsecured, Considered Good, unless otherwise stated)		
Capital Advances for Purchase of Fixed Assets	<b>139.93</b>	268.23
Security Deposits	<b>38.85</b>	39.38
Loans and Advances to Related Parties (Note 4.5.3)	<b>60.54</b>	58.48
MAT Credit Entitlement	<b>230.12</b>	63.61
Other Loans and Advances (includes Advances to Suppliers, etc.)	<b>9.16</b>	9.75
	<b>478.60</b>	439.45

**2.13.1 Disclosure as per Clause 32 of the Listing Agreement:**

- (a) Loans and Advances given to Subsidiaries and Associates  
(including Current Loans and Advances):

Name of the Company	Maximum Balance Outstanding during the		Amount Outstanding	
	Current Year	Previous Year	Current Year	Previous Year
<b>Subsidiaries</b>				
Samruddhi Swastik Trading and Investments Limited	<b>0.01</b>	0.10	-	0.01
UltraTech Cement Limited	<b>1.53</b>	-	<b>1.53</b>	-
Grasim Bhiwani Textiles Limited	<b>21.69</b>	37.09	<b>15.18</b>	21.69
<b>Associates</b>				
Aditya Birla Science & Technology Company Limited	<b>11.83</b>	11.83	<b>11.82</b>	11.83
	<b>35.06</b>	49.02	<b>28.53</b>	33.53

- (b) Payments made to employees by way of Loans and Advances  
in the nature of loan, where no interest is charged or interest is  
charged at a rate less than the rate prescribed in Section 372A  
of Companies Act, 1956:

Outstanding Balance at the year end	<b>10.68</b>	10.16
Maximum Balance Outstanding during the year	<b>12.24</b>	11.10

**2.14 CURRENT INVESTMENTS**

(At Cost or Fair Value, whichever is less)

**Other Investments**

Investments in Units of Debt Schemes of various Mutual Funds	<b>1,183.54</b>	1,705.62
798,745,551 units (Previous Year 1,275,251,814 units)		
	<b>1,183.54</b>	1,705.62

**2.14.1 Aggregate Book Value of :**

Quoted Investments	<b>1,087.54</b>	796.07
Unquoted Investments	<b>96.00</b>	909.55
	<b>1,183.54</b>	1,705.62

<b>2.14.2 Aggregate Market Value of Quoted Investments</b>	<b>1,182.81</b>	837.45
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<b>2.14.3 Current Investments includes current portion of Long-Term Investments at Cost as defined in Accounting Standard-13: Accounting for Investments.</b>	<b>484.02</b>	796.07
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₹ in Crore

	Current Year	Previous Year
<b>2.15 INVENTORIES</b>		
(Valued at lower of cost and net realisable value, unless otherwise stated)		
Raw Materials {includes in transit ₹ 294.65 Crore (Previous Year ₹ 140.76 Crore)}	<b>817.60</b>	421.36
Work-in-Progress	<b>20.38</b>	22.39
Finished Goods {includes in transit ₹ 12.96 Crore (Previous Year ₹ 1.48 Crore)}	<b>206.44</b>	220.87
Stores and Spare parts {includes in transit ₹ 1.58 Crore (Previous Year ₹ 0.05 Crore)}	<b>45.99</b>	44.01
Fuel {includes in transit ₹ 9.29 Crore (Previous Year ₹ Nil)}	<b>108.96</b>	70.09
By-Products	<b>2.26</b>	1.19
Waste/Scrap (valued at Net Realisable Value)	<b>4.39</b>	4.56
Others (mainly Packing Materials)	<b>6.25</b>	4.87
	<b>1,212.27</b>	789.34

**2.16 TRADE RECEIVABLES\***

(Unsecured, unless otherwise stated)

**Outstanding for a period exceeding six months from the date  
they are due for payment**

Considered Good	<b>1.06</b>	0.64
Doubtful	<b>1.09</b>	0.97
	<b>2.15</b>	1.61
Less: Provision for doubtful debts	<b>1.09</b>	0.97
	<b>1.06</b>	0.64
<b>Others</b>	<b>612.73</b>	504.75
Considered Good	<b>613.79</b>	505.39
	<b>340.97</b>	334.94

\*Includes amount in respect of which the Company holds  
Deposits and Letters of Credit/Guarantees from Banks

**2.17 CASH AND BANK BALANCES****Cash and Cash Equivalents**

Balances with Banks in Current Account	<b>7.45</b>	0.18
Cash on Hand	<b>0.09</b>	0.11
	<b>7.54</b>	0.29

**Other Bank Balances**

In EEFC Account	<b>8.09</b>	5.61
Earmarked Balance with Banks		
In Government Treasury Savings Account	<b>0.01</b>	0.01
Unpaid Dividend	<b>10.40</b>	10.09
Bank Deposit*	<b>0.26</b>	0.27
	<b>18.76</b>	15.98
	<b>26.30</b>	16.27

\* Includes

Lodged as Security with Government Department	<b>0.08</b>	0.09
Interest Accrued	<b>0.04</b>	0.03

₹ in Crore

	Current Year	Previous Year
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## 2.18 SHORT-TERM LOANS AND ADVANCES

Unsecured (Considered Good)		
Security Deposits*	42.19	21.50
Loans and Advances to Related Parties (Note 4.5.3)	6.12	12.62
Balances with Government Authorities	305.52	189.00
Deposits with Bodies Corporates	-	194.00
Advance Tax (Net of Provision for Tax)	58.67	25.55
Other Short-Term Loans and Advances (includes Advances to Suppliers, etc.)	138.99	124.89
	<b>551.49</b>	<b>567.56</b>

\* Includes deposit of ₹ 9.49 Crore (Previous Year ₹ 9.49 Crore) given to Aditya Birla Management Corporation Pvt. Limited (ABMCPL), Directors of which include Directors of the Company. The Company is one of the Promoter members of ABMCPL, a company limited by guarantee, which has been formed to provide a common pool of facilities and resources to its members, with a view to optimise the benefits of specialisation and minimise cost to each member. The Company's share of expenses, under the common pool, has been accounted for under the appropriate heads.

## 2.19 OTHER CURRENT ASSETS

Interest Accrued on Investments	4.80	3.66
Others (includes Insurance Claims, Export Incentives Receivables, etc.)	31.57	22.93
	<b>36.37</b>	<b>26.59</b>

## 3.1 SALE OF PRODUCTS AND SERVICES (GROSS) (Note 4.4.1)

Sale of Products	6,033.83	5,660.12
Sale of Services	1.35	1.01
	<b>6,035.18</b>	<b>5,661.13</b>

## 3.2 OTHER OPERATING REVENUES

Export Incentives	30.17	35.98
Insurance Claims	0.15	0.07
Sundry Balances Written Back (Net)	0.02	0.31
Rent Received	2.59	2.45
Scrap Sales (Net)	25.78	29.00
Others	6.18	5.83
	<b>64.89</b>	<b>73.64</b>

	₹ in Crore	
	Current Year	Previous Year
<b>3.3 OTHER INCOME</b>		
<b>Interest Income on:</b>		
Government and Other Securities	14.37	14.31
Bank and Other Accounts	67.63	46.24
<b>Dividend Income from:</b>		
Subsidiary Companies	148.80	132.27
Long-Term Investments - Trade	4.18	1.78
Long-Term Investments - Others	22.15	27.56
Current Investments - Mutual Funds	10.47	54.75
<b>Profit on Sale of:</b>		
Long-Term Investments (Net)	93.06	137.55
Current Investments (Net)	10.77	12.37
Fixed Assets (Net)	-	0.91
Exchange Rate Difference (Net)	7.93	1.21
Others	5.43	5.62
	<b>384.79</b>	<b>434.57</b>
<b>3.4 COST OF MATERIALS CONSUMED</b>		
Opening Stock	421.36	333.04
Add: Purchases and Incidental Expenses	3,381.31	2,698.94
Less: Sales	2.46	1.21
Less: Closing Stock	817.60	421.36
	<b>2,982.61</b>	<b>2,609.41</b>
<b>3.4.1 Details of Raw Materials Consumed:</b>		
Dissolving Pulp	1,792.77	1,525.63
Sulphur	135.77	177.51
Pulp Wood	226.74	143.94
Caustic Soda	265.50	300.39
Salt	92.47	81.83
Others	469.36	380.11
	<b>2,982.61</b>	<b>2,609.41</b>
<b>3.5 PURCHASES OF STOCK-IN-TRADE</b>		
Chemicals	6.80	4.87
	<b>6.80</b>	<b>4.87</b>



₹ in Crore

	Current Year	Previous Year
<b>3.6 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>		
<b>Opening Stock</b>		
Finished Goods	220.87	194.45
By-Products	1.19	0.50
Work-in-Progress	22.39	16.14
Waste/Scrap	4.56	3.04
	<b>249.01</b>	214.13
<b>Less: Closing Stock</b>		
Finished Goods	206.44	220.87
By-Products	2.26	1.19
Work-in-progress	20.38	22.39
Waste/Scrap	4.39	4.56
	<b>233.47</b>	249.01
<b>(Increase)/Decrease in Stocks</b>	<b>15.54</b>	(34.88)
Less : (Increase)/Decrease in Excise Duty on Stocks	8.24	(5.07)
Less: Stock of Trial Run Production	3.25	(3.25)
	<b>4.05</b>	(26.56)
<b>3.7 EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and Wages	332.18	328.59
Contribution to Provident and Other Funds (Note 4.6.2)	23.77	22.50
Staff Welfare Expenses	21.49	19.70
Expenses on Employee Stock Option Scheme (Note 2.1.8)	1.36	1.00
	<b>378.80</b>	371.79
<b>3.7.1</b> Expenses on Employee Stock Option Scheme are net of recovery from a Subsidiary company against options granted to the employees of the Subsidiary.	<b>0.07</b>	-
<b>3.8 OTHER EXPENSES</b>		
<b>3.8.1 Manufacturing Expenses</b>		
Consumption of Stores, Spare Parts and Components, and Incidental Expenses	139.71	115.96
Consumption of Packing Materials	48.64	39.78
Processing Charges	7.24	37.81
Repairs to Buildings	18.93	14.78
Repairs to Machinery	47.92	31.71

₹ in Crore

	Current Year	Previous Year
<b>3.8.2 Administration, Selling and Distribution Expenses</b>		
Advertisement	4.67	7.07
Discounts, Sales Promotion and Other Selling Expenses	36.23	27.44
Provision for Bad and Doubtful Debts (Net)	0.12	0.21
Insurance	8.38	6.51
Rent (including Lease Rent) (Note 4.8.5)	8.12	7.46
Rates and Taxes	3.82	3.44
Research Contribution and Expenses	23.60	16.86
Donations (Note 3.12)	20.31	20.51
Directors' Fees	0.09	0.11
Directors' Commission	9.00	11.00
Diminution in Value of Long-Term Investments (2.12.5)	-	0.05
Loss on Sale of Fixed Assets (Net)	0.09	-
Miscellaneous Expenses	104.05	99.17
	<b>480.92</b>	<b>439.87</b>
<b>3.8.3 Auditors' Remuneration (excluding Service Tax) Charged to the Statement of Profit and Loss</b>		
<b>Payments to Statutory Auditors:</b>		
Audit Fee	0.51	0.44
Tax Audit Fee	0.04	0.03
Fees for Other Services	0.26	0.22
Reimbursement of Expenses	0.02	0.02
<b>Payments to Branch Auditors:</b>		
Audit Fee	0.01	0.01
Tax Audit Fee * ₹ 30,000 (Previous Year ₹ 30,000)	*	*
Fees for Other Services ** ₹ 20,000 (Previous Year ₹ 20,000)	**	**
Reimbursement of Expenses *** ₹ 13,430 (Previous Year ₹ 7,809)	***	***
<b>Payments to Cost Auditors:</b>		
Audit Fee	0.02	0.02
Fees for Other Services # ₹ 1,500 (Previous Year ₹ 1,500)	#	#
Reimbursement of Expenses ## ₹ 45,695	##	0.01
<b>3.9 FINANCE COSTS</b>		
Interest Expense#	71.43	55.85
Other Borrowing Costs	4.27	-
Exchange (Gain)/Loss on Foreign Currency Borrowing (Net)	6.07	3.26
	<b>81.77</b>	<b>59.1</b>
Less: Capitalised	40.25	20.02
	<b>41.52</b>	<b>39.09</b>
# Net of Interest Subsidy from Government ₹ 55.15 Crore (Previous Year ₹ 36.30 Crore)		
<b>3.10 Revenue Expenditure on Research and Development included in different heads of expenses in the Statement of Profit and Loss</b>	<b>18.69</b>	<b>13.73</b>

		₹ in Crore	
		Current Year	Previous Year
<b>3.11</b>	Exceptional Item represents profit on Sale of Long-Term Investments, viz., Equity Shares of Alexandria Carbon Black Co., S.A.E. and Thai Carbon Black Public Company Limited, Thailand	-	204.43
<b>3.12</b>	Donations include contribution of ₹ 20 Crore (Previous Year ₹ 5.50 Crore) to General Electoral Trust (the 'Trust'), set up by the Company (along with other group companies). As per governing charter of the Trust, these contributions are used for contribution for Political purposes, as may be decided by the Board of Independent Trustees of the Trust.		
<b>3.13</b>	<b>Earnings Per Share (EPS):</b>		
	<b>Net Profit for the Year Attributable to Equity Shareholders (₹ in Crore)</b>	<b>895.99</b>	1,225.99
	<b>Basic EPS:</b>		
	Weighted-Average Number of Equity Shares Outstanding (Nos.)	<b>91,818,912</b>	91,751,717
	<b>Basic EPS (₹)</b>	<b>97.58</b>	133.62
	<b>Diluted EPS:</b>		
	Weighted-Average Number of Equity Shares Outstanding (Nos.)	<b>91,818,912</b>	91,751,717
	<b>Add:</b> Weighted-Average Number of Potential Equity Shares on exercise of Options (Nos.)	<b>43,505</b>	74,892
	Weighted-Average Number of Equity Shares Outstanding for calculation of Diluted EPS (Nos.)	<b>91,862,417</b>	91,826,609
	<b>Diluted EPS (₹)</b>	<b>97.54</b>	133.51
<b>4.1</b>	<b>CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:</b>		
	<b>4.1.1 Claims/Disputed Liabilities not acknowledged as Debts:</b>		
	(a) Custom Duty	<b>7.06</b>	2.07
	(b) Sales Tax/Purchases Tax/VAT	<b>0.10</b>	0.01
	(c) Excise Duty/Cenvat Credit/Service Tax	<b>83.16</b>	1.98
	(d) Water Cess	<b>17.69</b>	23.96
	(e) Income Tax	<b>144.36</b>	-
	(f) Various claims in respect of disputed liabilities of discontinued business in earlier year	<b>34.26</b>	70.00
	(g) Others	<b>26.95</b>	25.37
	<b>4.1.2 Out of the 4.1.1 above, disputes pending with revenue and other government authorities challenged/appealed by the Company are:</b>		
	(a) Income tax demand raised on completion of assessment for the Financial Year 2009-10	<b>144.36</b>	-
	(b) Excise Duty demanded against Cenvat credit availed in respect of electricity not used for manufacturing	<b>54.82</b>	-
	(c) Transfer of Cenvat credit on merger of excise registration of two units disputed by Excise Department	<b>19.44</b>	-
	(d) Custom classification dispute on import of coal	<b>5.11</b>	-
	(e) Water charges for water not made available as per agreement	<b>17.69</b>	23.96
	(f) Penalty for not utilising the land within the time limit prescribed as per the sanction document, utilisation of which is delayed due to non-fulfilment of condition by Gujarat Industrial Development Corporation	<b>6.96</b>	6.21

Cash outflows for the above are determinable only on receipt of judgements pending at various forums/authorities.

₹ in Crore

	Current Year	Previous Year
<b>4.1.3 Other Money for which the Company is contingently liable:</b>		
(a) Custom Duty Liability (Net of Cenvat Credit), which may arise if obligation for exports is not fulfilled against import of raw materials and machinery	<b>37.48</b>	45.84
(b) Bills discounted with banks fully covered by buyers' letters of credit	<b>7.37</b>	5.22

**4.2 CAPITAL COMMITMENTS**

Estimated amount of contracts remaining to be executed on capital account and not provided {(Net of Advances paid of ₹ 139.93 Crore (Previous Year ₹ 268.23 Crore)}	<b>200.01</b>	482.14
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**4.3 Details of Company's interest in its Joint Ventures, having Joint Control, as per the requirement of AS-27 on Financial Reporting of Interests in Joint Ventures are as under:**

Joint Venture (Ownership Interest)	Country of Incorporation		Assets	Liabilities	Income	Expenses	Contingent Liabilities
Birla Jingwei Fibre Company Limited (31%)	China	<b>Current Year</b>	<b>247.47</b>	<b>217.84</b>	<b>253.13</b>	<b>287.70</b>	-
		Previous Year	275.51	219.05	214.46	244.82	-
Birla Lao Pulp & Plantations Company Limited (40%)	Laos	<b>Current Year</b>	<b>95.43</b>	<b>0.22</b>	<b>0.24</b>	<b>3.25</b>	-
		Previous Year	85.65	1.40	0.11	3.53	-
A V Cell Inc. (45%)	Canada	<b>Current Year</b>	<b>366.23</b>	<b>132.14</b>	<b>292.06</b>	<b>274.70</b>	-
		Previous Year	356.89	140.05	288.04	299.84	0.29
A V Nackawic Inc. (45%)	Canada	<b>Current Year</b>	<b>488.49</b>	<b>298.72</b>	<b>401.91</b>	<b>419.86</b>	-
		Previous Year	519.66	319.62	412.43	415.62	-
Bhubaneswari Coal Mining Limited (26%)	India	<b>Current Year</b>	<b>56.61</b>	<b>28.59</b>	<b>65.46</b>	<b>63.38</b>	-
		Previous Year	49.33	22.90	39.48	42.75	-
Aditya Birla Elyaf Sanayi Ve Ticaret Anonim Sirketi (33.33%)	Turkey	<b>Current Year</b>	<b>58.14</b>	<b>0.02</b>	<b>1.08</b>	<b>0.05</b>	-
		Previous Year	63.43	0.18	3.45	0.27	-
A V Terrace Bay Inc. (40%)	Canada	<b>Current Year</b>	<b>226.42</b>	<b>219.47</b>	<b>517.63</b>	<b>596.15</b>	-
		Previous Year	216.92	179.70	151.04	211.25	-
Aditya Group AB (33.33%)	Sweden	<b>Current Year</b>	<b>932.03</b>	<b>462.20</b>	<b>582.34</b>	<b>578.87</b>	<b>0.09</b>
		Previous Year	804.96	388.50	254.39	276.23	-

## 4.4 SEGMENT REPORTING

### 4.4.1 Primary Segment Reporting (by Business Segment)

Primary Segment has been identified based on the nature of products and services, the different risks and returns, and the internal reporting structure. The Company considers Business Segment as the Primary Segment for disclosure. Details of products included in each of the segments are as under:

Fibre and Pulp	- Viscose Staple Fibre and Rayon Grade Pulp
Chemicals	- Caustic Soda, Epoxy and Allied Chemicals
Others	- Mainly Textiles

Inter-segment transfers of independent marketable products are at market rates.

Unallocated items include general corporate income, expense, assets and liabilities, which are not allocated to any business segment.

₹ in Crore

#### Information about Business Segments for the Current Year:

	Fibre and Pulp	Chemicals	Others	Eliminations	Total Company
<b>REVENUE</b>					
Gross Sales (External)	5,037.18	904.19	93.81	-	6,035.18
Gross Sales (Inter-segment)	18.31	282.11	-	(300.42)	-
<b>Total Gross Sales (Note 3.1)</b>	<b>5,055.49</b>	<b>1,186.30</b>	<b>93.81</b>	<b>(300.42)</b>	<b>6,035.18</b>
Other Income (including Other Operating Revenues)	96.83	9.96	1.13	(7.40)	100.52
Unallocated Corporate Other Income	-	-	-	-	349.16
<b>Total Other Income</b>	<b>96.83</b>	<b>9.96</b>	<b>1.13</b>	<b>(7.40)</b>	<b>449.68</b>
<b>Total Revenue</b>	<b>5,152.32</b>	<b>1,196.26</b>	<b>94.94</b>	<b>(307.82)</b>	<b>6,484.86</b>
<b>RESULTS</b>					
<b>Segment Results (PBIT)</b>	<b>573.96</b>	<b>160.57</b>	<b>1.81</b>	<b>-</b>	<b>736.34</b>
Unallocated Corporate Income/(Expenses)					290.17
Finance Costs					(41.52)
<b>Profit Before Tax</b>					<b>984.99</b>
Current Tax					(166.51)
MAT Credit					166.51
Provision for Tax of Earlier Years Written Back					29.09
Deferred Tax					(118.09)
<b>Profit After Tax</b>					<b>895.99</b>
<b>OTHER INFORMATION</b>					
<b>Segment Assets</b>	<b>5,585.11</b>	<b>2,076.05</b>	<b>51.39</b>	<b>-</b>	<b>7,712.55</b>
Unallocated Corporate Assets					6,165.10
<b>Total Assets</b>					<b>13,877.65</b>
<b>Segment Liabilities</b>	<b>541.65</b>	<b>187.80</b>	<b>23.54</b>	<b>-</b>	<b>752.99</b>
Unallocated Corporate Liabilities					2,297.08
<b>Total Liabilities</b>					<b>3,050.07</b>
<b>Capital Expenditure</b>	<b>666.78</b>	<b>266.12</b>	<b>1.72</b>	<b>-</b>	<b>934.62</b>
Unallocated Corporate Capital Expenditure					18.59
<b>Total Capital Expenditure</b>					<b>953.21</b>
<b>Depreciation and Amortisation</b>	<b>150.36</b>	<b>64.82</b>	<b>1.69</b>	<b>-</b>	<b>216.87</b>
Unallocated Corporate Depreciation and Amortisation					2.74
<b>Total Depreciation and Amortisation</b>					<b>219.61</b>
<b>Significant Non-Cash Expenses other than Depreciation and Amortisation</b>					<b>1.36</b>

₹ in Crore

**Information about Business Segments for the Previous Year:**

	Fibre and Pulp	Chemicals	Others	Eliminations	Total Company
<b>REVENUE</b>					
Gross Sales (External)	4,790.88	776.28	93.97	-	5,661.13
Gross Sales (Inter-segment)	23.73	264.33	-	(288.06)	-
<b>Total Gross Sales (Note 3.1)</b>	<b>4,814.61</b>	<b>1,040.61</b>	<b>93.97</b>	<b>(288.06)</b>	<b>5,661.13</b>
Other Income (including Other Operating Revenues)	87.83	20.07	0.28	(5.89)	102.29
Unallocated Corporate Other Income	-	-	-	-	405.92
<b>Total Other Income</b>	<b>87.83</b>	<b>20.07</b>	<b>0.28</b>	<b>(5.89)</b>	<b>508.21</b>
<b>Total Revenue</b>	<b>4,902.44</b>	<b>1,060.68</b>	<b>94.25</b>	<b>(293.95)</b>	<b>6,169.34</b>
<b>RESULTS</b>					
<b>Segment Results (PBIT)</b>	<b>810.44</b>	<b>210.72</b>	<b>5.34</b>	<b>-</b>	<b>1,026.50</b>
Unallocated Corporate Income/(Expenses)					337.04
Finance Costs					(39.09)
<b>Profit Before Exceptional Item and Tax</b>					<b>1,324.45</b>
Exceptional Item					204.43
<b>Profit Before Tax</b>					<b>1,528.88</b>
Current Tax					(265.01)
MAT Credit					63.61
Provision for Tax of Earlier Years Written Back					3.18
Deferred Tax					(104.67)
<b>Profit After Tax</b>					<b>1,225.99</b>
<b>OTHER INFORMATION</b>					
<b>Segment Assets</b>	<b>4,633.31</b>	<b>1,622.42</b>	<b>52.42</b>	<b>-</b>	<b>6,308.15</b>
Unallocated Corporate Assets					6,757.93
<b>Total Assets</b>					<b>13,066.08</b>
<b>Segment Liabilities</b>	<b>556.38</b>	<b>154.00</b>	<b>22.51</b>	<b>-</b>	<b>732.89</b>
Unallocated Corporate Liabilities					2,211.33
<b>Total Liabilities</b>					<b>2,944.22</b>
<b>Capital Expenditure</b>	<b>1,592.34</b>	<b>805.79</b>	<b>0.73</b>	<b>-</b>	<b>2,398.86</b>
Unallocated Corporate Capital Expenditure					20.24
<b>Total Capital Expenditure</b>					<b>2,419.10</b>
<b>Depreciation and Amortisation</b>	<b>120.52</b>	<b>33.95</b>	<b>1.71</b>	<b>-</b>	<b>156.18</b>
Unallocated Corporate Depreciation and Amortisation					3.03
<b>Total Depreciation and Amortisation</b>					<b>159.21</b>
<b>Significant Non-Cash Expenses other than Depreciation and Amortisation</b>					<b>1.00</b>

**4.4.2 Secondary Segment Reporting (by Geographical Segment):**

The Company's operating facilities are located in India.

	Current Year	Previous Year
<b>Segment Revenue (Gross Sales)</b>		
India	<b>4,493.26</b>	4,364.50
Rest of the World	<b>1,541.92</b>	1,296.63
<b>Total</b>	<b>6,035.18</b>	5,661.13
<b>Segment Assets</b>		
India	<b>7,487.30</b>	6,097.76
Rest of the World	<b>225.25</b>	210.39
<b>Total</b>	<b>7,712.55</b>	6,308.15
<b>Capital Expenditure</b>		
India	<b>934.62</b>	2,398.86
Rest of the World	-	-
<b>Total</b>	<b>934.62</b>	2,398.86

## 4.5 RELATED PARTY TRANSACTIONS

### 4.5.1 Parties where control exists:

Parties	Relationship
Samruddhi Swastik Trading and Investments Limited	Wholly Owned Subsidiary
Grasim Bhiwani Textiles Limited	Wholly Owned Subsidiary
Sun God Trading and Investments Limited	Wholly Owned Subsidiary
Aditya Birla Power Ventures Limited	Wholly Owned Subsidiary
UltraTech Cement Limited	Subsidiary
UltraTech Cement Lanka Private Limited, Sri Lanka	Subsidiary's Subsidiary
Dakshin Cement Limited	Subsidiary's Subsidiary
Harish Cement Limited	Subsidiary's Subsidiary
UltraTech Cement Middle East Investment Limited, Dubai, UAE	Subsidiary's Subsidiary
Star Cement Co. LLC, Dubai, UAE	Subsidiary's Subsidiary
Star Cement Co. LLC, RAK, UAE	Subsidiary's Subsidiary
Al Nakhla Crusher LLC, Fujairah, UAE	Subsidiary's Subsidiary
Arabian Cement Industry LLC, Abu Dhabi, UAE	Subsidiary's Subsidiary
Arabian Gulf Cement Co. W.L.L., Bahrain	Subsidiary's Subsidiary
Emirates Power Company Ltd., Bangladesh	Subsidiary's Subsidiary
Emirates Cement Bangladesh Ltd., Bangladesh	Subsidiary's Subsidiary
UltraTech Cement SA (PTY), South Africa	Subsidiary's Subsidiary
PT UltraTech Mining Indonesia, Indonesia	Subsidiary's Subsidiary
UltraTech Cement Mozambique Limitada, Mozambique	Subsidiary's Subsidiary
PT UltraTech Investment Indonesia, Indonesia	Subsidiary's Subsidiary
PT UltraTech Cement, Indonesia (w.e.f. 16th July, 2012)	Subsidiary's Subsidiary
Gotan Lime Stone Khanij Udyog Private Limited (w.e.f. 23rd July, 2012)	Subsidiary's Subsidiary
Bhagwati Lime Stone Company Private Limited (w.e.f. 3rd April, 2013)	Subsidiary's Subsidiary

### 4.5.2 Other Related Parties with whom transactions have taken place during the year:

Parties	Relationship
A V Cell Inc., Canada	Joint Venture
A V Nackawic Inc., Canada	Joint Venture
Birla Jingwei Fibres Company Limited, China	Joint Venture
Birla Lao Pulp & Plantations Company Limited, Laos	Joint Venture
Bhubaneswari Coal Mining Limited	Joint Venture
A V Terrace Bay Inc., Canada (w.e.f. 12th July, 2012)	Joint Venture
Aditya Group AB, Sweden (w.e.f. 1st October, 2012)	Joint Venture
Aditya Birla Science & Technology Company Limited	Associate
Idea Cellular Limited	Associate
Aditya Group AB, Sweden (upto 30th September, 2012)	Associate
Shri K. K. Maheshwari, Managing Director	Key Management Personnel (KMP)
Shri Adesh Gupta, Whole-time Director & CFO	Key Management Personnel (KMP)
Smt. Usha Gupta	Relative of KMP (Wife of Shri Adesh Gupta)



₹ in Crore

	Current Year	Previous Year
<b>4.5.3 Disclosure of Related Party Transactions:</b>		
<b>Nature of Transactions</b>		
<b>Sale of Products and Services:</b>		
Grasim Bhiwani Textiles Limited	34.60	26.60
UltraTech Cement Limited	0.15	0.82
Birla Jingwei Fibres Company Limited	52.68	3.16
<b>Total</b>	<b>87.43</b>	<b>30.58</b>
<b>Interest and Other Operating Income:</b>		
Grasim Bhiwani Textiles Limited	0.28	0.77
UltraTech Cement Limited	2.30	0.76
AV Cell, Inc.	2.19	2.14
AV Nackawic, Inc.	-	1.17
Aditya Birla Science & Technology Company Limited	0.89	0.71
<b>Total</b>	<b>5.66</b>	<b>5.55</b>
<b>Dividend Received:</b>		
UltraTech Cement Limited	148.80	132.27
Idea Cellular Limited	5.13	-
Sun God Trading and Investments Limited # ₹ 28,125	#	-
<b>Total</b>	<b>153.93</b>	<b>132.27</b>
<b>Purchases of Goods/Payment of Other Services (Net of Cenvat Credit, if available):</b>		
Grasim Bhiwani Textiles Limited # ₹ 8,645	#	0.04
Ultra Tech Cement Limited	1.72	2.02
AV Cell, Inc.	230.86	309.23
AV Nackawic, Inc.	210.27	210.84
Birla Jingwei Fibres Company Limited	-	0.21
Aditya Group AB	497.16	167.18
Aditya Birla Science & Technology Company Limited	21.35	14.64
Idea Cellular Limited	0.60	0.59
Shri K. K. Maheshwari, Managing Director	8.35	7.42
Shri Adesh Gupta, Whole-time Director & CFO	3.27	2.70
Smt. Usha Gupta	0.04	0.04
<b>Total</b>	<b>973.62</b>	<b>714.91</b>
<b>Payment of Managerial Remuneration of Grasim Bhiwani Textiles Limited (Wholly Owned Subsidiary)</b>	<b>2.51</b>	<b>1.88</b>
<b>Finance Provided:</b>		
Samruddhi Swastik Trading and Investments Limited	15.64	0.01
Grasim Bhiwani Textiles Limited	95.61	102.05
UltraTech Cement Limited	1.53	-
Aditya Birla Science & Technology Company Limited	-	0.01
<b>Total</b>	<b>112.78</b>	<b>102.07</b>
<b>Repayment against Finance Provided:</b>		
Grasim Bhiwani Textiles Limited	100.11	98.45
Aditya Birla Science & Technology Company Limited	0.01	-
Samruddhi Swastik Trading and Investment Limited	15.65	-
Sun God Trading and Investments Limited	-	3.79
<b>Total</b>	<b>115.77</b>	<b>102.24</b>

₹ in Crore

	Current Year	Previous Year
<b>Investment in Equity Shares/Debentures/Preference Shares:</b>		
Birla Jingwei Fibres Company Limited	-	51.35
Birla Lao Pulp & Plantation Company Limited	7.71	14.87
Bhubaneswari Coal Mining Limited	-	21.84
A V Terrace Bay Inc.	46.52	98.83
<b>Total</b>	<b>54.23</b>	<b>186.89</b>
<b>Purchases of Fixed Assets:</b>		
Grasim Bhiwani Textiles Limited	-	0.08
UltraTech Cement Limited	22.11	39.95
<b>Total</b>	<b>22.11</b>	<b>40.03</b>
<b>Outstanding Balances:</b>		
<b>Trade Payables:</b>		
Grasim Bhiwani Textiles Limited	0.04	-
UltraTech Cement Limited	-	0.28
AV Cell, Inc.	11.40	31.86
AV Nackawic, Inc.	18.68	5.12
Aditya Group AB	55.87	16.82
Aditya Birla Science & Technology Company Limited	1.44	0.01
<b>Total</b>	<b>87.43</b>	<b>54.09</b>
<b>Other Current Liabilities:</b>		
Grasim Bhiwani Textiles Limited	2.00	4.27
UltraTech Cement Limited	0.36	1.53
<b>Total</b>	<b>2.36</b>	<b>5.80</b>
<b>Trade Receivables:</b>		
UltraTech Cement Limited	0.03	-
Grasim Bhiwani Textiles Limited	1.57	3.11
Birla Jingwei Fibres Company Limited	17.63	0.96
<b>Total</b>	<b>19.23</b>	<b>4.07</b>
<b>Long-Term Loans and Advances:</b>		
Grasim Bhiwani Textiles Limited	11.98	19.52
AV Cell, Inc.	36.63	36.07
Aditya Birla Science & Technology Company Limited	10.43	1.39
Smt. Usha Gupta	1.50	1.50
<b>Total</b>	<b>60.54</b>	<b>58.48</b>
<b>Short-Term Loans and Advances:</b>		
Samruddhi Swastik Trading and Investments Limited	-	0.01
UltraTech Cement Limited	1.53	-
Grasim Bhiwani Textiles Limited	3.20	2.17
Aditya Birla Science & Technology Company Limited	1.39	10.44
<b>Total</b>	<b>6.12</b>	<b>12.62</b>
<b>Other Current Asset:</b>		
AV Terrace Bay Inc.	0.01	-
<b>Total</b>	<b>0.01</b>	<b>-</b>

**4.6 RETIREMENT BENEFITS****4.6.1 Defined Benefit Plans as per Actuarial Valuation:****4.6.1.1 Gratuity and Pension:**

₹ in Crore				
	<b>Gratuity (Funded)</b>		<b>Pension</b>	
	<b>Current Year</b>	<b>Previous Year</b>	<b>Current Year</b>	<b>Previous Year</b>
(i) <b>Reconciliation of Present Value of the Obligations:</b>				
Opening Defined Benefit Obligations	156.77	140.21	9.46	9.16
Adjustments of:				
Current Service Cost	7.97	6.76	-	-
Interest Cost	12.42	11.60	0.72	0.73
Actuarial Loss/(Gain)	(9.73)	11.96	(0.12)	0.76
Benefits Paid	(11.48)	(13.76)	(1.21)	(1.19)
<b>Closing Defined Benefit Obligations</b>	<b>155.95</b>	<b>156.77</b>	<b>8.85</b>	<b>9.46</b>
(ii) <b>Reconciliation of Fair Value of the Plan Assets:</b>				
Opening Fair Value of the Plan Assets	156.76	138.98	-	-
Adjustments of:				
Expected Return on Plan Assets	11.11	9.90	-	-
Actuarial Gain/(Loss)	2.03	5.20	-	-
Contributions by the Employer	0.01	16.44	1.21	1.19
Benefits Paid	(11.48)	(13.76)	(1.21)	(1.19)
<b>Closing Fair Value of the Plan Assets</b>	<b>158.43</b>	<b>156.76</b>	<b>-</b>	<b>-</b>
(iii) <b>Net Liabilities/(Assets) recognised in the Balance Sheet:</b>				
Present Value of the Defined Benefit Obligations at the end of the period	155.95	156.77	8.85	9.46
Fair Value of the Plan Assets	158.43	156.76	-	-
<b>Net Liabilities/(Assets) recognised in the Balance Sheet</b>	<b>(2.48)</b>	<b>0.01</b>	<b>8.85</b>	<b>9.46</b>
(iv) <b>Amount recognised in Salary and Wages under Employee Benefits Expense in the Statement of Profit and Loss:</b>				
Current Service Cost	7.97	6.76	-	-
Interest on Defined Benefit Obligations	12.42	11.60	0.72	0.73
Expected Return on Plan Assets	(11.11)	(9.90)	-	-
Net Actuarial Loss/(Gain) recognised during the year	(11.76)	6.77	(0.12)	0.76
<b>Net Cost</b>	<b>(2.48)</b>	<b>15.23</b>	<b>0.60</b>	<b>1.49</b>
Less: Capitalised as Pre-Operative Expenses in respect of Projects	-	1.05	-	-
<b>Net Charge to the Statement of Profit and Loss</b>	<b>(2.48)</b>	<b>14.18</b>	<b>0.60</b>	<b>1.49</b>
(v) <b>Actual Return on Plan Assets:</b>				
Expected Return on Plan Assets	11.11	9.90	N.A.	N.A.
Actuarial Gain/(Loss) on Plan Assets	2.03	5.20	N.A.	N.A.
<b>Actual Return on Plan Assets</b>	<b>13.14</b>	<b>15.10</b>	<b>N.A.</b>	<b>N.A.</b>
(vi) <b>Investment Details of the Plan Assets:</b>				
Government of India Securities	12%	15%	N.A.	N.A.
Corporate Bonds	12%	13%	N.A.	N.A.
Insurer Managed Fund	73%	69%	N.A.	N.A.
Others	3%	3%	N.A.	N.A.
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>N.A.</b>	<b>N.A.</b>

		₹ in Crore			
		Gratuity (Funded)		Pension	
		Current Year	Previous Year	Current Year	Previous Year
(vii)	<b>Principal Actuarial Assumptions at the Balance Sheet Date:</b>				
	Discount Rate	9.10%	8.15%	9.10%	8.15%
	Estimated Rate of Return on Plan Assets	7.50%	7.50%	-	-
	Salary Escalation rate	8.00%	8.00%	-	-
	Mortality	Indian Assured (2006-08) mortality tables	Indian Assured (2006-08) mortality tables	PA (90) annuity rates down by 4 years	PA (90) annuity rates down by 4 years

(viii) **Gratuity:**

The Employees' gratuity fund is managed by a Trust. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method as prescribed by the Accounting Standard (AS)-15 (Revised) - '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.

(ix) **There are no amounts included in the Fair Value of the Plan Assets for:**

- Company's own financial instrument
- Property occupied by or other assets used by the Company

(x) **Basis used to determine Expected Rate of Return on Plan Assets:**

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

(xi) **Salary Escalation Rate:**

The estimates of future salary increases are considered taking into account inflation, seniority, promotion, increments and other relevant factors.

(xii) **Experience Adjustments:**

(a) **Gratuity (Funded):**

	₹ in Crore				
	2013-14	2012-13	2011-12	2010-11	2009-10
Defined Benefit Obligations	155.95	156.77	140.21	122.35	122.77
Fair Value of the Plan Assets	158.43	156.76	138.98	131.25	115.96
Surplus/(Deficit)	2.48	(0.01)	(1.23)	8.90	(6.81)
Expected Adjustments on Plan Liabilities	1.52	7.82	13.45	3.25	10.16
Expected Adjustments on Plan Assets	2.04	5.19	(0.14)	0.83	2.96

(b) **Pension Liabilities:**

Defined Benefit Obligations	8.85	9.46	9.16	9.66	9.51
Fair Value of the Plan Assets	-	-	-	-	-
Surplus/(Deficit)	(8.85)	(9.46)	(9.16)	(9.66)	(9.51)
Expected Adjustments on Plan Liabilities	0.27	0.36	0.11	0.35	(0.16)

(xiii) The best estimate of the expected Contribution for the next year amounts to ₹ 7.50 Crore (Previous Year ₹ 7.50 Crore).

**4.6.1.2 Compensated Absences:**

The obligation for compensated absences is recognised in the same manner as gratuity, amounting to charge of ₹ 0.38 Crore (Previous Year ₹ 2.88 Crore).

**4.6.2 Defined Contribution Plans:**

Amount recognised as expense and included in the Note 3.7 as "Contribution to Provident and Other Funds" ₹ 23.77 Crore (Previous Year ₹ 22.50 Crore).

**4.7 DISCLOSURE OF DERIVATIVE INSTRUMENTS****4.7.1 Derivatives for Hedging Currency and Interest Rate, Outstanding are as under:**

in Crore

Purpose	Foreign Currency	Amount in Foreign Currency		Cross Currency
		Current Year	Previous Year	
a. Forward Contracts	Import (Payables) USD	2.76	0.92	INR
	EUR	0.08	-	USD
	Export (Receivables) EUR	0.44	-	USD
	Overseas Direct Investments CAD	-	0.25	USD
b. Currency and Interest Rate Swaps	PCFC (Loans) USD	-	1.50	INR
	ECB JPY	-	130.07	INR

**4.7.2 Un-hedged Foreign Currency Exposure:**

in Crore

Foreign Currency	Amount in Foreign Currency		Equivalent ₹	
	Current Year	Previous Year	Current Year	Previous Year
Exports (Receivables)	USD	2.98	2.71	179.09
	Euro	-	0.16	-
Imports (Payables)	USD	-	0.38	-
Bank Balances	USD	0.13	0.10	8.09
Loans (Receivables)	CAD	0.68	0.68	36.63

₹ in Crore

	Current Year	Previous Year
--	-----------------	------------------

#### 4.8 ADDITIONAL INFORMATION DETAILS

##### 4.8.1 Value of Imports (on CIF basis):

(i) Raw Materials	1,802.63	1,150.83
(ii) Components and Spare Parts	48.62	18.01
(iii) Capital Goods	175.94	637.49

##### 4.8.2 Value of Imported and Indigenous Raw Materials and Stores and Spares Consumed:

	Current Year		Previous Year	
	Value	%	Value	%
	₹ in Crore		₹ in Crore	
<b>Raw Materials*:</b>				
Imported	1,596.10	53%	1,220.68	47%
Indigenous	1,391.23	47%	1,393.14	53%
<b>Total</b>	<b>2,987.33</b>	<b>100%</b>	<b>2,613.82</b>	<b>100%</b>
<b>Stores and spares*:</b>				
Imported	27.48	19%	13.83	12%
Indigenous	120.69	81%	102.74	88%
<b>Total</b>	<b>148.17</b>	<b>100%</b>	<b>116.57</b>	<b>100%</b>

\* Includes consumption in Pre-Operative expenses (Note 2.11.7).

##### 4.8.3 Expenditure in Foreign Currency on accrual basis (Gross):

Technical Know-how and Services	1.68	2.57
Professional and Consultancy Fees	2.68	5.56
Finance Cost on Foreign Currency Loans	0.76	4.98
Other	9.26	9.17

##### 4.8.4 Earnings in Foreign Exchange on accrual basis (Gross):

Export of Goods on FOB basis	1,500.63	1,263.14
Technical Know-how and Service Charges	0.32	0.24
Interest and Dividend	6.44	14.66
Sale of Fixed Assets	-	5.27
Others	-	1.17

##### 4.8.5 Assets taken on Operating lease:

1 Operating Lease Payments recognised in the Statement of Profit and Loss	8.12	7.46
2 The total of future minimum lease payments under non-cancellable operating leases are as follows:		
For a period not later than one year	-	2.35
For a period later than one year and not later than five years	-	1.17
For a period later than five years	-	-

		₹ in Crore	
		Current Year	Previous Year
3	General Description of Leasing Agreements:		
	(i) Lease Assets: Godowns, Offices, Flats and Others		
	(ii) Future Lease rentals are determined on the basis of agreed terms		
	(iii) At the expiry of lease terms, the Company has an option to return the assets or extend the term by giving notice in writing		

**4.8.6 Amount Remitted during the year in Foreign Currency on account of Dividend:**

1	Equity Dividend for the year ended	<b>31-03-2013</b>	31-03-2012
2	Number of Non-Resident Equity Shareholders	<b>139</b>	141
3	Number of Shares held by them	<b>26,40,265</b>	26,44,278
4	Amount Remitted as Dividend (₹ in Crore)	<b>5.94</b>	5.95

**4.8.7** Previous year figures have been regrouped/reclassified, wherever necessary, to correspond with the current year classification/disclosure.

**4.8.8** Figures less than ₹ 50,000 have been shown at actual, wherever statutorily required to be disclosed, as the figures have been rounded off to the nearest lakh.

Signatures to Notes '1' to '4'

For GRASIM INDUSTRIES LIMITED

K. K. Maheshwari  
Managing Director

B. V. Bhargava  
M. L. Apte  
Directors

Adesh Gupta  
Whole-time Director & CFO

Mumbai  
Dated: 2nd May, 2014

Ashok Malu  
Company Secretary



**INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF GRASIM INDUSTRIES LIMITED****Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of **GRASIM INDUSTRIES LIMITED** (the "Company"), its subsidiaries and jointly controlled entities (the Company, its subsidiaries and jointly controlled entities constitute "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Consolidated Financial Statements**

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control 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.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

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 other auditors/one of the joint auditors on the financial statements of the subsidiaries, jointly controlled entities, associates and management accounts referred to below in the Other Matter paragraphs, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2014;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

**Emphasis of Matter**

We draw attention to Note 4.7.5 of the financial statements which describes the uncertainty related to the penalty of ₹ 1,175.49 crore imposed by the Competition Commission of India (CCI) on UltraTech Cement Limited (UTCL), a subsidiary of the Company, along with certain other cement manufacturing companies, for alleged cartelisation, for which no provision has been made based on a legal opinion obtained by UTCL.

Our opinion is not qualified in respect of this matter.

**Other Matters**

The financial statements of six subsidiaries as considered in the consolidated financial statements, which reflect total assets of ₹ 448.64 crore as at 31st March, 2014, total revenues of ₹ 453.02 crore and net cash outflows amounting to ₹ 1.17 crore for the year ended on that date, have been audited by M/s. G. P. Kapadia & Co., Chartered Accountants, one of the joint auditors of the Company, and the Group's share of net profit of ₹ 101.34 crore for the year ended 31st March, 2014 of an associate, whose financial statements have been audited by M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, one of the joint auditors of the Company.

We did not audit the financial statements of fourteen subsidiaries and nine jointly controlled entities, whose financial statements reflect total assets of ₹ 5,111.05 crore as at 31st March, 2014, total revenues of ₹ 3,314.28 crore and net cash outflows amounting to ₹ 113.43 crore for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also includes the Group's share of profit after tax of ₹ 1.53 crore for the year ended 31st March, 2014 as considered in the consolidated financial statements, in respect of an associate, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and an associate, is based solely on the reports of the other auditors.

The consolidated financial statements include the unaudited financial statements (management accounts) of two subsidiaries and one jointly controlled entity, whose financial statements reflect total assets of ₹ 95.43 crore as at 31st March, 2014, total revenue of ₹ 0.24 crore and net cash outflows amounting to ₹ 0.95 crore for the year ended on that date. Our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and a jointly controlled entity is based solely on such management accounts.

Our opinion is not qualified in respect of these matters.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm Registration No. 117366W/W-100018)

**Rajesh K. Hiranandani**  
Partner  
Membership No.: 36920  
Mumbai, 2nd May, 2014

For **G. P. KAPADIA & CO.**  
Chartered Accountants  
(Firm Registration No. 104768W)

**Atul B. Desai**  
Partner  
Membership No.: 30850

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2014

	Note		Current Year	Previous Year
₹ in Crore				
<b>EQUITY AND LIABILITIES</b>				
<b>Shareholders' Funds</b>				
Share Capital	2.1	91.84		91.79
Share Capital (Other than Equity)	2.2	44.55		42.66
Reserves and Surplus	2.3	21,478.01		19,522.09
			21,614.40	19,656.54
<b>Minority Interest</b>				
			6,935.84	6,220.98
<b>Non-Current Liabilities</b>				
Long-Term Borrowings	2.4	7,611.99		6,653.07
Deferred Tax Liabilities (Net)	2.5	2,814.94		2,310.62
Other Long-Term Liabilities	2.6	17.81		15.29
Long-Term Provisions	2.7	193.52		189.51
			10,638.26	9,168.49
<b>Current Liabilities</b>				
Short-Term Borrowings	2.8	1,530.02		1,763.03
Trade Payables	2.9	3,245.88		2,862.20
Other Current Liabilities	2.10	2,702.01		3,258.49
Short-Term Provisions	2.11	1,080.19		1,202.75
			8,558.10	9,086.47
<b>TOTAL</b>			<b>47,746.60</b>	<b>44,132.48</b>
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Fixed Assets	2.12			
Tangible Assets		21,822.17		17,484.10
Intangible Assets		109.58		67.62
Capital Work-in-Progress		4,033.69		6,084.22
Intangible Assets Under Development		3.19		0.06
		25,968.63		23,636.00
Goodwill on Consolidation	2.13	3,276.82		3,009.69
Non-Current Investments	2.14	2,673.28		3,164.92
Deferred Tax Assets (Net)	2.15	11.67		9.35
Long-Term Loans and Advances	2.16	1,842.45		1,591.72
			33,772.85	31,411.68
<b>Current Assets</b>				
Current Investments	2.17	4,937.53		4,845.87
Inventories	2.18	4,256.50		3,740.76
Trade Receivables	2.19	2,509.15		2,175.05
Cash and Bank Balances	2.20	396.69		229.18
Short-Term Loans and Advances	2.21	1,810.16		1,691.24
Other Current Assets	2.22	63.72		38.70
			13,973.75	12,720.80
<b>TOTAL</b>			<b>47,746.60</b>	<b>44,132.48</b>

Significant Accounting Policies 1  
 Accompanying Notes are an integral part of the Financial Statements.

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP  
 Chartered Accountants

For G. P. KAPADIA & CO.  
 Chartered Accountants

For GRASIM INDUSTRIES LIMITED

K. K. Maheshwari  
 Managing Director

B. V. Bhargava  
 M. L. Apte  
 Directors

Rajesh K. Hiranandani  
 Partner

Atul B. Desai  
 Partner

Adesh Gupta  
 Whole-time Director & CFO

Mumbai  
 Dated: 2nd May, 2014

Ashok Malu  
 Company Secretary

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2014**

			₹ in Crore
	Note	Current Year	Previous Year
<b>REVENUE</b>			
Sale of Products and Services (Gross)	3.1	32,226.01	30,808.83
Other Operating Revenues	3.2	319.85	264.60
		32,545.86	31,073.43
Less: Excise Duty		3,221.82	3,164.09
<b>Revenue from Operations (Net)</b>		<b>29,324.04</b>	<b>27,909.34</b>
Other Income	3.3	576.59	619.51
<b>Total Revenue (I)</b>		<b>29,900.63</b>	<b>28,528.85</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	3.4	7,025.44	6,143.15
Purchases of Stock-in-Trade	3.5	457.12	339.65
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	3.6	45.35	(196.25)
Employee Benefits Expense	3.7	1,847.09	1,668.75
Power and Fuel		5,653.14	5,603.83
Freight and Handling Expense	3.8	4,909.58	4,469.47
Other Expenses	3.9	4,546.33	4,072.02
		24,484.05	22,100.62
Less: Captive Consumption			
[Net of Excise Duty of ₹ 4.32 Crore (Previous Year ₹ 8.90 Crore)]		74.44	114.89
<b>Total Expenses (II)</b>		<b>24,409.61</b>	<b>21,985.73</b>
<b>Profit Before Interest, Depreciation/Amortisation and Tax (PBITD) (I) - (II)</b>		<b>5,491.02</b>	<b>6,543.12</b>
Finance Costs	3.10	447.32	324.14
Depreciation and Amortisation		1,457.48	1,252.06
<b>Profit Before Exceptional Item and Tax</b>		<b>3,586.22</b>	<b>4,966.92</b>
Add: Exceptional Item	3.11	-	204.43
<b>Profit Before Tax</b>		<b>3,586.22</b>	<b>5,171.35</b>
Tax Expense			
Current Tax		751.13	1,287.27
MAT Credit		(392.28)	(64.30)
Provision for Tax of Earlier Year Written Back		(124.74)	(7.02)
Deferred Tax		500.68	251.26
<b>Total Tax Expense</b>		<b>734.79</b>	<b>1,467.21</b>
<b>Profit After Tax</b>		<b>2,851.43</b>	<b>3,704.14</b>
Add: Share in Profit of Associates		102.87	73.65
Less: Minority Interest		882.76	1,073.40
<b>Profit for the Year</b>		<b>2,071.54</b>	<b>2,704.39</b>
<b>Earnings Per Equity Share (Face Value ₹ 10 each)</b>	3.13		
Basic (₹)		225.61	294.75
Diluted (₹)		225.50	294.51

Significant Accounting Policies

1

Accompanying Notes are an integral part of the Financial Statements.

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP  
Chartered AccountantsFor G. P. KAPADIA & CO.  
Chartered Accountants

For GRASIM INDUSTRIES LIMITED

K. K. Maheshwari  
Managing DirectorB. V. Bhargava  
M. L. Apte  
DirectorsRajesh K. Hiranandani  
PartnerAtul B. Desai  
PartnerAdesh Gupta  
Whole-time Director & CFOMumbai  
Dated: 2nd May, 2014Ashok Malu  
Company Secretary

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2014**

		₹ in Crore
	<b>Current Year</b>	Previous Year
<b>A. Cash Flow from Operating Activities</b>		
a. Net Profit Before Tax	<b>3,586.22</b>	5,171.35
<u>Adjustments for:</u>		
Depreciation and Amortisation	<b>1,457.48</b>	1,252.06
Compensation Expenses under Employee Stock Option Scheme	<b>4.11</b>	1.36
Finance Costs	<b>447.32</b>	324.14
Interest Income	<b>(64.31)</b>	(59.50)
Dividend Income	<b>(49.23)</b>	(113.09)
Provision for Bad and Doubtful Debts and Advances/(Written Back) (Net)	<b>0.08</b>	0.21
Non-Cash Items	<b>3.87</b>	(1.36)
Profit on Sale of Fixed Assets (Net)	<b>(2.18)</b>	(1.74)
Profit on Sale of Mutual Funds Units, Bonds and Certificate of Deposits (Net)	<b>(368.70)</b>	(397.65)
Profit on Sale of Long-Term Investments (Exceptional Item) (Note 3.11)	<b>-</b>	(204.43)
b. Operating Profit Before Working Capital Changes	<b>5,014.66</b>	5,971.35
<u>Adjustments for:</u>		
Trade and Other Receivables	<b>(561.13)</b>	(614.53)
Inventories	<b>(477.50)</b>	(615.13)
Trade and Other Payables	<b>444.31</b>	442.98
c. Cash Generated from Operations	<b>4,420.34</b>	5,184.67
Direct Taxes Paid (Net)	<b>(863.70)</b>	(942.99)
<b>Net Cash from Operating Activities</b>	<b>3,556.64</b>	4,241.68
<b>B. Cashflow from Investing Activities</b>		
Purchase of Fixed Assets (including Capital Advances, Net of Capital Grants)	<b>(3,373.42)</b>	(6,000.96)
Sale of Fixed Assets	<b>16.58</b>	15.09
Sale of Long-Term Investments (Exceptional Item)	<b>7.71</b>	221.60
Purchase of Investments in Subsidiaries	<b>(237.03)</b>	(160.00)
Investments in Joint Ventures and Associates	<b>-</b>	(0.87)
Sale/(Purchase) of Mutual Funds, Bonds and Certificates of Deposits (Net)	<b>880.75</b>	9.00
Expenditure for Cost of Assets Transferred from Samruddhi Cement Limited to UltraTech Cement Limited, pursuant to Scheme of Arrangement	<b>(9.72)</b>	-
Loans and Advances to other Companies, including ICDs	<b>193.92</b>	16.78
Interest Received	<b>63.19</b>	60.97
Dividend Received	<b>61.21</b>	113.09
<b>Net Cash used in Investing Activities</b>	<b>(2,396.81)</b>	(5,725.30)

	Current Year	Previous Year
<b>C. Cashflow from Financing Activities</b>		
Proceeds from Issue of Share Capital under ESOS	12.45	18.11
Proceeds from Long-Term Borrowings	991.49	1,628.43
Repayments of Long-Term Borrowings	(788.28)	(312.75)
Proceeds/(Repayment) of Short-Term Borrowings	(333.42)	813.56
Interest Paid (Net of Subsidy)	(574.89)	(458.94)
Dividends Paid	(301.88)	(293.09)
Corporate Dividend Tax	(51.75)	(47.59)
<b>Net Cash (used in)/from Financing Activities</b>	<b>(1,046.28)</b>	1,347.73
<b>D. Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>113.55</b>	(135.89)
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>229.18</b>	326.60
<b>Add:</b>		
Cash and Cash Equivalents transferred on acquisition of a Subsidiary	-	1.01
Cash and Cash Equivalents in relation to Joint Venture, earlier consolidated as an Associate (Note 4.2.4)	0.26	7.38
Effect of Exchange Rate on Consolidation of Foreign Subsidiaries/Joint Ventures	53.70	30.08
<b>Cash and Cash Equivalents at the end of the year</b>	<b>396.69</b>	229.18
(Cash and Cash Equivalents represent Cash and Bank Balances)		

**Notes:**

- (i) Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard-3.
- (ii) Cash and Cash Equivalents include ₹ 134.18 Crore (Previous Year ₹ 15.17 Crore) which are statutorily and contractually restricted accounts.
- (iii) Previous year figures have been regrouped/recasted, wherever necessary.

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP  
Chartered AccountantsFor G. P. KAPADIA & CO.  
Chartered Accountants

For GRASIM INDUSTRIES LIMITED

K. K. Maheshwari  
Managing DirectorB. V. Bhargava  
M. L. Apte  
DirectorsRajesh K. Hiranandani  
PartnerAtul B. Desai  
PartnerAdesh Gupta  
Whole-time Director & CFOMumbai  
Dated: 2nd May, 2014Ashok Malu  
Company Secretary

## GENERAL INFORMATION

Grasim Industries Limited (the "Company") is engaged primarily in two businesses, Viscose Staple Fibre (VSF) and in Cement, through its subsidiary UltraTech Cement Limited. It also produces Rayon Grade Pulp, Caustic Soda and allied Chemicals, which are used in the manufacture of VSF. The manufacturing plants of the Company, its Subsidiaries and Joint Ventures are located in India, Canada, Sweden, China, Middle East, Sri Lanka and Bangladesh. The Company is a public limited company and its shares are listed on the Bombay Stock Exchange (BSE), India, and the National Stock Exchange (NSE), India, and the Company's Global Depository Receipts are listed on the Luxembourg Stock Exchange.

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### 1.1 Basis of Preparation:

The financial statements have been prepared and presented in accordance with the Generally Accepted Accounting Principles (GAAP) in India under the historical cost convention on accrual basis and comply in all material aspects with the Accounting Standards (AS) and the relevant provisions of the Companies Act, 1956, and Companies Act, 2013 as applicable, besides the pronouncements/guidelines of the Institute of Chartered Accountants of India (ICAI) and of the Securities and Exchange Board of India (SEBI).

#### 1.2 Classification of Assets and Liabilities as Current and Non-Current:

All assets and liabilities are classified as current or non-current as per the Company's normal operating cycle, and other criteria set out in Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, 12 months period has been considered by the Company as its normal operating cycle for the purpose of classification of assets and liabilities as current and non-current.

#### 1.3 Use of Estimates:

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and reported amount 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, the actual outcome may be different from the estimates. Difference between actual results and estimates are recognised in the period in which the results are known or materialise.

#### 1.4 Government Grants:

Any government grant is recognised when there is reasonable certainty of its receipt. A capital grant relating to specific assets is reduced from the gross value of the fixed assets, and capital grant for Project Capital Subsidy is credited to Capital Reserve. Revenue grant is recognised in the Statement of Profit and Loss.

#### 1.5 General Reserve:

General Reserve, a free reserve, is created by appropriation from profits of the current year and/or undistributed profits of previous years, before declaration of dividend duly complying with any regulations in this regard.

#### 1.6 Fixed Assets:

Fixed assets (Tangible and Intangible) are stated at cost, less accumulated depreciation/amortisation. Cost comprises the purchase price and any attributable cost of bringing the asset to its location and working condition for its intended use. Fixed assets, retired from active use and held for sale are stated at lower of their net book value and net realisable value and are disclosed separately in the Financial Statements under Current Assets.

#### 1.7 Treatment of Expenditure during Construction Period:

Expenditure during construction period is included under capital work-in-progress, and the same is allocated to the respective fixed assets on the completion of construction.

#### 1.8 Impairment of Assets:

Carrying amount of assets is reviewed at the Balance Sheet date to ascertain if there is any indication of impairment based on the internal and external factors. The assets are treated as impaired when the carrying amount of the asset exceeds its recoverable amount.

An impairment loss, if any, is charged to the Statement of Profit and Loss as and when it arises. Impairment loss recognised in prior years is reversed when there is an indication that impairment loss recognised for the asset no longer exists or may have decreased.

**1.9 Investments:**

Long-term investments are stated at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments. Such reduction is determined and made for each investment individually.

Current investments, except current maturities of long-term investments, are stated at lower of cost and fair value determined for each category of investments.

**1.10 Inventories:**

Inventories are valued at the lower of cost and net realisable value. The cost is computed on weighted-average basis. In case of sale of raw material/stores, the proceeds are credited to their respective heads.

Cost of finished goods and process stock include cost of conversion, and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion, and the estimated costs necessary to make the sale. 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.

**1.11 Financial Derivatives:**

Financial derivative instruments, such as swaps and options, are meant to hedge risks associated with fluctuations in foreign exchange and interest rates and, accordingly, are closely linked with the underlying transactions and are intended to be held to maturity. The underlying transactions are recorded as per the terms of the financial derivative contracts.

**1.12 Revenue Recognition:**

Sales revenue is recognised on transfer of the significant risks and rewards of ownership of the goods to the buyer, and stated net of sales tax, VAT, trade discounts and rebates but includes excise duty.

Income from services is recognised as they are rendered (based on agreement/arrangement with the concerned customers).

Dividend income on investments is accounted for as and when the right to receive the payment is established.

Interest income is recognised on time-proportion basis.

Export incentives and other government incentives, insurance claims and other claims, where quantum of accruals cannot be ascertained with reasonable certainty, are accounted on acceptance basis.

Profit/(Loss) on sale of investments is recorded on transfer of title from the Company, and is determined as the difference between the sale price and carrying value of Investment and other incidental expenses.

**1.13 Employee Benefits:****Short-Term Employee Benefits**

Short-term employee benefits are recognised as an expense on accrual basis.

**Defined Contribution Plan**

Contribution payable to recognised provident fund and approved superannuation scheme, which are substantially defined contribution plans, are recognised as expense in the Statement of Profit and Loss, as they are incurred.

The Provident Fund contribution as specified under the law is paid to the Provident Fund set-up as an irrevocable trust by the Company or to the Regional Provident Fund Commissioner. The Company is liable for any shortfall in the Fund assets based on the Government specified minimum rates of return. Such shortfall, if any, is recognised in the Statement of Profit and Loss as an expense in the year incurred.

**Defined Benefit Plan**

The obligation in respect of defined benefit plans, which covers Gratuity and Pension, are provided for on the basis of an actuarial valuation at the end of each financial year. Gratuity is funded with an approved fund. Actuarial gains/losses, if any, are recognised immediately in the Statement of Profit and Loss.

**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 Statement of Profit and Loss.

**1.14 Employee Share-Based Payments:**

The stock options granted under Employee Stock Option Scheme, 2006 and Employee Stock Option Scheme, 2013 to employees of the Company are accounted for as per the accounting treatment prescribed by the Securities and Exchange Board of India, whereby the intrinsic value of options is recognised as deferred



employee compensation. The deferred employee compensation is charged to the Statement of Profit and Loss on the straight-line basis over the vesting period of the option. The employee stock option outstanding account is shown net of any unamortised deferred employee compensation.

### **1.15 Foreign Currency Transactions and Translation:**

Foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities in foreign currency, existing at the Balance Sheet date, are translated at the year-end exchange rates.

Exchange differences, including premium or discount on forward exchange contracts, arising till the commissioning of fixed assets, relating to borrowed funds and liabilities in foreign currency for acquisition of the fixed assets, are adjusted to the cost of fixed assets. All other exchange differences are recognised in the Statement of Profit and Loss.

The premium or discount on forward exchange contracts entered into to hedge an existing asset/liability is amortised as expense or income over the life of the contract. Any gain or loss arising on cancellation or renewal of such forward exchange contract is recognised as income or expense, as the case may be on such occurrence.

Forward exchange contracts entered to hedge firm commitment and outstanding as at the year end are marked-to-market. In accordance with the announcement by the Institute of Chartered Accountants of India on 'Accounting for Derivatives' the marked-to-market losses, if any, are recognised in the Statement of Profit and Loss, while gains are ignored.

Investment in Share Capital of companies registered outside India is carried in the Balance Sheet at the rates at which transactions have been executed.

Exchange difference, arising on restatement of long-term monetary items that in substance forms part of Company's net investment in non-integral foreign operations, is accumulated in Foreign Currency Translation Reserve until the disposal of the investment, at which time such exchange difference is recognised in the Statement of Profit and Loss.

### **1.16 Research and Development Expenditure:**

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development expenditure is capitalised if such expenditure leads to creation of any intangible asset, otherwise, such expenditure is charged to the Statement of Profit and Loss. Fixed assets procured for research and development activities are capitalised.

### **1.17 Operating Leases:**

Leases, where risk and reward of ownership are significantly retained by the lessor, are classified as operating leases, and lease rentals thereon are charged to the Statement of Profit and Loss on straight-line basis over the period of the lease.

### **1.18 Borrowing Cost:**

Borrowing costs include interest and ancillary costs incurred in connection with the borrowings. Borrowing costs in connection with the borrowing of funds, to the extent attributable to the acquisition or construction 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. All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

### **1.19 Depreciation/Amortisation:**

Depreciation/Amortisation charge is provided on fixed assets applying the useful life specified in Schedule XIV to the Companies Act, 1956, or based on estimated useful life or on the basis of depreciation rates prescribed under the respective local laws.

The details of estimated life for each category of assets is as under:

<b>Category of Assets</b>	<b>Estimated Useful Life (in Years)</b>
Leasehold Land	Over the period of lease
Buildings	9 - 40 years
Railway Sidings	20 years
Plant and Machinery	4 - 40 years
Furniture, Fittings and Office Equipment	3 - 20 years
Vehicles	3 - 15 years
Intangible Assets - Softwares	3 - 5 years

Individual assets costing less than ₹ 5,000 are depreciated in full in the year of acquisition.

Continuous process plants, as defined in Schedule XIV of the Companies Act, 1956, have been classified on technical assessment and depreciation provided accordingly.

In respect of fixed assets added/disposed off during the year depreciation is provided on *pro-rata* basis with reference to the month of addition/deduction, however, in case of new projects the depreciation from the date of commissioning of such project is charged to the Statement of Profit and Loss.

## 1.20 Provision for Current and Deferred Tax:

Provision for Current Tax is made on the basis of estimated taxable income for the current accounting period in accordance with the provisions of local laws.

Deferred Tax, resulting from timing difference between book and taxable profit for the year, is accounted for using the tax rates and laws enacted or substantively enacted as on the Balance Sheet Date. The Deferred Tax asset is recognised and carried forward only to the extent there is a reasonable certainty of its realisation in future.

In the event of Unabsorbed Losses, deferred tax assets are recognised to the extent of virtual certainty that sufficient future taxable income will be available to realise such assets.

## 1.21 Minimum Alternate Tax (MAT):

MAT is recognised as an asset only when and to the extent there is convincing evidence based on projections that the Company will pay normal Income-tax during the specified period. In the year, in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in the Guidance Note issued by the ICAI, the said asset is created by way of a credit to the Statement of Profit and Loss and is shown as MAT Credit Entitlement. The Company reviews the same at each Balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income-tax during the specified period.

## 1.22 Provisions/Contingencies:

A provision is recognised when there is a present obligation as a result of past event, and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined (as provided/charged to the Statement of Profit and Loss) based on estimate of the amount required to settle the obligation at the Balance Sheet date and are not discounted to the present value.

Contingent liabilities are not recognised but are disclosed in the financial statements. Claims against the Company where the possibility of materialisation is remote are not considered as contingent liabilities.

Contingent assets are neither recognised nor disclosed, in the financial statements.

## 1.23 Goodwill:

Goodwill arising out of consolidation of financial statements of Subsidiaries and Joint Ventures is not amortised. However, the same is tested for impairment at each Balance Sheet Date.

## 2.1 SHARE CAPITAL

	₹ in Crore	
	Current Year	Previous Year
<b>2.1.1 Authorised</b>		
95,000,000 Equity Shares of ₹ 10 each	95.00	95.00
Redeemable Cumulative Preference Shares of ₹ 100 each		
150,000 15% "A" Series	1.50	1.50
100,000 8.57% "B" Series	1.00	1.00
300,000 9.30% "C" Series	3.00	3.00
	<u>100.50</u>	<u>100.50</u>
<b>2.1.2 Issued, Subscribed and Fully Paid-up</b>		
91,826,971 (Previous Year 91,776,533) Equity Shares of ₹ 10 each fully paid-up	91.83	91.78
<b>Share Capital Suspense</b>		
14,879 (Previous Year 14,879) Equity Shares of ₹ 10 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
	<u>91.84</u>	<u>91.79</u>

₹ in Crore

			Current Year	Previous Year
<b>2.1.3 Reconciliation of the Number of Equity Shares Outstanding (including Share Capital Suspense):</b>				
		<b>Number of Shares</b>		
		<b>Current Year</b>	Previous Year	
Outstanding as at the beginning of the year	<b>91,791,412</b>	91,724,648	<b>91.79</b>	91.72
Issued during the year under Employee Stock Option Scheme	<b>50,438</b>	66,764	<b>0.05</b>	0.07
Outstanding as at the end of the year	<b>91,841,850</b>	91,791,412	<b>91.84</b>	91.79
<b>2.1.4 Aggregate Number of Equity Shares allotted as fully paid-up out of Share Capital Suspense as aforesaid during the period of five years immediately preceding the reporting date (without payment being received in cash)</b>				
	<b>27</b>	378		
<b>2.1.5 List of Shareholders holding more than 5% shares in the Equity Share Capital of the Company:</b>				
		<b>Current Year</b>	<b>Previous Year</b>	
		<b>Number of Shares</b>	<b>% Holding</b>	<b>Number of Shares</b>
				<b>% Holding</b>
Turquoise Investments and Finance Private Limited	<b>5,908,341</b>	<b>6.43%</b>	5,908,341	6.44%
Trapti Trading and Investments Private Limited	<b>5,477,863</b>	<b>5.96%</b>	5,477,863	5.97%
Life Insurance Corporation of India	<b>7,696,546</b>	<b>8.38%</b>	5,375,364	5.86%
<b>2.1.6 Equity Shares of ₹ 10 each represented by Global Depository Receipts (No voting rights)</b>	<b>13,259,243</b>	<b>14.44%</b>	12,997,155	14.16%
<b>2.1.7 Rights, Preferences and Restrictions attached to Equity Shares:</b>				
The Company has only one class of Equity Shares having a par value of ₹ 10 per share. Each holder of Equity Shares is entitled to one vote per share. The Company declares dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting.				
In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of the Equity Shares held by the Shareholders.				
<b>2.2 SHARE CAPITAL (OTHER THAN EQUITY)</b>				
Class 'B' Non-Voting Shares of AV Cell Inc.			<b>24.41</b>	22.84
6% Non-Cumulative, Redeemable, Retractable Preferred Shares Capital of AV Nackawic Inc.			<b>20.14</b>	19.82
			<b>44.55</b>	42.66

**2.3 RESERVES AND SURPLUS**

	Capital Reserve - Capital Subsidy	Capital Reserve on Consolidation	Capital Reserve - Others	Debenture Redemption Reserve	General Reserve	Securities Premium Account	Employee Share Options Outstanding #	Special Reserve Fund	Foreign Currency Translation Reserve	Surplus as per the Statement of Profit and Loss	Total
<b>Current Year</b>											
Opening Balance as at 1st April, 2013	0.61	41.97	0.08	80.65	18,368.20	53.44	11.26	4.49	173.30	788.09	19,522.09
Profit for the Year	-	-	-	-	-	-	-	-	-	2,071.54	2,071.54
Proposed Dividend (including Corporate Dividend Tax)	-	-	-	-	-	-	-	-	-	(242.30)	(242.30)
Movement during the year	(0.43)	4.37	0.01	(32.85)	2,519.14	15.79	(0.09)	0.57	71.04	(2,450.87)	126.68
<b>Closing Balance as at 31st March, 2014</b>	<b>0.18</b>	<b>46.34</b>	<b>0.09</b>	<b>47.80</b>	<b>20,887.34</b>	<b>69.23</b>	<b>11.17</b>	<b>5.06</b>	<b>244.34</b>	<b>166.46</b>	<b>21,478.01</b>
<b>Previous Year</b>											
Opening Balance as at 1st April, 2012	0.58	-	0.04	71.19	15,958.33	12.94	16.27	3.72	93.17	778.77	16,935.01
Profit for the Year	-	-	-	-	-	-	-	-	-	2,704.39	2,704.39
Proposed Dividend (including Corporate Dividend Tax)	-	-	-	-	-	-	-	-	-	(258.27)	(258.27)
Movement during the year	0.03	41.97	0.04	9.46	2,409.87	40.50	(5.01)	0.77	80.13	(2,436.80)	140.96
<b>Closing Balance as at 31st March, 2013</b>	<b>0.61</b>	<b>41.97</b>	<b>0.08</b>	<b>80.65</b>	<b>18,368.20</b>	<b>53.44</b>	<b>11.26</b>	<b>4.49</b>	<b>173.30</b>	<b>788.09</b>	<b>19,522.09</b>

# Net of Deferred Employees' Compensation Expenses ₹ 22.03 Crore (Previous Year ₹ 1.12 Crore).

**2.3.1** The Board of Directors has recommended a dividend of ₹ 21 per share (Previous Year ₹ 22.50 per share) for the year ended, 31st March, 2014.**2.3.2** Proposed Dividend (including Corporate Dividend Tax) includes ₹ 0.03 Crore (Previous Year ₹ 0.02 Crore) related to previous year.**2.3.3** Movement in the current year in General Reserve represents amount transferred from Surplus as per the Statement of Profit and Loss, and adjustment in respect of difference between management certified Financial Statements and Audited Financial Statements of Joint Ventures for previous year.**2.3.4** Movement during the previous year in Capital Reserve on Consolidation is on consolidation of Aditya Group AB, Joint Venture entity w.e.f. 1st October, 2012, pursuant to a signing of a Shareholder Agreement, earlier the same was consolidated as an Associate (Note 4.2.4).**2.3.5** Movement during the previous year in General Reserve represents amount transferred from Surplus as per the Statement of Profit and Loss and adjustment in respect of Financial Statements of two Joint Ventures prepared as per IFRS (Note 4.2.5).

₹ in Crore

	Current Year	Previous Year
<b>2.4 LONG-TERM BORROWINGS</b>		
<b>Secured</b>		
Non-Convertible Debentures	259.00	450.00
Term Loans from Banks		
Rupee Term Loans	1,446.23	1,410.59
Foreign Currency Loans	1,604.15	1,089.78
Deferred Sales Tax Loans	22.98	21.14
Other Secured Loans	266.96	206.02
	<b>3,599.32</b>	<b>3,177.53</b>
<b>Unsecured</b>		
Term Loans From Banks		
Foreign Currency Loans	3,637.60	3,046.53
Deferred Sales Tax Loans	355.19	409.61
Other Unsecured Loans	19.88	19.40
	<b>7,611.99</b>	<b>6,653.07</b>

## 2.5 DEFERRED TAX LIABILITIES (NET)

	Current Year	Charge for the Year	Previous Year
<b>Deferred Tax Liabilities:</b>			
Accumulated Depreciation	2,991.04	505.47	2,485.57
Others	62.52	12.54	49.98
	<b>3,053.56</b>	<b>518.01</b>	<b>2,535.55</b>
<b>Deferred Tax Assets:</b>			
Accrued expenses allowable on payment basis	126.88	14.71	112.17
Expenses allowable in instalments in Income-tax	0.55	(0.91)	1.46
Provision for contingencies allowable on payment basis	4.83	(0.14)	4.97
Unabsorbed Losses	41.93	(1.61)	43.54
Others	64.43	1.64	62.79
	<b>238.62</b>	<b>13.69</b>	<b>224.93</b>
<b>Deferred Tax Liabilities (Net)</b>	<b>2,814.94</b>	<b>504.32</b>	<b>2,310.62</b>

**2.5.1** Net Deferred Tax charge for the year (also refer Note 2.15) includes amount of ₹ 1.32 crore (Previous Year ₹ 2.03 crore) related to translation difference of Deferred Tax Liability/Asset of Foreign Subsidiaries/Joint Ventures, as on Balance Sheet Date.

## 2.6 OTHER LONG-TERM LIABILITIES

Security and Other Deposits	2.17	0.71
Trade Payables	2.30	1.81
Other Liabilities	13.34	12.77
	<b>17.81</b>	<b>15.29</b>

## 2.7 LONG-TERM PROVISIONS

For Employee Benefits	179.82	177.78
For Asset Retirement Obligations {Note 2.11.1 (a)}	13.70	11.73
	<b>193.52</b>	<b>189.51</b>

	₹ in Crore	
	Current Year	Previous Year
<b>2.8 SHORT-TERM BORROWINGS</b>		
<b>Secured</b>		
From Banks	893.87	853.81
<b>Unsecured</b>		
From Banks	628.44	873.19
From Others	7.71	36.03
	<b>1,530.02</b>	<b>1,763.03</b>
<b>2.9 TRADE PAYABLES</b>		
Due to Micro and Small Enterprises	1.95	1.53
Others	3,243.93	2,860.67
	<b>3,245.88</b>	<b>2,862.20</b>
There is no principal amount and interest overdue to the Micro and Small Enterprises. During the year, no interest has been paid to such parties. This information has been determined to the extent such parties have been identified on the basis of information available with the Company and the same has been relied upon by the auditors.		
<b>2.10 OTHER CURRENT LIABILITIES</b>		
Current Maturities of Long-Term Debts	539.15	1,134.09
Interest Accrued but not Due on Borrowings	94.36	98.78
Unpaid Dividends (Amount Transferable to Investor Education and Protection Fund, when due)	15.24	14.00
Security and Other Deposits (Trade Deposits)	558.50	490.28
Advances from Customers	188.38	178.11
Liability for Capital Goods	245.59	416.41
Other Payables (including Statutory Dues, etc.)	1,060.79	926.82
	<b>2,702.01</b>	<b>3,258.49</b>
<b>2.11 SHORT-TERM PROVISIONS</b>		
For Employee Benefits	44.74	36.47
For Proposed Dividend	192.84	206.52
For Corporate Dividend Tax	49.43	51.75
For Taxation (Net of Advance Tax)	630.36	732.83
For Asset Retirement Obligation {Note 2.11.1(a)}	-	2.64
For Assets Transfer Cost {Note 2.11.1(b)}	162.82	172.54
	<b>1,080.19</b>	<b>1,202.75</b>
<b>2.11.1 Movement of provisions during the period as required by Accounting Standard-29 "Provisions, Contingent Liabilities and Contingent Assets", notified under the Companies (Accounting Standards) Rules, 2006 (as amended):</b>		
(a) <b>Provision for Asset Retirement Obligation</b>		
Opening Balance	14.37	12.38
Add: Provision made during the year	2.82	5.14
Less: Utilised during the year	3.49	3.15
Closing Balance	<b>13.70</b>	<b>14.37</b>
Amount considered as Long-Term	13.70	11.73
Amount considered as Short-Term	-	2.64
	<b>13.70</b>	<b>14.37</b>
(b) <b>Provision for Cost of Transfer of Assets</b>		
Opening Balance	172.54	172.54
Less: Utilised during the period	9.72	-
Closing Balance	<b>162.82</b>	<b>172.54</b>

## 2.12 FIXED ASSETS

	Gross Block						Depreciation/Amortisation						Net Block	
	Additional Acquired/ Other Adjustments Note 2.12.1		Deductions/ Adjustments		Translation Difference Add/(Less)		Additional Acquired/ Other Adjustments Note 2.12.1		For the Year		Deductions/ Adjustments		Translation Difference Add/(Less)	
	Opening		Additions			Closing	Opening		Year				Closing	
CURRENT YEAR														
TANGIBLE ASSETS														
Freehold Land	1,630.32	17.94	459.71	0.42	1.07	2,108.62	-	-	-	-	-	-	-	2,108.62
Leasehold Land	218.53	(0.29)	22.20	0.24	1.38	241.58	41.32	(0.16)	10.42	0.24	0.21	51.55	190.03	
Buildings	2,299.14	(14.03)	562.47	8.81	22.71	2,861.48	585.53	0.70	81.22	2.77	4.73	649.41	2,212.07	
Plant and Equipment														
Own	22,983.30	11.81	4,320.23	98.05	200.78	27,418.07	9,492.09	8.40	1,259.42	75.23	53.32	10,738.00	16,680.07	
Given on Lease	55.43	-	-	-	-	55.43	44.13	-	2.76	-	-	46.89	8.54	
Furniture and Fixtures	188.13	(16.77)	23.97	5.75	4.42	194.00	125.16	(9.44)	16.58	4.46	2.67	130.51	63.49	
Vehicles	111.33	0.57	19.47	13.46	0.92	118.83	57.62	0.50	14.65	9.85	0.56	63.48	55.35	
Office Equipment	259.48	0.01	43.04	15.85	0.11	286.79	187.18	-	26.35	15.06	0.03	198.50	88.29	
Plantations	100.27	-	8.49	-	5.50	114.26	-	-	-	-	-	-	114.26	
Railway Sidings	329.82	-	167.80	-	-	497.62	178.62	-	17.55	-	-	196.17	301.45	
Total Tangible Assets	28,175.75	(0.76)	5,627.38	142.58	236.89	33,896.68	10,691.65	-	1,428.95	107.61	61.52	12,074.51	21,822.17	
INTANGIBLE ASSETS														
Computer Software	106.70	-	12.41	1.00	2.86	120.97	74.16	-	13.88	1.00	1.39	88.43	32.54	
Trade Mark	0.01	-	-	-	-	0.01	-	-	-	-	-	-	0.01	
Mining Rights	49.69	-	44.49	-	-	94.18	14.62	-	2.53	-	-	17.15	77.03	
Total Intangible Assets	156.40	-	56.90	1.00	2.86	215.16	88.78	-	16.41	1.00	1.39	105.58	109.58	
	28,332.15	(0.76)	5,684.28	143.58	239.75	34,111.84	10,780.43	-	1,445.36	108.61	62.91	12,180.09	21,931.75	
Capital Work-in-Progress (including Pre-Operative Expenses)														
Intangible Assets under Development														
Total Fixed Assets														
3.19														
25,968.63														

**2.12 FIXED ASSETS**

	Gross Block					Depreciation/Amortisation					Net Block	
	Additional Acquired/ Other Adjustments Note 2.12.2	Additions	Deductions/ Adjustments	Translation Difference Add/(Less)	Closing	Opening	Additional Acquired/ Other Adjustments Note 2.12.2	For the Year	Deductions/ Adjustments	Translation Difference Add/(Less)	Closing	
PREVIOUS YEAR												
TANGIBLE ASSETS												
Freehold Land	1,253.52	(14.81)	390.03	0.07	1.65	1,630.32	-	-	-	-	-	
Leasehold Land	196.74	1.03	23.91	4.14	0.99	218.53	32.60	0.18	9.27	0.87	41.32	
Buildings	1,869.42	92.37	329.17	2.72	10.90	2,299.14	487.40	10.62	66.82	2.06	565.53	
Plant and Equipment												
Own	20,143.82	244.95	2,546.72	69.50	117.31	22,983.30	8,327.67	98.54	1,088.34	50.08	9,492.09	
Given on Lease	55.43	-	-	-	-	55.43	41.40	-	2.73	-	44.13	
Furniture and Fixtures	176.50	(3.54)	17.78	5.66	3.05	188.13	118.91	(6.26)	15.29	4.41	125.16	
Vehicles	116.30	0.07	22.30	28.16	0.82	111.33	65.58	(0.15)	14.64	22.86	57.62	
Office Equipment	246.70	-	28.28	15.59	0.09	259.48	179.16	(1.09)	24.01	14.96	187.18	
Plantations	54.80	23.48	16.42	-	5.57	100.27	-	-	-	-	-	
Railway Sidings	314.83	-	18.15	3.16	-	329.82	166.54	-	15.09	3.01	178.62	
Total Tangible Assets	24,428.06	343.55	3,392.76	129.00	140.38	28,175.75	9,419.26	101.84	1,236.19	98.25	32.61	
INTANGIBLE ASSETS												
Computer Software	79.59	0.70	23.96	(1.21)	1.24	106.70	62.65	(0.96)	10.81	(0.75)	74.16	
Trade Mark	0.01	-	-	-	-	0.01	-	-	-	-	-	
Mining Rights	38.37	1.43	5.76	(4.13)	-	49.69	11.42	0.03	2.29	(0.88)	-	
Total Intangible Assets	117.97	2.13	29.72	(5.34)	1.24	156.40	74.07	(0.93)	13.10	(1.63)	0.91	
	24,546.03	345.68	3,422.48	123.66	141.62	28,332.15	9,493.33	100.91	1,249.29	96.62	33.52	
							Capital Work-in-Progress (including Pre-operative Expenses)					
							Intangible Assets under Development					
							Total Fixed Assets					

**2.12.1 Additional Acquired/Other Adjustments for current year includes:**

Assets acquired on acquisition of Bhagwati Lime Stone Company Pvt. Ltd. (BL CPL).

Difference between management certified Financial Statements and Audited Financial Statements of Joint Ventures for previous year.

**2.12.2 Additional Acquired for previous year includes:**

Assets acquired on acquisition of Gotan Limestone Khanij Udyog Pvt. Ltd. (GKU).

Assets as on 1st October, 2012, considered for the purpose of Consolidating Aditya Group AB as Joint Venture from the said date, earlier the same was being consolidated as an Associate (Note 4.2.4).

Impact of transition to IFRS in the opening block of Fixed Assets related to AV Cell Inc. and AV Nackawic Inc. (Note 4.2.5).

**2.12.3 Depreciation and Amortisation for the year**

Less: Capitalised as pre-operative expenses

Add: Obsolescence

Depreciation and amortisation for the year charged to the Statement of Profit and Loss

	Current Year	Previous Year
Depreciation and Amortisation for the year	<b>1,445.36</b>	1,249.29
Less: Capitalised as pre-operative expenses	<b>5.22</b>	8.68
Add: Obsolescence	<b>17.34</b>	11.45
Depreciation and amortisation for the year charged to the Statement of Profit and Loss	<b>1,457.48</b>	1,252.06



		₹ in Crore
	Current Year	Previous Year
<b>2.13 GOODWILL ON CONSOLIDATION</b>		
In Case of Investment in Subsidiaries:		
Carrying Cost of Investment	2,702.85	2,702.85
Less: Grasim's Share in Net Worth on Acquisition	793.57	793.57
	1,909.28	1,909.28
Goodwill arising in Consolidated Financial Statements of Subsidiaries and Joint Ventures	1,322.10	1,055.71
In Case of Investment in Joint Ventures:		
Carrying Cost of Investment	592.12	537.89
Less: Grasim's Share in Net Worth on Acquisition	546.68	493.19
	45.44	44.70
	3,276.82	3,009.69
<b>2.14 NON-CURRENT INVESTMENTS</b>		
(Long-Term, Fully Paid-up, At Cost)		
<b>Trade Investments</b>		
<b>Investments in Equity Instruments</b>		
<b>Associates</b>		
Share in Net Assets	7.80	7.80
Goodwill/(Capital Reserve)	-	-
Equity Investments in Associates - At Cost	7.80	7.80
Share in Profit/Reserves of Associates	2.04	0.51
	9.84	8.31
<b>Other Companies</b>	3.06	2.24
	12.90	10.55
Investments in Preference Shares	55.17	55.44
Investments in Partnership Firm	-	21.98
<b>Other Investments</b>		
<b>Investments in Equity Instruments</b>		
<b>Associates</b>		
Share in Net Assets	171.01	171.01
Goodwill/(Capital Reserve)	-	-
Equity Investments in Associates - At Cost	171.01	171.01
Share in Profit/Reserves of Associates	689.35	573.23
	860.36	744.24
<b>Other Companies (Note 2.14.2)</b>	443.31	443.31
	1,303.67	1,187.55
Investments in Bonds and Government Deposits		
Bonds	266.52	286.38
Deposited with Government Departments	0.02	0.02
	266.54	286.40
Investments in Debt Schemes of various Mutual Funds	1,035.00	1,603.00
	2,673.28	3,164.92

	Current Year	Previous Year
₹ in Crore		
<b>2.14.1</b> Aggregate Book Value of:		
Quoted Investments	<b>1,570.57</b>	1,592.31
Unquoted Investments	<b>1,102.71</b>	1,572.61
	<b>2,673.28</b>	3,164.92

**2.14.2** Includes investment in shares of Larsen & Toubro Limited of ₹ 23.11 Crore, which are non-transferable, pending disposal of appeal filed in earlier year by Larsen & Toubro Limited and others in the Hon'ble Bombay High Court against the single bench Order of the Court in favour of the Company.

## 2.15 DEFERRED TAX ASSETS (NET)

	Current Year	Charge for the Year	Previous Year
<b>Deferred Tax Assets:</b>			
Provision for contingencies allowable on payment basis	<b>0.09</b>	0.01	0.08
Unabsorbed Losses	<b>28.25</b>	2.77	25.48
Others	<b>2.38</b>	1.41	0.97
	<b>30.72</b>	4.19	26.53
<b>Deferred Tax Liabilities:</b>			
Accumulated Depreciation	<b>19.05</b>	1.87	17.18
<b>Deferred Tax Assets (Net)</b>	<b>11.67</b>	2.32	9.35

## 2.16 LONG-TERM LOANS AND ADVANCES

### Secured (Considered Good)

Loans against House Property (Secured by way of title deeds)	<b>0.04</b>	0.06
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### Unsecured (Considered Good)

Capital Advances for Purchase of Fixed Assets	<b>974.65</b>	1,135.11
Security Deposits	<b>95.38</b>	101.58
Loans and Advances to Related Parties	<b>33.06</b>	23.73
Balances with Government Authorities	<b>183.25</b>	170.82
MAT Credit Entitlement	<b>452.25</b>	63.90
Other Loans and Advances (includes Advances to Suppliers, etc.)	<b>103.82</b>	96.52
	<b>1,842.45</b>	1,591.72

## 2.17 CURRENT INVESTMENTS

(At Cost or Fair Value, whichever is less)

Investments in units of Debt Schemes of various Mutual Funds	<b>4,937.53</b>	4,832.96
Bonds	-	12.91
	<b>4,937.53</b>	4,845.87

### 2.17.1 Aggregate Book Value of:

Quoted Investments	<b>1,112.19</b>	809.37
Unquoted Investments	<b>3,825.34</b>	4,036.50
	<b>4,937.53</b>	4,845.87

**2.17.2** Current Investments include current portion of Long-Term Investments as per the definition provided in Accounting Standard (AS)-13: Accounting for Investments.

<b>3,069.02</b>	2,061.07
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		₹ in Crore
	Current Year	Previous Year
<b>2.18 INVENTORIES</b>		
<b>(Valued at lower of cost and net realisable value, unless otherwise stated)</b>		
Raw Materials {includes in transit ₹ 346.47 Crore (Previous Year ₹ 185.15 Crore)}	<b>1,333.21</b>	916.38
Work-in-Progress	<b>393.15</b>	497.37
Finished Goods (including Trading Goods) {includes in transit ₹ 86.33 Crore (Previous Year ₹ 46.29 Crore)}	<b>783.20</b>	722.37
Stores and Spare Parts {includes in transit ₹ 8.92 Crore (Previous Year ₹ 5.98 Crore)}	<b>1,076.21</b>	977.34
Fuel {includes in transit ₹ 94.09 Crore (Previous Year ₹ 39.90 Crore)}	<b>592.92</b>	564.34
By-Products	<b>2.26</b>	1.19
Waste/Scrap (valued at net realisable value)	<b>9.62</b>	12.07
Others (includes Packing Materials)	<b>65.93</b>	49.70
	<b>4,256.50</b>	3,740.76
<b>2.19 TRADE RECEIVABLES</b>		
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
Secured, Considered Good	<b>20.31</b>	23.45
Unsecured, Considered Good*	<b>59.93</b>	38.00
Doubtful	<b>3.02</b>	2.61
	<b>83.26</b>	64.06
Less: Provision for Doubtful Debts	<b>3.02</b>	2.61
	<b>80.24</b>	61.45
<b>Others</b>		
Secured, Considered Good	<b>453.07</b>	412.67
Unsecured, Considered Good*	<b>1,975.84</b>	1,700.93
	<b>2,509.15</b>	2,175.05
* Includes amount in respect of which the Company holds Deposits and Letters of Credit/Guarantees from Banks	<b>364.65</b>	393.48
<b>2.20 CASH AND BANK BALANCES</b>		
<b>Cash and Cash Equivalents</b>		
Cash on Hand	<b>1.43</b>	1.09
Cheques on Hand	<b>61.04</b>	81.01
Balances with Banks	<b>113.41</b>	102.55
	<b>175.88</b>	184.65
<b>Other Bank Balances</b>		
In EEFC Account	<b>8.09</b>	5.61
Earmarked Balance with Bank		
In Government Treasury Savings Account	<b>0.01</b>	0.01
Unpaid Dividend Account	<b>15.22</b>	13.99
Bank Deposit*	<b>197.49</b>	24.92
	<b>220.81</b>	44.53
	<b>396.69</b>	229.18
* Includes		
<b>2.20.1</b> Lodged as security with Government Department	<b>119.59</b>	1.18
<b>2.20.2</b> Interest Accrued	<b>0.04</b>	0.03

	₹ in Crore	
	Current Year	Previous Year
<b>2.21 SHORT-TERM LOANS AND ADVANCES</b>		
<b>Secured (Considered Good)</b>		
Loans against House Property (Secured by way of title deeds)	0.01	0.01
<b>Unsecured (Considered Good, unless otherwise stated)</b>		
Security Deposits*	229.54	191.65
Loans and Advances to Related Parties	36.97	46.01
Balances with Government Authorities	604.11	530.62
Deposits with Bodies Corporate	-	209.94
Advance Tax (Net of Provision for Tax)	204.37	64.26
MAT Credit Entitlement	0.25	0.40
Other Short-Term Loans and Advances (includes Advances to Suppliers, Employees, etc.)**	735.40	648.61
Less: Provision for Doubtful Advances	0.49	0.26
	<b>734.91</b>	<b>648.35</b>
	<b>1,810.16</b>	<b>1,691.24</b>
<p>* Includes deposit of ₹ 9.49 Crore (Previous Year ₹ 9.49 Crore) given to Aditya Birla Management Corporation Pvt. Limited (ABMCPL), Directors of which includes Directors of the Company. The Company is one of the Promoter members of ABMCPL, a company limited by guarantee, which has been formed to provide a common pool of facilities and resources to its members, with a view to optimise the benefits of specialisation and minimise cost to each member. The Company's share of expenses, under the common pool, has been accounted for under the appropriate heads.</p>		
**Includes Considered Doubtful fully provided	0.49	0.26
<b>2.22 OTHER CURRENT ASSETS</b>		
Assets Held for Disposal	0.05	0.05
Interest Accrued on Investments	6.67	5.46
Others (includes Insurance Claims, Export Incentives Receivables, Hedging Premium, etc.)	57.00	33.19
	<b>63.72</b>	<b>38.70</b>
<b>3.1 SALE OF PRODUCTS AND SERVICES (GROSS) (Note 4.10.1)</b>		
Sale of Products	32,138.92	30,747.00
Services Rendered	87.09	61.83
	<b>32,226.01</b>	<b>30,808.83</b>

		₹ in Crore
	Current Year	Previous Year
<b>3.2 OTHER OPERATING REVENUES</b>		
Export Incentives	35.90	40.98
Insurance Claims	17.49	15.43
Sundry Balances Written Back (Net)	10.30	10.47
Rent Received	3.15	3.06
Scrap Sales (Net)	95.42	82.86
Others	157.59	111.80
	<b>319.85</b>	<b>264.60</b>
<b>3.3 OTHER INCOME</b>		
<b>Interest Income on:</b>		
Government and Other Securities	21.18	24.39
Bank and Other Accounts	102.43	66.93
<b>Dividend Income from:</b>		
Long-Term Investments - Trade	15.77	4.55
Long-Term Investments - Others	17.02	27.56
Current Investments - Mutual Funds	16.44	80.98
<b>Profit on Sale of:</b>		
Long-Term Investments (Net)	91.75	137.55
Current Investments (Net)	276.95	260.10
Fixed Assets (Net)	2.18	1.74
Exchange Rate Difference (Net)	20.01	5.02
Others	12.86	10.69
	<b>576.59</b>	<b>619.51</b>
<b>3.4 COST OF MATERIALS CONSUMED</b>		
Opening Stock	916.38	753.86
Add: Purchases and Incidental Expenses	7,444.73	6,300.25
Add: Adjustment on account of treating an Associate as a Joint Venture (Note 4.2.4)	-	6.63
	<b>8,361.11</b>	<b>7,060.74</b>
Less: Sales	2.46	1.21
Less: Closing Stock	1,333.21	916.38
	<b>1,335.67</b>	<b>917.59</b>
	<b>7,025.44</b>	<b>6,143.15</b>
<b>3.5 PURCHASES OF STOCK-IN-TRADE</b>		
Chemicals	6.80	4.87
Grey Cement	102.76	103.11
Fabrics	89.74	75.76
Others	257.82	155.91
	<b>457.12</b>	<b>339.65</b>

		₹ in Crore
	Current Year	Previous Year
<b>3.6 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>		
<b>Opening Stock</b>		
Finished Goods	718.24	514.93
By-Products	1.19	0.50
Process Stock	497.37	440.15
Waste/Scrap	4.61	3.10
	<b>1,221.41</b>	958.68
<b>Less : Closing Stock</b>		
Finished Goods	785.92	718.24
By-Products	2.26	1.19
Process Stock	393.15	497.37
Waste/Scrap	4.45	4.61
	<b>1,185.78</b>	1,221.41
<b>Decrease/(Increase) in Stocks</b>	<b>35.63</b>	(262.73)
Less: (Increase)/Decrease in Excise Duty on Stocks	7.10	(21.72)
Less: Adjustment on account of treating an Associate as Joint Venture (Note 4.2.4)	-	(37.47)
Less: Stock of Trial Run Production	(11.47)	(3.25)
Less: Exchange Translation Difference	(5.35)	(4.04)
	<b>45.35</b>	(196.25)
<b>3.7 EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and Wages	1,578.95	1,424.24
Contribution to Provident and Other Funds	106.31	124.30
Staff Welfare Expenses	157.72	118.85
Expenses on Employee Stock Option Scheme	4.11	1.36
	<b>1,847.09</b>	1,668.75
<b>3.8 FREIGHT AND FORWARDING EXPENSE</b>		
On Finished Products	4,425.35	4,032.89
On Clinker Transfer	484.23	436.58
	<b>4,909.58</b>	4,469.47
<b>3.9 OTHER EXPENSES</b>		
<b>3.9.1 Manufacturing Expenses</b>		
Consumption of Stores, Spare Parts and Components and Incidental Expenses	853.70	815.07
Consumption of Packing Materials	806.42	674.89
Processing Charges	30.30	76.26
Repairs to Buildings	64.45	62.40
Repairs to Machinery	439.72	327.36

		₹ in Crore
	Current Year	Previous Year
<b>3.9.2 Administration, Selling and Distribution Expenses</b>		
Advertisement	167.57	157.00
Discounts, Sales Promotion and Other Selling Expenses	991.78	864.30
Insurance	64.63	53.69
Rent (including Lease Rent) (Note 4.4.4)	133.40	106.13
Rates and Taxes	128.69	135.08
Research Contribution and Expenses	28.03	20.22
Donations (Note 3.12)	20.36	20.54
Directors' Fees	0.27	0.24
Directors' Commission	31.50	41.00
Miscellaneous Expenses	785.51	717.84
	<b>4,546.33</b>	<b>4,072.02</b>
<b>3.10 FINANCE COSTS</b>		
Interest Expenses#	552.32	458.37
Other Borrowing Costs	14.92	18.83
Exchange (Gain)/Loss on Foreign Currency Borrowings	6.07	4.42
	<b>573.31</b>	<b>481.62</b>
Less: Capitalised	125.99	157.48
	<b>447.32</b>	<b>324.14</b>
# Net of Interest Subsidy from Government	118.76	105.44
<b>3.11</b> Exceptional Item represents profit on Sale of Long-Term Investments, viz. Equity Shares of Alexandria Carbon Black Co., S.A.E., and Thai Carbon Black Public Company Limited, Thailand	-	204.43
<b>3.12</b> Donations include contribution of ₹ 20 Crore (Previous Year ₹ 5.50 Crore) to General Electoral Trust (the 'Trust'), set up by the Company (along with other group companies). As per governing charter of the Trust, these contributions are used for contribution for Political purposes, as may be decided by the Board of Independent Trustees of the Trust.		
<b>3.13 Earnings Per Share (EPS):</b>		
<b>Net profit for the year attributable to equity shareholders (₹ in Crore)</b>	<b>2,071.54</b>	<b>2,704.39</b>
<b>Basic EPS:</b>		
Weighted-average Number of equity shares outstanding (Nos.)	91,818,912	91,751,717
<b>Basic EPS (₹)</b>	<b>225.61</b>	<b>294.75</b>
<b>Diluted EPS:</b>		
Weighted-average Number of equity shares outstanding (Nos.)	91,818,912	91,751,717
<b>Add:</b> Weighted-average Number of potential equity shares on exercise of options (Nos.)	<b>43,505</b>	<b>74,892</b>
Weighted-average Number of equity shares outstanding for calculation of Diluted EPS (Nos.)	<b>91,862,417</b>	<b>91,826,609</b>
<b>Diluted EPS (₹)</b>	<b>225.50</b>	<b>294.51</b>

#### 4.1 PRINCIPLES OF CONSOLIDATION

The Consolidated Financial Statements (CFS) comprise the Financial Statements of Grasim Industries Limited ("Company") and its Subsidiaries, Joint Ventures and Associates (hereinafter referred together as "Group"). The CFS of the Group have been prepared in accordance with the Accounting Standard on "Consolidated Financial Statements" (AS-21), "Financial Reporting of Interests in Joint Ventures" (AS-27) and "Accounting for Investments in Associates in Consolidated Financial Statements" (AS-23), issued by the Institute of Chartered Accountants of India.

As far as possible, the CFS are prepared using uniform significant accounting policies for like transactions and other events in similar circumstances.

The CFS include seven Joint Ventures (JVs), and fourteen Subsidiaries, incorporated outside India, whose Financial Statements have been restated in Indian Rupees, considering them as non-integral part of the Group's operations. In translating the Financial Statements of such Companies for incorporation in the Financial Statements, the assets and liabilities, both monetary and non-monetary, are translated at closing exchange rate, all Income and Expenses are translated at yearly average exchange rate, and resulting exchange differences are accumulated in Foreign Currency Translation Reserve.

The effect of intra-group transactions between Grasim, Subsidiaries and JVs are eliminated in consolidation.

#### 4.2 The CFS is comprised of the Audited Financial Statements (except as mentioned otherwise) of the Company, its Subsidiaries and its interest in JVs and Associates for the year ended 31st March, 2014, which are as under:

Name of the Company	Note	Abbreviation	Country of Incorporation	Grasim's Ownership Interest %		% Shareholding and Voting Power along with Subsidiaries	
				31.3.2014	31.3.2013	31.3.2014	31.3.2013
<b>Subsidiaries:</b>							
Sun God Trading and Investments Limited		SGTIL	India	100.00	100.00	100.00	100.00
Samruddhi Swastik Trading and Investments Limited		SSTIL	India	100.00	100.00	100.00	100.00
Grasim Bhiwani Textiles Limited		GBTL	India	100.00	100.00	100.00	100.00
Aditya Birla Power Ventures Limited		ABPVL	India	100.00	100.00	100.00	100.00
UltraTech Cement Limited		UltraTech	India	60.29	60.30	60.29	60.30
Dakshin Cements Limited	*	DCL	India	60.29	60.30	100.00	100.00
UltraTech Cement Lanka Private Limited	*	UTCLPL	Sri Lanka	48.23	48.24	80.00	80.00
Harish Cement Limited	*	HCL	India	60.29	60.30	100.00	100.00
UltraTech Cement Middle East Investment Limited	*	UCMEIL	UAE	60.29	60.30	100.00	100.00
PT UltraTech Mining Indonesia	*+	PUMI	Indonesia	60.29	60.30	100.00	100.00
UltraTech Cement SA (PTY)	*^	UCSA	South Africa	60.29	60.30	100.00	100.00
PT UltraTech Investments Indonesia	*+	PTUCIA	Indonesia	60.29	60.30	100.00	100.00
Star Cement Co. LLC	#\$	SCCLD	UAE	60.29	48.24	100.00	80.00
Star Cement Co. LLC, Ras-Al-Khaimah	#\$	SCCLRAK	UAE	60.29	48.24	100.00	80.00
Al Nakhla Crusher, LLC, Fujairah	#\$	ANCL	UAE	60.29	48.24	100.00	80.00
Arabian Cement Industry LLC, Abu Dhabi	#\$	ACIL	UAE	60.29	48.24	100.00	80.00
Arabian Gulf Cement Co. WLL, Bahrain	#~	AGCCW	Bahrain	60.29	48.24	100.00	80.00
Emirates Power Company Ltd.	##	EPCL	Bangladesh	60.29	48.24	100.00	80.00
Emirates Cement Bangladesh Ltd.	##	ECBL	Bangladesh	60.29	48.24	100.00	80.00
UltraTech Cement Mozambique Limitada	#^@	UCMEIL	Mozambique	60.29	60.30	100.00	100.00
Gotan Limestone Khanij Udyog Private Ltd. (w.e.f. 23rd July, 2012)	*	GKU	India	60.29	60.30	100.00	100.00
PT UltraTech Cement Indonesia (w.e.f. 16th July, 2012)	!	PTUCI	Indonesia	59.69	59.70	99.00	99.00
Bhagwati Lime Stone Company Private Limited (w.e.f. 3rd April, 2013)	*	BLCPL	India	60.29	NA	100.00	NA



Name of the Company	Note	Abbreviation	Country of Incorporation	Grasim's Ownership Interest %		% Shareholding and Voting Power along with Subsidiaries	
				31.3.2014	31.3.2013	31.3.2014	31.3.2013
Joint Venture Companies (JVs):							
AV Cell Inc.		AVC	Canada	45.00	45.00	45.00	45.00
AV Nackawic Inc.		AVN	Canada	45.00	45.00	45.00	45.00
Birla Jingwei Fibres Co. Limited		BJFC	China	31.00	31.00	31.00	31.00
Birla Lao Pulp & Plantations Company Limited	^	BLPP	Laos	40.00	40.00	40.00	40.00
Bhubaneswari Coal Mining Limited		BCML	India	26.00	26.00	26.00	26.00
Aditya Birla Elyaf Sanayi Ve Ticaret Anonim Sirketi		ABEST	Turkey	33.33	33.33	33.33	33.33
Bhaskarpara Coal Company Limited	*	BCCL	India	28.56	28.58	47.37	47.37
Madanpur (North) Coal Company Private Limited	*	MCCPL	India	6.73	6.74	11.17	11.17
Aditya Group AB (w.e.f. 1st October, 2012)	&	AGAB	Sweden	33.33	33.33	33.33	33.33
AV Terrace Bay (w.e.f. 12th July, 2012)		AVTB	Canada	40.00	40.00	40.00	40.00
Associates:							
Aditya Birla Science & Technology Co. Ltd.		ABSTCL	India	39.00	39.00	39.00	39.00
Idea Cellular Ltd.		Idea	India	5.15	5.18	5.15	5.18
Aditya Group AB (upto 30th September, 2012)	&	AGAB	Sweden	NA	33.33	NA	33.33

Symbols in the Note column above are explained as below:

Symbol	Note
*	Subsidiaries/Joint Ventures of UltraTech
#	Subsidiaries of UCMEIL
@	90% Shareholding of UCMEIL
!	Subsidiary of PT UltraTech Investments, Indonesia
&	Refer Note 4.2.4
^	Unaudited Accounts Considered
+	5% Shareholding of UCMEIL
%	Legal formalities for balance 10% Share transfer is still in process
\$	51% held by nominee as required by local law for beneficial interest of the group
~	1 share held by employee as nominee for beneficial interest of the group

**4.2.1** The Financial Statements of the Company, its Subsidiaries, JVs and Associates used in Consolidation are drawn upto the same reporting date as followed by the Company, i.e., 31st March, 2014 (Previous Year 31st March, 2013).

**4.2.2** Figures pertaining to the Subsidiary Companies and Joint Ventures have been reclassified, wherever necessary, to bring them in line with the Company's Financial Statements.

**4.2.3** In Consolidated Financial Statements of the Company, the Financial Statements of two Joint Venture Companies, namely, Aditya Group AB (Consolidated), Sweden (AGAB), and AV Terrace Bay, Canada, prepared in accordance with the International Financial Reporting Standards (IFRS), have been considered with adjustments for material items to consolidate the same in the CFS in accordance with the Group Accounting Policies, which are as per Indian Generally Accepted Accounting Practices (GAAP).

**4.2.4** During the previous year, the Company has Consolidated Financial Statements of Aditya Group AB (AGAB) as per proportionate consolidation method of accounting in accordance with the Accounting Standard on Financial Reporting of Interests in Joint Ventures (AS-27) w.e.f. 1st October, 2012, and prior to that as an Associate as per equity method of accounting in accordance with the Accounting Standard on Accounting for Investment in Associates. For the current full year financial statements of AGAB are consolidated as a Joint Venture. This does not have any impact on consolidated net profit of the Company.

**4.2.5** In financial statements for the year 2012-13, the net impact amounting to ₹ 28.12 Crore between the management certified Financial Statements consolidated by the Company of AV Cell Inc., Canada, and AV Nackawic Inc., Canada, prepared as per local GAAP (as audited Financial Statements of these JVs were not then available) and Audited Financial Statements as per IFRS for the Financial Year 2011-12 has been adjusted from the General Reserve. These JV companies have migrated from local GAAP to IFRS, and the first audited Financial Statements for the Financial Year 2011-12, as per IFRS, were prepared with transitional adjustments.

For the purpose of Consolidated Financial Statements for the year ended 31st March, 2014, Audited Financial Statements of these JVs prepared in accordance with IFRS have been considered, as it is not practicable to make adjustments in accordance with Indian GAAP.

**4.2.6** Disclosure in respect of the Foreign JVs are given to the extent of available information.

### 4.3

**4.3.1** During the current year the Company has:

- (a) acquired 8,000,000 additional shares of AV Terrace Bay Inc., Canada (AVTB), at a cost of ₹ 46.52 Crore. There has been no change in the Ownership Percentage on account of this additional Investment.
- (b) acquired 1,300 additional shares of Birla Lao Pulp and Plantations Company Limited at a cost of ₹ 7.71 Crore. There has been no change in the Ownership Percentage on account of this additional Investment.

**4.3.2** During the current year UltraTech has:

- (a) entered into a Share Purchase Agreement with the shareholders of Bhagwati Lime Stone Company Pvt. Ltd. (BLCPL), and has acquired BLCPL's entire equity stake. Consequently, BLCPL has become a wholly owned subsidiary of the Company, with effect from 3rd April, 2013.
- (b) through its wholly-owned subsidiary 'UltraTech Cement Middle East Investments Limited' (UCMEIL) completed the acquisition of the balance equity stake of ETA Star Companies (the Companies) having operations in the United Arab Emirates (UAE), Bahrain and Bangladesh. Now the Companies have become wholly owned subsidiary of UCMEIL.
- (c) through its Board of Directors, approved the acquisition of the Gujarat Cement Units of Jaypee Cement Corporation Limited (JCCL) in September 2013, comprising of an integrated cement unit at Sewagram and Grinding Unit at Wanakbori, at enterprise value of ₹ 3,800 Crore, besides the actual net working capital at closing, through demerger route. The consideration (net of liabilities to be taken over) will be discharged by allotment of UltraTech's equity shares, of market value not exceeding ₹ 150 Crore, to the shareholders of JCCL. The Scheme of Arrangement has been sanctioned by the Hon'ble High Courts. The Scheme is now subject to the final approval of the Securities and Exchange Board of India as all other requisite approvals are obtained.

#### 4.4 OTHER NOTES

**4.4.1** Other Operating revenue of UltraTech includes VAT refund under State Investment Promotion Scheme, of ₹ 102.02 Crore (Previous Year ₹ 37.71 Crore).

Interest and Wage Expenses of UltraTech are net of subsidy received, under State Investment Promotion Scheme, of ₹ 61.54 Crore (Previous Year ₹ 66.59 Crore) and of ₹ 6.36 Crore (Previous Year ₹ 4.97 Crore), respectively.

**4.4.2** During the year, the Government has de-allocated coal blocks allotted to Madanpur (North) Coal Company, a JV, in which UltraTech holds 11.17% shares. The de-allocation order has been challenged by the JV in the Hon'ble Delhi High Court, who have ordered to maintain status quo in the matter, pending disposal of the case.

**4.4.3** During the previous year, the Ministry of Coal, Government of India, issued an order for de-allocation of the coal block allocated to a Joint Venture of UltraTech and Electrotherm (India) Limited in Bhaskarpara, Chattisgarh. On a writ petition filed by UltraTech for quashing the order, stay has been granted by the Hon'ble High Court of Chattisgarh.

**4.4.4** Assets taken on Operating Lease:

₹ in Crore

		<b>Current Year</b>	Previous Year
1	Operating Lease payments recognised in the Statement of Profit and Loss	<b>133.40</b>	106.13
2	The total of future minimum lease payments under non-cancellable operating leases are as follows: For a period not later than one year For a period later than one year and not later than five years For a period later than five years	- - -	2.35 1.17 -
3	General Description of Leasing Agreements: (i) Lease Assets: Godowns, Offices, Flats, Land and Others (ii) Future Lease rentals are determined on the basis of agreed terms (iii) At the expiry of lease terms, the Company has an option to return the assets or extend the term by giving notice in writing		

- 4.5 The Company's proportionate share in Assets, Liabilities, Income and Expenses of its Joint Venture Companies included in the Consolidated Financial Statements are given below:

#### 4.5.1 BALANCE SHEET

₹ in Crore

	Current Year	Previous Year
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' Funds</b>		
Share Capital	716.36	643.07
Share Capital (Other than Equity)	61.03	58.87
Reserves and Surplus	341.90	408.04
	1,119.29	1,109.98
<b>Share Application Money Pending Allotment</b>	1.25	0.41
<b>Non-Current Liabilities</b>		
Long-Term Borrowings	571.53	481.30
Deferred Tax Liabilities (Net)	42.80	46.76
Other Long-Term Liabilities	-	-
Long-Term Provisions	8.72	7.99
	623.05	536.05
<b>Current Liabilities</b>		
Short-Term Borrowings	418.04	345.16
Trade Payables	163.14	158.36
Other Current Liabilities	95.95	125.14
Short-Term Provisions	4.14	1.28
	681.27	629.94
<b>TOTAL</b>	<b>2,424.86</b>	<b>2,276.38</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Fixed Assets		
Tangible Assets	1,171.37	1,080.67
Intangible Assets	3.19	3.83
Capital Work-in-Progress	52.57	61.28
	1,227.13	1,145.78
Goodwill on Consolidation	355.57	322.05
Non-Current Investments	0.49	22.57
Deferred Tax Assets (Net)	2.38	0.97
Long-Term Loans and Advances	116.96	119.32
<b>Current Assets</b>		
Current Investments	7.42	-
Inventories	414.42	339.60
Trade Receivables	215.84	245.34
Cash and Bank Balances	22.31	28.50
Short-Term Loans and Advances	56.22	47.74
Other Current Assets	6.12	4.51
	722.33	665.69
<b>TOTAL</b>	<b>2,424.86</b>	<b>2,276.38</b>
<b>Contingent Liabilities</b>	<b>0.09</b>	<b>0.29</b>
<b>Capital Commitments (Net of Advances)</b>	<b>7.63</b>	<b>19.79</b>

#### 4.5.2 STATEMENT OF PROFIT AND LOSS

₹ in Crore

	Current Year	Previous Year
<b>REVENUE</b>		
Sale of Products (includes Services Revenue)	2,009.77	1,241.77
Other Operating Revenues	36.72	18.09
<b>Revenue from Operations</b>	2,046.49	1,259.86
Other Income	22.48	11.90
<b>Total Revenue</b>	2,068.97	1,271.76
<b>EXPENSES</b>		
Cost of Materials Consumed	914.78	565.53
Purchase of Stock-in-Trade	67.33	18.09
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	(65.50)	(38.39)
Employee Benefits Expense	314.38	208.30
Power and Fuel	285.40	211.08
Freight and Handling Expenses	213.77	137.04
Other Expenses	319.04	207.04
<b>Total Expenses</b>	2,049.20	1,308.69
<b>Profit Before Interest, Depreciation/Amortisation and Tax</b>	19.77	(36.93)
Finance Costs	42.29	29.05
Depreciation and Amortisation Expense	88.95	60.29
<b>Profit/(Loss) Before Tax</b>	(111.47)	(126.27)
Provision for Current Tax	2.23	3.17
Provision for Deferred Tax	(7.37)	(26.05)
<b>Profit/(Loss) for the Year</b>	(106.33)	(103.39)

- 4.6** The Ministry of Textiles, vide its orders dated 30th June, 1997 and 1st July, 1999, has deleted cement from the list of commodities to be packed in Jute bags under the Jute Packaging (Compulsory Use in Packing Commodities) Act, 1987. In view of this, the Company does not expect any liability for non-dispatch of cement in Jute bags in respect of earlier years.

	Current Year	Previous Year
₹ in Crore		
<b>4.7 CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:</b>		
<b>4.7.1 Claims/Disputed Liabilities not acknowledged as Debt</b>		
Custom Duty	<b>120.90</b>	4.14
Sales Tax/Purchase Tax/VAT	<b>168.90</b>	141.02
Excise Duty/Cenvat Credit/Service Tax	<b>516.66</b>	378.32
Water Cess	<b>17.69</b>	23.96
Income Tax	<b>144.36</b>	-
Various claims in respect of disputed liabilities of discontinued business in earlier year	<b>34.26</b>	70.00
Royalty on Limestone	<b>233.97</b>	219.30
Others	<b>342.19</b>	350.05
Cash outflows for the above are determinable only on receipt of judgements pending at various forums/authorities.		
<b>4.7.2</b> Custom Duty Liability (Net of Cenvat Credit) which may arise if obligation for exports is not fulfilled against import of raw materials and machinery	<b>37.48</b>	45.84
<b>4.7.3</b> Letters of Undertaking-cum-Indemnity, Corporate Guarantees given to Banks/Other Financial Institutions/Government Authorities/Others for finance provided to Joint Ventures	<b>7.74</b>	7.65
<b>4.7.4</b> Bills discounted with Banks fully covered by buyers' letter of credit	<b>13.87</b>	11.72
<b>4.7.5</b> Based on the legal advice, UltraTech has challenged the order dated 20th June, 2012, of Competition Commission of India imposing a penalty of ₹ 1,175.49 Crore for alleged cartelisation with certain other companies. UltraTech continues to believe that it has a good case based on legal opinion. Accordingly, no provision has been made.		
<b>4.8</b> Deferred Preference Share Dividend	<b>1.90</b>	1.86
<b>4.9 CAPITAL AND OTHER COMMITMENTS:</b>		
<b>4.9.1</b> Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances paid)	<b>2,260.68</b>	2,250.38

**4.10 SEGMENT REPORTING****4.10.1 Primary Segment Reporting (by Business Segment)**

Primary Segment has been identified based on the nature of products and services, the different risks and returns, and the Internal reporting structure.

The Company considers Business Segment as the Primary Segment for disclosure. Details of products included in each of the segments are as under:

Fibre and Pulp	- Viscose Staple Fibre and Wood Pulp
Chemicals	- Caustic Soda, Allied Chemicals and Epoxy
Cement	- Grey Cement, White Cement and Allied Products
Others	- Mainly Textiles

Inter-segment transfers of independent marketable products are at market rates.

Unallocated items include general corporate income, expense, assets and liabilities, which are not allocated to any business segment.

Information about Business Segments (Current Year):

₹ in Crore

	Fibre & Pulp	Chemicals	Cement	Others	Eliminations	Total
<b>REVENUE</b>						
Gross Sales (External)	6,579.76	904.04	24,144.94	597.27	-	32,226.01
Gross Sales (Inter-Segment)	56.69	282.26	24.03	0.76	(363.74)	-
<b>Total Gross Sales (Note 3.1)</b>	<b>6,636.45</b>	<b>1,186.30</b>	<b>24,168.97</b>	<b>598.03</b>	<b>(363.74)</b>	<b>32,226.01</b>
Other Income (including other Operating Revenues)	155.07	9.96	259.52	18.90	(13.92)	429.53
Unallocated Corporate Other Income						466.91
<b>Total Other Income</b>	<b>155.07</b>	<b>9.96</b>	<b>259.52</b>	<b>18.90</b>	<b>(13.92)</b>	<b>896.44</b>
<b>Total Revenue</b>	<b>6,791.52</b>	<b>1,196.26</b>	<b>24,428.49</b>	<b>616.93</b>	<b>(377.66)</b>	<b>33,122.45</b>
<b>RESULTS</b>						
<b>Segment Result (PBIT)</b>	<b>481.33</b>	<b>160.57</b>	<b>2,946.87</b>	<b>36.84</b>	<b>1.06</b>	<b>3,626.67</b>
Unallocated Corporate Income/(Expenses)						406.87
Finance Costs						(447.32)
<b>Profit Before Tax</b>						<b>3,586.22</b>
Provision for Current Tax						(751.13)
MAT Credit						392.28
Provision for Tax of Earlier Years Written Back						124.74
Deferred Tax						(500.68)
<b>Profit After Tax</b>						<b>2,851.43</b>
Add: Share in Profit of Associates						102.87
Less: Minority Interest						(882.76)
<b>Net Profit</b>						<b>2,071.54</b>
<b>OTHER INFORMATION</b>						
<b>Segment Assets</b>	<b>7,929.13</b>	<b>2,076.05</b>	<b>29,108.63</b>	<b>406.73</b>	<b>(6.25)</b>	<b>39,514.29</b>
Unallocated Corporate Assets						8,232.31
<b>Total Assets</b>						<b>47,746.60</b>
<b>Segment Liabilities</b>	<b>735.93</b>	<b>187.80</b>	<b>4,658.48</b>	<b>131.88</b>	<b>(4.10)</b>	<b>5,709.99</b>
Unallocated Corporate Liabilities						13,486.37
Minority Interest						6,935.84
<b>Total Liabilities</b>						<b>26,132.20</b>
<b>Capital Expenditure</b>	<b>787.20</b>	<b>266.12</b>	<b>2,384.67</b>	<b>16.71</b>	<b>-</b>	<b>3,454.70</b>
Unallocated Corporate Capital Expenditure						18.59
<b>Total Capital Expenditure</b>						<b>3,473.29</b>
<b>Depreciation and Amortisation</b>	<b>234.48</b>	<b>64.82</b>	<b>1,139.00</b>	<b>16.44</b>	<b>-</b>	<b>1,454.74</b>
Unallocated Corporate Depreciation and Amortisation						2.74
<b>Total Depreciation and Amortisation</b>						<b>1,457.48</b>
<b>Significant Non-Cash Expenses other than Depreciation</b>						<b>4.11</b>

## Information about Business Segments (Previous Year):

	₹ in Crore					
	Fibre & Pulp	Chemicals	Cement	Others	Eliminations	Total
<b>REVENUE</b>						
Gross Sales (External)	5,699.18	776.20	23,801.12	532.33	-	30,808.83
Gross Sales (Inter-Segment)	53.50	264.41	42.04	0.90	(360.85)	-
<b>Total Gross Sales (Note 3.1)</b>	<b>5,752.68</b>	<b>1,040.61</b>	<b>23,843.16</b>	<b>533.23</b>	<b>(360.85)</b>	<b>30,808.83</b>
Other Income (including other Operating Revenues)	116.84	20.07	194.71	17.54	(9.95)	339.21
Unallocated Corporate Other Income						544.90
<b>Total Other Income</b>	<b>116.84</b>	<b>20.07</b>	<b>194.71</b>	<b>17.54</b>	<b>(9.95)</b>	<b>884.11</b>
<b>Total Revenue</b>	<b>5,869.52</b>	<b>1,060.68</b>	<b>24,037.87</b>	<b>550.77</b>	<b>(370.80)</b>	<b>31,692.94</b>
<b>RESULTS</b>						
<b>Segment Result (PBIT)</b>	<b>724.68</b>	<b>210.72</b>	<b>3,848.30</b>	<b>30.99</b>	<b>1.34</b>	<b>4,816.03</b>
Unallocated Corporate Income/(Expenses)						475.03
Finance Costs						(324.14)
<b>Profit Before Exceptional item and Tax</b>						<b>4,966.92</b>
Exceptional Item						204.43
<b>Profit Before Tax</b>						<b>5,171.35</b>
Provision for Current Tax						(1,287.27)
MAT Credit						64.30
Provision for Tax of Earlier Years Written Back						7.02
Deferred Tax						(251.26)
<b>Profit After Tax</b>						<b>3,704.14</b>
Add: Share in Profit of Associates						73.65
Less: Minority Interest						(1,073.40)
<b>Net Profit</b>						<b>2,704.39</b>
<b>OTHER INFORMATION</b>						
<b>Segment Assets</b>	<b>6,872.13</b>	<b>1,622.42</b>	<b>26,763.71</b>	<b>388.89</b>	<b>(9.07)</b>	<b>35,638.08</b>
Unallocated Corporate Assets						8,494.40
<b>Total Assets</b>						<b>44,132.48</b>
<b>Segment Liabilities</b>	<b>764.52</b>	<b>154.00</b>	<b>4,238.24</b>	<b>116.18</b>	<b>(5.61)</b>	<b>5,267.33</b>
Unallocated Corporate Liabilities						12,987.63
Minority Interest						6,220.98
<b>Total Liabilities</b>						<b>24,475.94</b>
<b>Capital Expenditure</b>	<b>1,856.00</b>	<b>805.79</b>	<b>3,686.59</b>	<b>19.96</b>	<b>-</b>	<b>6,368.34</b>
Unallocated Corporate Capital Expenditure						20.24
<b>Total Capital Expenditure</b>						<b>6,388.58</b>
<b>Depreciation and Amortisation</b>	<b>176.42</b>	<b>33.95</b>	<b>1,023.37</b>	<b>15.29</b>	<b>-</b>	<b>1,249.03</b>
Unallocated Corporate Depreciation and Amortisation						3.03
<b>Total Depreciation and Amortisation</b>						<b>1,252.06</b>
<b>Significant Non-Cash Expenses other than Depreciation</b>						<b>1.36</b>

## 4.10.2 Secondary Segment Reporting (by Geographic Segment)

	₹ in Crore	
	Current Year	Previous Year
<b>Segment Revenues (Gross Sales):</b>		
India	<b>27,324.60</b>	27,009.25
Rest of the World	<b>4,901.41</b>	3,799.58
<b>Total</b>	<b>32,226.01</b>	<b>30,808.83</b>
<b>Segment Assets:</b>		
India	<b>34,191.16</b>	30,839.85
Rest of the World	<b>5,323.13</b>	4,798.23
<b>Total</b>	<b>39,514.29</b>	<b>35,638.08</b>
<b>Capital Expenditure:</b>		
India	<b>3,250.51</b>	5,994.76
Rest of the World	<b>204.19</b>	373.58
<b>Total</b>	<b>3,454.70</b>	<b>6,368.34</b>



## 4.11 RELATED PARTY TRANSACTIONS

### 4.11.1 Related Parties with whom transactions have taken place during the year :

#### Joint Ventures:

AV Cell Inc., Canada	Aditya Group AB, Sweden
AV Nackawic Inc., Canada,	(w.e.f. 1st October, 2012, Note 4.2.4)
Birla Jingwei Fibres Company Limited, China	AV Terrace Bay Inc., Canada (w.e.f. 12th July, 2012)
Birla Lao Pulp & Plantations Company Limited, Laos	Bhubaneswari Coal Mining Limited
Aditya Birla Elyaf Sanayi Ve Ticaret Anonim Sirketi, Turkey	Madanpur (North) Coal Company (Private) Limited
	Bhaskarpara Coal Company Limited

#### Associates:

Aditya Birla Science & Technology Company Limited	Idea Cellular Limited
Aditya Group AB, Sweden (w.e.f. 30th September, 2012 considered as Joint Venture, Note 4.2.4)	

#### Key Management Personnel:

Shri K. K. Maheshwari, Managing Director
Shri Adesh Gupta, Whole-time Director
Shri O. P. Puranmalka, Whole-time Director, UltraTech Cement Ltd.

#### Relatives of Key Management Personnel:

Relative (wife) of Shri Adesh Gupta: Smt. Usha Gupta
Relative (wife) of Shri O.P. Puranmalka: Smt. Sita Puranmalka

		₹ in Crore
	Current Year	Previous Year
<b>4.11.2 Nature of Transactions:</b>		
<b>(a) Sales and Services (Gross)</b>		
Birla Jingwei Fibres Co. Limited	52.68	3.16
<b>Total</b>	<b>52.68</b>	<b>3.16</b>
<b>(b) Interest and Other Income</b>		
AV Cell, Inc.	2.19	2.14
AV Nackawic, Inc.	-	1.17
Aditya Birla Science & Technology Company Limited	0.89	0.71
<b>Total</b>	<b>3.08</b>	<b>4.02</b>
<b>(c) Dividend Received</b>		
Idea Cellular Limited	5.13	-
<b>Total</b>	<b>5.13</b>	<b>-</b>
<b>(d) Purchase of Goods/Payment of Other Services (Net of Cenvat Credit, if available)</b>		
AV Cell, Inc.	230.86	309.23
AV Nackawic, Inc.	210.27	210.84
Aditya Group AB	497.16	167.18
Birla Jingwei Fibre Co. Limited	-	0.21
Aditya Birla Science & Technology Company Limited	21.35	14.64
Idea Cellular Limited	0.60	0.59
Key Management Personnel	20.77	18.07
Relatives of Key Management Personnel	0.23	0.18
<b>Total</b>	<b>981.24</b>	<b>720.94</b>
<b>(e) Finance Provided</b>		
Aditya Birla Science & Technology Company Limited	-	0.01
<b>Total</b>	<b>-</b>	<b>0.01</b>

		₹ in Crore	
		Current Year	Previous Year
<b>(f) Repayment against Finance Provided</b>			
Aditya Birla Science & Technology Company Limited		0.01	-
<b>Total</b>		<b>0.01</b>	<b>-</b>
<b>(g) Investment in Equity Shares/Debentures/Preference Shares</b>			
Birla Lao Pulp & Plantations Company Limited		7.71	14.87
Birla Jingwei Fibres Company Limited, China		-	51.35
Bhubaneswari Coal Mining Limited		-	21.84
Madanpur (North) Coal Company (Private) Limited		-	0.02
AV Terrace Bay		46.52	98.83
<b>Total</b>		<b>54.23</b>	<b>186.91</b>
<b>(h) Advance Given against Equity</b>			
Madanpur (North) Coal Company (Private) Limited		0.05	-
Bhaskarpara Coal Company Limited		1.69	0.08
<b>Total</b>		<b>1.74</b>	<b>0.08</b>
<b>(i) Advance Given against Equity Refund</b>			
Bhaskarpara Coal Company Limited		-	0.60
<b>Total</b>		<b>-</b>	<b>0.60</b>
<b>Outstanding Balances as on the year end</b>			
<b>(j) Trade Payables</b>			
AV Cell, Inc.		11.40	31.86
AV Nackawic, Inc.		18.68	5.12
Aditya Group AB		55.87	16.82
Aditya Birla Science & Technology Company Limited		1.44	0.01
<b>Total</b>		<b>87.39</b>	<b>53.81</b>
<b>(k) Trade Receivables</b>			
Birla Jingwei Fibres Company Limited, China		17.63	0.96
<b>Total</b>		<b>17.63</b>	<b>0.96</b>
<b>(l) Advance Given against Equity</b>			
Madanpur (North) Coal Company (Private) Limited		0.05	-
Bhaskarpara Coal Company Limited		2.55	0.86
<b>Total</b>		<b>2.60</b>	<b>0.86</b>
<b>(m) Long-Term Loans and Advances</b>			
AV Cell, Inc.		36.63	36.07
Aditya Birla Science & Technology Company Limited		10.43	1.39
Relatives of Key Management Personnel		2.48	2.48
<b>Total</b>		<b>49.54</b>	<b>39.94</b>
<b>(n) Short-Term Loans and Advances</b>			
Aditya Birla Science & Technology Company Limited		35.68	44.73
<b>Total</b>		<b>35.68</b>	<b>44.73</b>
<b>(o) Other Current Asset</b>			
AV Terrace Bay		0.01	-
<b>Total</b>		<b>0.01</b>	<b>-</b>
<b>(p) Guarantees and Collaterals</b>			
Madanpur (North) Coal Company (Private) Limited		3.65	3.65
Bhaskarpara Coal Company Limited		4.00	4.00
<b>Total</b>		<b>7.65</b>	<b>7.65</b>

Note: Transaction with Joint Ventures are reported at full Values.

## 4.12 RETIREMENT BENEFITS

### 4.12.1 Defined Benefit Plans as per Actuarial Valuation:

#### 4.12.1.1 Gratuity and Pension:

Gratuity: The employee's gratuity fund is managed by a Trust. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method as prescribed by Accounting Standard (AS)-15-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 obligation.

₹ in Crore				
	<b>Gratuity (Funded)</b>		<b>Pension</b>	
	<b>Current Year</b>	Previous Year	<b>Current Year</b>	Previous Year
<b>(i) Reconciliation of Present Value of the Obligation:</b>				
Opening Defined Benefit Obligations	<b>419.78</b>	361.81	<b>17.61</b>	17.28
Adjustments of:				
Current Service Cost	<b>30.54</b>	25.52	-	-
Interest Cost	<b>34.29</b>	31.23	<b>1.34</b>	1.38
Actuarial Loss/(Gain)	<b>(29.83)</b>	26.43	<b>(0.50)</b>	1.05
Benefits Paid	<b>(24.42)</b>	(25.21)	<b>(2.11)</b>	(2.10)
<b>Closing Defined Benefit Obligations</b>	<b>430.36</b>	419.78	<b>16.34</b>	17.61
<b>(ii) Reconciliation of Fair Value of the Plan Assets:</b>				
Opening Fair Value of the Plan Assets	<b>419.15</b>	360.30	-	-
Adjustments of:				
Expected Return on Plan Assets	<b>31.44</b>	27.31	-	-
Actuarial Loss/(Gain)	<b>7.60</b>	9.27	-	-
Contributions by the Employer	<b>18.27</b>	47.48	<b>2.11</b>	2.10
Benefits Paid	<b>(24.42)</b>	(25.21)	<b>(2.11)</b>	(2.10)
<b>Closing Fair Value of the Plan Assets</b>	<b>452.04</b>	419.15	-	-
<b>(iii) Net Assets/(Liabilities) recognised in the Balance Sheet:</b>				
Present Value of the Funded Defined Benefit Obligations at the end of the period	<b>430.36</b>	419.78	<b>16.34</b>	17.61
Fair Value of Plan Assets	<b>452.04</b>	419.15	-	-
<b>Net Liabilities/(Assets) recognised in the Balance Sheet</b>	<b>(21.68)</b>	0.63	<b>16.34</b>	17.61
<b>(iv) Amount recognised in Salaries, Wages and Employee Benefits in the Statement of Profit and Loss as:</b>				
Current Service Cost	<b>30.54</b>	25.52	-	-
Interest on Defined Benefit Obligations	<b>34.29</b>	31.24	<b>1.34</b>	1.38
Expected Return on Plan Assets	<b>(31.44)</b>	(27.31)	-	-
Net Actuarial Loss/(Gain) recognised during the year	<b>(37.43)</b>	17.16	<b>(0.50)</b>	1.05
Net Cost	<b>(4.04)</b>	46.61	<b>0.84</b>	2.43
Less: Capitalised as Pre-Operative Expenses in respect of Project	-	1.80	-	-
<b>Net Charge to the Statement of Profit and Loss</b>	<b>(4.04)</b>	44.81	<b>0.84</b>	2.43
<b>(v) Actual Return on Plan Assets:</b>				
Expected Return on Plan Assets	<b>31.44</b>	27.31	<b>N.A.</b>	N.A.
Actuarial Gain/(Loss) on Plan Assets	<b>7.60</b>	9.27	<b>N.A.</b>	N.A.
<b>Actual Return on Plan Assets</b>	<b>39.04</b>	36.58	<b>N.A.</b>	N.A.

₹ in Crore				
	Gratuity (Funded)		Pension	
	Current Year	Previous Year	Current Year	Previous Year
<b>(vi) Investment Details of the Plan Assets:</b>				
Government of India Securities	4%	5%	N.A.	N.A.
Corporate Bonds	4%	5%	N.A.	N.A.
Insurer Managed Fund	91%	88%	N.A.	N.A.
Others	1%	2%	N.A.	N.A.
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>N.A.</b>	<b>N.A.</b>
<b>(vii) Principal Actuarial Assumptions at the Balance Sheet Date:</b>				
Discount Rate	9.10% to 9.15%	8.00% to 8.15%	9.10% to 9.15%	8.00% to 8.15%
Estimated Rate of Return on Plan Assets	7.50% to 8.00%	7.50% to 8.00%	-	-
Salary Escalation Rate	8.00% to 8.50%	8.00%	-	-
Mortality	Indian Assured (2006-08) mortality tables	Indian Assured (2006-08) mortality tables	PA (90) annuity rates down by 4 years	PA (90) annuity rates down by 4 years

**Note:** There are no amounts included in the Fair Value of the Plan Assets for:

- The Fair Value of the Plan Assets includes 8.8% Non-Convertible Debentures of a subsidiary company of the face value of ₹ 1.20 Crore purchased at ₹ 1.19 Crore.
- There are no amount included in the Fair Value of the Plan Assets for:
  - Company's own financial instrument other than those mentioned in (a) above
  - Property occupied by or other assets used by the Company.
- The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

#### 4.12.1.2 Experience Adjustments:

##### (a) Gratuity (Funded):

₹ in Crore					
Particulars	2013-14	2012-13	2011-12	2010-11	2009-10
Defined Benefit Obligations	430.36	419.78	361.81	314.07	280.57
Fair Value of Plan Assets	452.04	419.15	360.30	306.70	265.47
Surplus/(Deficit)	21.68	(0.63)	(1.51)	(7.37)	(15.10)
Expected Adjustments on Plan Liabilities	0.77	10.34	16.18	9.94	10.12
Expected Adjustments on Plan Assets	7.61	9.27	2.98	2.65	4.26

##### (b) Pension Liabilities:

Defined Benefit Obligations	9.53	10.21	9.89	10.41	10.25
Fair Value of the Plan Assets	-	-	-	-	-
Surplus/(Deficit)	(9.53)	(10.21)	(9.89)	(10.41)	(10.25)
Expected Adjustments on Plan Liabilities	0.27	0.36	0.11	0.35	0.16

**Note:** The obligation for compensated absence is recognised in the same manner as gratuity, amounting to charge of ₹16.30 Crore (Previous Year charge ₹ 35.14 Crore).

**4.12.1.3** The best estimate of the expected Contribution for the next year amounts to ₹ 17.65 Crore (Previous Year ₹ 17.65 Crore).

#### 4.12.2 Defined Contribution Plans:

Amount recognised as expense and included in the Note 3.7 "Contribution to Provident and Other Funds" ₹ 84.19 Crore (Previous Year ₹ 77.99 Crore).

#### 4.13 DISCLOSURE OF DERIVATIVE INSTRUMENTS

##### 4.13.1 Derivative Instruments as on 31st March, 2014:

		in Crore		
Type of Instrument	Type of Exposure	Currency	Current Year	Previous Year Cross Currency
(a) Forward Contracts (For hedging of foreign currency exposures)	Exports (Receivables)	USD	<b>0.51</b>	0.10
		EURO	<b>0.44</b>	-
	Buyer's Credit	USD	<b>0.85</b>	3.68
	ECB	USD	<b>0.09</b>	-
		JPY	<b>3.83</b>	-
	Others	EURO	<b>0.07</b>	-
		USD	<b>0.03</b>	1.97
	Imports (Payables)	EURO	<b>0.67</b>	0.88
		EURO	<b>0.37</b>	0.22
		USD	<b>10.44</b>	4.22
(b) Currency and Interest Rate Swaps (For hedging of foreign currency and interest rate exposures)	Overseas Direct Investment	CAD	-	0.25
	PCFC (Loan)	USD	-	1.50
	ECB	USD	<b>40.28</b>	40.28
		JPY	<b>976.17</b>	2,127.93
		SGD	-	1.77
	Principal only Swap	USD	<b>14.51</b>	-
		JPY	<b>350.00</b>	-
	Currency Option and Interest Swaps (For hedging of foreign currency and interest rate exposures)	USD	-	0.15

##### 4.13.2 Derivatives for hedging South African Coal price risk (from floating price to fixed price), outstanding as on March 31, 2014, are as under:

		in Crore	
Particulars	Quantity Hedged	Currency	Current Year Previous Year
South African Coal Fixed Price Swaps	150,000 Metric Tonne	USD	<b>1.10</b> -

##### 4.13.3 Unhedged Foreign Currency Exposure as on 31st March, 2014:

Type of Exposure	Foreign Currency	Amount in Foreign Currency (In Crore)		Equivalent ₹ in Crore	
		Current Year	Previous Year	Current Year	Previous Year
Exports (Receivables)	USD	<b>5.75</b>	5.95	<b>344.36</b>	323.16
	Euro	<b>0.02</b>	0.98	<b>1.86</b>	68.11
Imports (Payables)	USD	<b>0.28</b>	0.38	<b>16.49</b>	20.63
	Euro	<b>0.05</b>	0.02	<b>3.91</b>	1.39
Bank Balances	USD	<b>0.21</b>	0.30	<b>12.87</b>	16.16
	Euro	<b>0.01</b>	-	<b>0.89</b>	-
Borrowings	USD	<b>7.69</b>	4.34	<b>460.71</b>	235.58
	JPY	<b>220.00</b>	-	<b>129.43</b>	-
Loans (Receivables)	CAD	<b>0.68</b>	0.68	<b>36.89</b>	36.30

#### 4.14 Information related to Subsidiaries including Subsidiaries of Subsidiaries:

(In terms of Government of India, Ministry of Corporate Affairs general Circular No. 2/2011, No: 5/12/2007-CLIII dated 8th February, 2011)

Sr. No.	Name of the Subsidiary Companies	Year	Currency Symbol	Share Capital (Including Application Money)	Reserves and Surplus (Net of Debit Balance of Profit and Loss Account)	Total Assets (Non-Current Assets+Current Assets) excluding Current and Non-Current Investments	Total Liabilities (Non-Current Liabilities+Current Liabilities+Deferred tax Liabilities)	Details of Current and Non-Current Investments (excluding investments in subsidiary companies)	Turnover	Profit / (Loss) Before Taxation	Provision for Taxation	Profit/ (Loss) After Taxation	Proposed Dividend (Including Corporate Dividend Tax)
1	Samruddhi Swastik Trading and Investments Limited	2013-14	₹	6.50	28.80	4.22	0.86	31.94	-	4.08	1.17	2.91	-
2	Sun God Trading and Investments Limited	2012-13	₹	6.50	25.89	20.29	0.86	20.29	-	3.92	0.09	3.83	-
2013-14		₹	0.05	0.37	₹ 8,871.00	₹ 12,991.00	0.42	0.42	-	0.05	0.01	0.04	-
2012-13		₹	0.05	0.33	₹ 22,033.00	₹ 44,141.00	0.38	0.38	-	0.47	0.15	0.33	-
3	Aditya Birla Power Ventures Limited	2013-14	₹	0.05	(0.05)	-	-	-	-	-	-	-	-
2012-13		₹	0.05	(0.05)	(0.05)	-	-	-	-	-	-	-	-
4	Grasim Bhiwani Textiles Limited (GBTL)	2012-13	₹	20.05	77.90	266.91	168.96	-	439.85	23.08	4.93	18.15	-
2013-14		₹	20.05	59.77	258.26	178.44	-	-	398.62	16.95	7.83	9.12	-
5	UltraTech Cement Limited (UTCL) - (Standalone)	2013-14	₹	274.24	16,823.27	24,362.34	12,656.50	5,391.67	20,077.88	2,755.51	631.04	2,144.47	288.77
2012-13		₹	274.18	14,960.64	22,300.15	12,174.05	-	5,108.72	20,022.96	3,825.40	1,169.97	2,655.43	288.70
6	Dakshin Cement Limited (DAK)	2013-14	₹	0.05	(0.05)	₹ 49,989.00	₹ 38,958.00	-	-	₹ (11,236.00)	-	₹ (11,236.00)	-
2012-13		₹	0.05	(0.05)	₹ 49,989.00	₹ 38,958.00	-	-	-	(0.05)	-	(0.05)	-
7	Harish Cement Limited (HCL)	2013-14	₹	0.05	-	154.36	154.31	-	-	-	-	-	-
2012-13		₹	0.05	-	152.99	152.99	-	-	-	-	-	-	-
8	Gotan Limestone Khajuri Udyog Pvt. Ltd. (w.e.f. 23rd July, 2012)	2013-14	₹	2.00	(4.60)	21.20	23.80	-	8.73	(2.20)	0.05	2.25	-
2012-13		₹	2.00	(2.35)	12.81	13.16	-	-	3.33	(2.14)	0.17	(2.31)	-
9	Bhagwati Lime Stone Company Pvt. Ltd. (w.e.f. 3rd April, 2013)	2013-14	₹	0.01	(0.15)	1.89	2.03	-	-	(0.02)	-	(0.02)	-
2012-13		₹	0.01	(0.15)	1.89	2.03	-	-	-	-	-	-	-
10	UltraTech Cement Lanka Pvt. Ltd.	2013-14	SLR	50.00	131.58	251.38	69.81	-	964.18	99.13	27.96	71.17	40.00
2012-13		SLR	22.31	60.25	115.13	32.95	-	-	448.45	48.45	12.74	33.73	18.60
2012-13		SLR	21.01	101.33	211.11	36.38	-	-	976.98	19.82	19.82	20.68	6.30
2013-14		AED	23.52	(2.94)	0.28	53.13	53.13	73.63	-	(0.84)	8.23	(0.84)	-
2012-13		AED	383.65	(47.99)	1.09	866.73	866.73	1,201.11	-	(13.88)	-	(13.88)	-
2012-13		AED	16.27	12.10	0.01	64.15	64.15	59.10	-	(0.80)	-	(0.80)	-
2013-14		AED	5.09	(12.70)	54.47	62.08	62.08	873.43	-	(11.81)	-	(11.81)	-
2012-13		AED	83.00	(207.14)	888.58	1,012.72	1,012.72	735.05	-	(3.45)	-	(3.45)	-
2012-13		AED	5.09	(9.25)	44.80	48.56	48.56	37.24	-	(1.19)	-	(1.19)	-
2013-14		AED	16.31	(70.30)	284.48	338.46	338.46	551.78	-	(17.65)	-	(17.65)	-
2012-13		AED	1.00	(4.31)	17.44	20.75	20.75	18.98	-	(2.29)	-	(2.29)	-
2012-13		AED	14.78	(29.83)	18.61	19.63	19.63	312.57	-	(37.74)	-	(37.74)	-
2013-14		AED	14.36	(14.67)	104.03	75.00	75.00	41.85	-	(0.31)	-	(0.31)	-
2012-13		AED	224.28	239.35	1,697.05	1,223.42	1,223.42	689.28	-	(6.83)	-	(6.83)	-
2012-13		AED	14.36	7.84	101.96	79.76	79.76	40.63	-	(3.29)	-	(3.29)	-
2013-14		AED	212.27	115.91	1,507.02	1,178.85	1,178.85	601.98	-	(48.72)	-	(48.72)	-
2012-13		AED	0.20	(2.51)	5.94	8.25	8.25	3.61	-	(0.84)	-	(0.84)	-
2012-13		AED	3.26	(40.96)	96.86	134.55	134.55	59.42	-	(13.76)	-	(13.76)	-
2012-13		AED	0.20	(3.35)	5.49	8.63	8.63	3.74	-	(0.64)	-	(0.64)	-
2013-14		Bahrain Dirham	0.03	(49.46)	81.11	127.61	127.61	55.37	-	(9.42)	-	(9.42)	-
2012-13		Bahrain Dirham	4.77	126.73	142.29	10.79	10.79	264.26	-	(0.19)	-	(0.19)	-
2012-13		Bahrain Dirham	0.03	0.61	0.71	0.06	0.06	1.35	-	(0.05)	-	(0.05)	-
2013-14		Takka	158.93	(99.21)	225.37	165.65	165.65	195.05	-	(6.93)	-	(6.93)	-
2012-13		Takka	122.60	(76.53)	173.84	127.78	127.78	232.58	-	(4.62)	-	(4.62)	-
2012-13		Takka	158.93	(102.67)	210.57	154.31	154.31	183.97	-	(3.65)	-	(3.65)	-
2013-14		Takka	27.00	(21.15)	26.10	20.26	20.26	167.45	-	(12.71)	-	(12.71)	-
2012-13		Takka	20.82	(16.31)	20.14	15.63	15.63	114.39	-	(8.68)	-	(8.68)	-
2012-13		Takka	27.00	(21.15)	26.10	20.26	20.26	2.43	-	(0.33)	-	(0.33)	-
2013-14		Indonesian Rupiah	1,137.30	(22.77)	1,120.92	6.39	6.39	4.05	-	(0.01)	-	(0.01)	-
2012-13		Indonesian Rupiah	6.00	(0.12)	5.91	0.03	0.03	0.01	-	(0.63)	-	(0.63)	-
2013-14		Indonesian Rupiah	914.23	(22.14)	959.96	67.87	67.87	183.97	-	(9.05)	-	(9.05)	-
2012-13		Indonesian Rupiah	5.10	(0.13)	5.35	0.38	0.38	167.45	-	(0.05)	-	(0.05)	-
2013-14		Indonesian Rupiah	1,992.40	45.22	2,056.19	18.57	18.57	60.29	-	(0.08)	-	(0.08)	-
2012-13		Indonesian Rupiah	10.51	0.24	10.85	0.10	0.10	0.33	-	(0.25)	-	(0.25)	-
2013-14		Indonesian Rupiah	2,033.46	(11.81)	1,988.72	17.07	17.07	111.81	-	(0.62)	-	(0.62)	-
2012-13		Indonesian Rupiah	10.73	(0.59)	10.23	0.09	0.09	0.62	-	(0.62)	-	(0.62)	-

**Note :** - For Holding Subsidiary Relationship refer Note 4.2.  
 - UltraTech Cement SA (PTY) (Wholly Owned Subsidiary) and UltraTech Cement Mozambique Limitada (Subsidiary's Subsidiary) are yet to start operations and no equity infusion.  
 - For converting the figures given in foreign currency appearing in the accounts of the subsidiary companies into equivalent Indian Rupee (INR), following Exchange rates are used for 1 INR.

**4.14 Information related to Subsidiaries including Subsidiaries of Subsidiaries: (Contd.)**

Sr. No.	Currency	Balance Sheet (Closing Rate)		Statement of Profit and Loss (Average Rate)	
		31st March, 2014	31st March, 2013	FY 2013-14	FY 2012-13
1	Sri Lankan Rupee (SLR)	<b>2.1823</b>	2.3358	<b>2.1500</b>	2.3804
2	UAE Dirham (AED)	<b>0.0613</b>	0.0677	<b>0.0607</b>	0.0675
3	Bangladeshi Takka (Takka)	<b>1.2964</b>	1.4373	<b>1.2642</b>	1.4638
4	Bahrain Dinar (BHD)	<b>0.0063</b>	0.0069	<b>0.0062</b>	0.0069
5	Indonesian Rupiah (IDR)	<b>189.5735</b>	179.3722	<b>181.4280</b>	175.2541

**4.15** Previous year's figures have been regrouped and rearranged, wherever necessary, to conform to this year's classification.

**4.16** Figures less than ₹ 50,000 have been shown at actual, wherever statutorily required to be disclosed, as the figures have been rounded off to the nearest lakh.

Signatures to Notes '1' to '4'

For GRASIM INDUSTRIES LIMITED

K. K. Maheshwari  
Managing Director

B. V. Bhargava  
M. L. Apte  
Directors

Adesh Gupta  
Whole-time Director & CFO

Mumbai  
Dated: 2nd May, 2014

Ashok Malu  
Company Secretary



# BEAUTY ENSURED, WALL PAINT SECURED.

Protective base that prevents flaking.



For beautiful walls to remain beautiful, the paint on these walls needs the right kind of base. Birla White Wallcare Putty is a white cement-based product with special polymers. It is water-resistant and prevents wall paint from flaking. With more adhesive strength, it provides a strong, protective base for both interior and exterior walls, and for ceilings. So you now have a way to secure your wall paint and keep your home beautiful.



BONDS BETTER



NO FLAKING



PAINT SAVER



WATER RESISTANT



IDEAL FOR  
INTERIOR & EXTERIOR



Protective base coat for wall paints



# ***Colour that loves water that loves colour.***



Presenting Deep Doped Colours by Birla Spunshades. Colours that not just stay true and bright for years, but are eco-friendly too. The secret lies in the manufacturing process of Spunshades. Conventional dyeing process consumes huge amount of water. Whereas Spunshades technology ensures fibres are doped at the fabric stage,



**Birla Cellulose**  
**spunshades**



**ADITYA BIRLA GROUP**

[www.birlacellulose.com](http://www.birlacellulose.com)



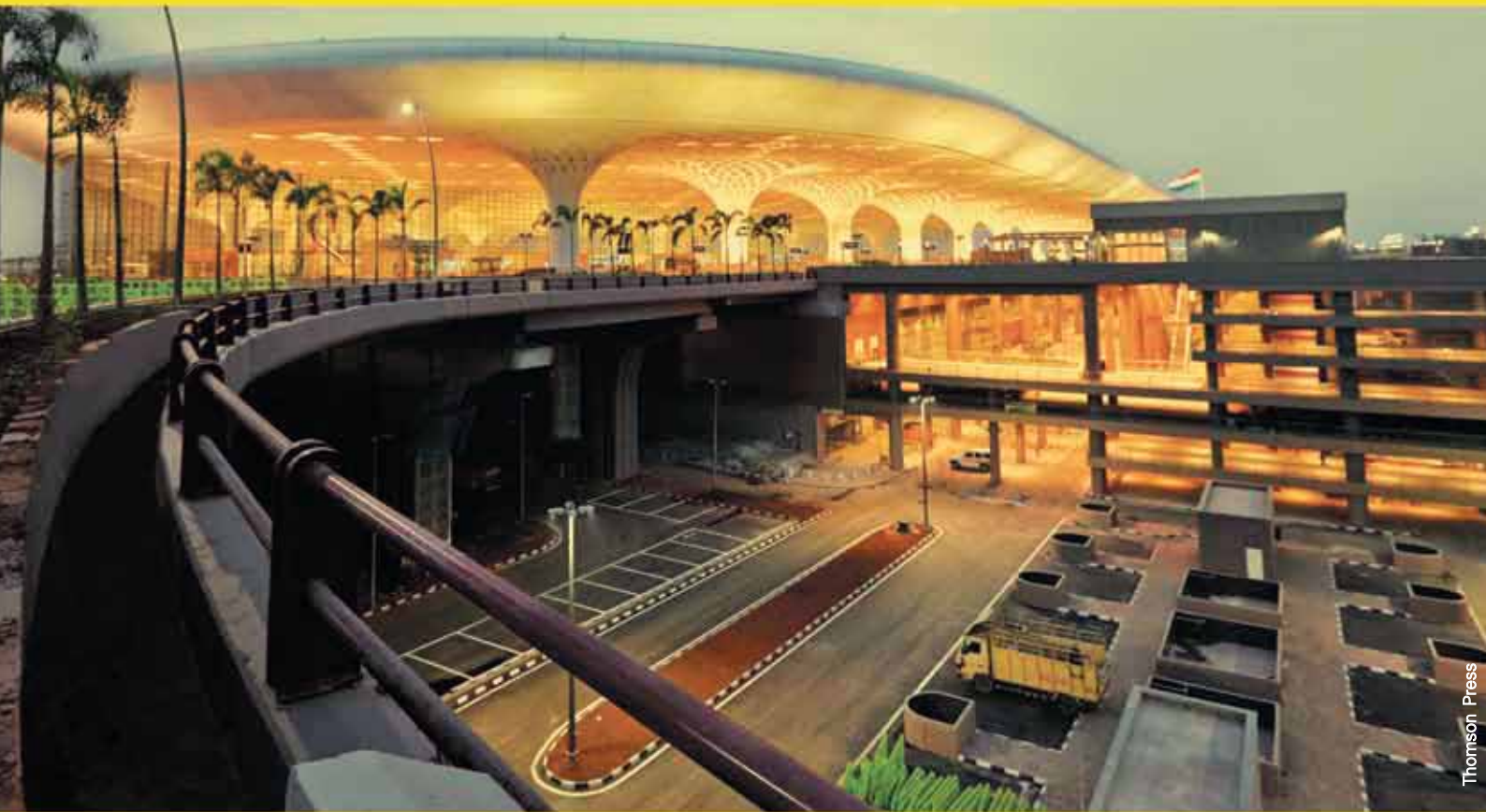
# MUMBAI'S VISION REALISED.

## UltraTech Cement and Mumbai proudly present T2.

Mumbai has long held a vision to constantly progress towards a stronger future with the best of infrastructure. Mumbai Monorail, Bandra Worli Sea-link, and the Mumbai Metro have contributed to the evolution of Mumbai, with UltraTech Cement having been a partner on all these illustrious projects. Now UltraTech Cement is proud to present Mumbai's prestigious T2. Helping Mumbai achieve its vision has not

happened overnight; rather it is the constant surpassing of expectations and the creation of new ones for others that have made UltraTech Cement the choice of Mumbai. Having partnered with UltraTech Cement, India's largest manufacturer and exporter of cement, Mumbai has given further impetus to its vision of scaling great heights.

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**CEMENT**  
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**Birla Cellulose**  
Fibres from nature

*Where fibres come alive  
with the richness of Nature*



Birla Viscose



Birla Excel



Birla Spunshades



## GRASIM INDUSTRIES LIMITED

Registered Office: P.O. Birlagram, Nagda - 456 331, Dist. Ujjain (M.P.) India

CIN: L17124MP1947PLC000410

Tel No.: 07366 - 246760; email: shares@adityabirla.com; website: www.grasim.com

**NOTICE** is hereby given that the Sixty-seventh Annual General Meeting of the Shareholders of Grasim Industries Limited will be held at the Registered Office of the Company at GRASIM STAFF CLUB, Birlagram, Nagda, District Ujjain, Madhya Pradesh 456 331 on Saturday, 6<sup>th</sup> September, 2014, at 11.30 A.M. to transact, with or without modifications, as may be permissible, the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2014 and the Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2014 and the Reports of the Board of Directors' and the Auditors' thereon.
2. To declare dividend on Equity Shares for the year ended 31<sup>st</sup> March, 2014.
3. To appoint a Director in place of Mrs. Rajashree Birla (DIN: 00022995), who retires from office by rotation and, being eligible, offers herself for re-appointment.
4. To appoint a Director in place of Mr. D.D. Rathi (DIN: 00012575), who retires from office by rotation and, being eligible, offers himself for re-appointment.
5. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution relating to the appointment of Statutory Auditors of the Company:

**"RESOLVED THAT** pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013, and the Company's (Audit and Auditors) Rules, 2014 (including

any statutory modification(s) or re-enactment thereof, for the time being in force) M/s. G.P. Kapadia & Co., Chartered Accountants, Mumbai (Registration No. 104768W), and M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai (Registration No. 117366W / W-100018), the retiring Joint Statutory Auditors of the Company, be and are hereby re-appointed as the Joint Statutory Auditors of the Company to hold office as such from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration of ₹ 57,50,000/- (Rupees Fifty seven lac fifty thousand only) to be shared by them in such proportion as may be decided by the Audit Committee / Board of Directors of the Company, plus service tax as applicable and reimbursement of actual out-of-pocket expenses as may be incurred in the performance of their duties."

**"RESOLVED FURTHER THAT** the Audit Committee / Board of Directors of the Company be and are hereby authorised to decide and revise the aforesaid remuneration, in case required."

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution relating to the appointment of the Branch Auditors of the Company:

**"RESOLVED THAT** pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013, M/s. Vidyarthi & Sons, Chartered Accountants, Lashkar, Gwalior (Registration No. 000112C), be and are hereby re-appointed as the Branch Auditors of the Company, to audit

the Accounts in respect of the Company's Vikram Woollens Division at Malanpur (M.P.) and to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, at a remuneration of ₹ 1,00,000/- (Rupees One lac only) plus service tax as applicable and reimbursement of actual out-of-pocket expenses as may be incurred in the performance of their duties."

**"RESOLVED FURTHER THAT** the Audit Committee / Board of Directors of the Company be and are hereby authorised to decide and revise the aforesaid remuneration, in case required."

## **SPECIAL BUSINESS:**

7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the provisions of Clause 49 of the Listing Agreement, including any modification or amendment thereof, Mr. Cyril Shroff (DIN: 00018979), an Independent Director of the Company, in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years with effect from the conclusion of this Annual General Meeting till the conclusion of the Seventy-second Annual General Meeting to be held in the year 2019, not liable to retire by rotation."

**"RESOLVED FURTHER THAT** the Board of Directors (which term shall include any Committee constituted or to be constituted by the Board) and / or the Company Secretary, be and are hereby authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be

necessary, expedient and desirable for the purpose of giving effect to this resolution."

8. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the provisions of Clause 49 of the Listing Agreement, including any modification or amendment thereof, Mr. B. V. Bhargava (DIN: 00001823), an Independent Director of the Company, in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years with effect from the conclusion of this Annual General Meeting till the conclusion of the Seventy-second Annual General Meeting to be held in the year 2019, not liable to retire by rotation."

**"RESOLVED FURTHER THAT** the Board of Directors (which term shall include any Committee constituted or to be constituted by the Board) and / or the Company Secretary, be and are hereby authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution."

9. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the provisions of Clause 49 of the Listing Agreement, including any modification or

amendment thereof, Dr. Thomas M Connelly (DIN: 03083495), an Independent Director of the Company, in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years with effect from the conclusion of this Annual General Meeting till the conclusion of the Seventy-second Annual General Meeting to be held in the year 2019, not liable to retire by rotation."

**"RESOLVED FURTHER THAT** the Board of Directors (which term shall include any Committee constituted or to be constituted by the Board) and / or the Company Secretary, be and are hereby authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution."

10. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the provisions of Clause 49 of the Listing Agreement, including any modification or amendment thereof, Mr. M. L. Apte (DIN: 00003656), an Independent Director of the Company, in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years with effect from the conclusion of this Annual General Meeting till the conclusion of the Seventy-second Annual General Meeting to be held in the year 2019, not liable to retire by rotation."

**"RESOLVED FURTHER THAT** the Board

of Directors (which term shall include any Committee constituted or to be constituted by the Board) and / or the Company Secretary, be and are hereby authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution."

11. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the provisions of Clause 49 of the Listing Agreement, including any modification or amendment thereof, Mr. R. C. Bhargava (DIN: 00007620), an Independent Director of the Company, in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years with effect from the conclusion of this Annual General Meeting till the conclusion of the Seventy-second Annual General Meeting to be held in the year 2019, not liable to retire by rotation."

**"RESOLVED FURTHER THAT** the Board of Directors (which term shall include any Committee constituted or to be constituted by the Board) and / or the Company Secretary, be and are hereby authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution."

12. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197, and 198 of the Companies Act, 2013, read with the

Companies (Appointment & Remuneration of Managerial Personnel) Rules 2014 and Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 (the Act 2013) (including any statutory modification(s) or re-enactment thereof, for the time being in force), or any other law for the time being in force and all guidelines for managerial remuneration issued by the Central Government from time to time, consent of the Company be and is hereby accorded for the re-appointment of Mr. Adesh Kumar Gupta (DIN: 00020403) as the Whole Time Director and Chief Financial Officer (CFO) of the Company for the period and upon the terms as to remuneration and perquisites as set out below with liberty to the Board (which term shall include any Committee constituted or to be constituted by the Board) from time to time to alter the said terms in such manner as may be agreed to between the Board and Mr. Gupta, and as may be permissible at law.

A. Period:

5 Years w.e.f. 3<sup>rd</sup> October, 2014 with the liberty to either party to terminate the appointment on three months notice in writing to the other.

B. Remuneration:

(a) Basic Salary of ₹ 7,65,910 (Rupees Seven lac sixty five thousand nine hundred ten only) per month with such increment(s) as the Board may decide from time to time, subject however to a ceiling ₹ 15,00,000 (Rupees Fifteen lac only) per month as Basic Salary.

(b) Special Allowance of ₹ 7,74,260 (Rupees Seven lac seventy four thousand two hundred sixty only) per month with such increment(s) as the Board may decide from time to time, subject however to a ceiling of ₹ 18,00,000 (Rupees Eighteen lac only) per month. This allowance however, will not be taken into account for calculation of benefits such as Provident Fund, Gratuity, Superannuation and Leave Encashment.

(c) Variable Pay: Performance Bonus

linked to the achievement of targets, as may be decided by the Board subject to a maximum of ₹ 3,00,00,000 (Three crore only) per annum.

(d) Long-term Incentive Opportunity/ Employee Stock Option as per the plan applicable to the Senior Executives of the Company / Aditya Birla Group including that of any parent / subsidiary company.

(e) The current compensation is due for review / revision w.e.f. 1<sup>st</sup> July, 2014, as per the Company's Policy.

C. Perquisites

(a) Housing: Free furnished accommodation or HRA in lieu of company provided accommodation.

(b) Reimbursement of expenses on actuals pertaining to electricity, gas, water, telephone and other reasonable expenses for the upkeep and maintenance in respect of such accommodation.

(c) Medical Expenses Reimbursement: Reimbursement of expenses incurred in India for self and family at actuals (including domiciliary and medical expenses and insurance premium for medical and hospitalization policy, as applicable).

(d) Leave Travel Expenses: Leave Travel Expenses for self and family, in accordance with the Rules of the Company.

(e) Club fees: Fees of One Corporate Club in India (including admission and membership fee).

(f) Personal accident Insurance Premium for self and family as per the Rules of the Company.

(g) (i) Company's Contribution towards Provident Fund and Superannuation Fund, on Basic Salary as per the Rules.

(ii) Gratuity calculated on Basic salary as per the Rules of the Company.

(h) Two cars for use on Company's Business.



- (i) Leave and encashment of leave, in accordance with the Rules of the Company.
- (j) Reimbursement of entertainment, travelling and all other expenses incurred for the business of the Company as per Rules of the Company. Travelling expenses of spouse accompanying the Whole Time Director on any official overseas or inland trip will be governed as per the Rules of the Company.
- (k) Other Allowances / benefits, perquisites: Any other allowances, benefits and perquisites as per the Rules applicable to the Senior Executives of the Company and / or which may become applicable in the future and / or any other allowance, perquisites as the Board from time to time decide.
- (l) Any other one time / periodic retirement allowances / benefits as may be decided by Board at the time of retirement.

The above Perquisites will be in accordance with the schemes, policies and the rules of the Company as applicable from time to time unless the Board decides to vary the same specifically.

- D. Subject as aforesaid, the Whole Time Director shall be governed by such other Rules as are applicable to the Senior Executives of the Company from time to time.
- E. The aggregate of the remuneration and perquisites as aforesaid in any financial year shall not exceed the limits prescribed from time to time under Section 197 and all other applicable provisions of the Act 2013, read with Schedule V to the Act 2013 or any statutory modification or re-enactment thereof for the time being in force, or otherwise as may be permissible at law.
- F. For the purposes of Gratuity, Provident Fund, Superannuation and other like benefits, if any, the services of Mr. Adesh Kumar Gupta, Whole Time Director will

be considered as continuous service with the Company from the date of his joining the Aditya Birla Group.

- G. So long as Mr. Gupta functions as the Whole Time Director of the Company he shall not be subject to retirement by rotation and shall not be paid any fees for attending the meetings of the Board of Directors of the Company or any Committee(s) thereof.
- H. Though, considering the provisions of Section 188 of the Act 2013, Mr. Gupta would not be holding any office or place of profit by his being a mere director of the Company's subsidiaries / Joint Ventures, approval be and is hereby also granted by way of the abundant caution for him to accept the sitting fees / commission paid / payable to other directors for attending meetings of Board(s) of Directors / Committee(s) of subsidiaries / Joint Ventures / associates of the Company or companies promoted by the Aditya Birla Group."

**"RESOLVED FURTHER THAT** the Board of Directors (which term shall be deemed to include any Committee constituted / to be constituted by the Board) be and are hereby authorized to revise the remuneration and perquisites payable to Mr. Adesh Kumar Gupta from time to time."

**"RESOLVED FURTHER THAT** where in any financial year comprised by the period of appointment, the Company has no profits or its profits are inadequate, the foregoing amount of remuneration and benefits shall be paid to Mr. Gupta in accordance with the applicable provisions of Chapter XIII of the Act 2013 read with Schedule V of the Act 2013 and subject to the approval of the Central Government, if required."

**"RESOLVED FURTHER THAT** the Board of Directors of the Company (which term shall be deemed to include any committee constituted / to be constituted by the Board) be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

- 13. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:



**“RESOLVED THAT** pursuant to the provisions of Section 148 and any other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration of ₹ 2,05,000 (Rupees Two lac five thousand Only) plus service tax as applicable and reimbursement of actual travel and out-of-pocket expenses for the Financial Year ending 31<sup>st</sup> March, 2015 as approved by the Board of Directors of the Company, to be paid to M/s. R. Nanabhoy & Co., Cost Accountant, Mumbai (Registration No. 7464), for the conduct of the audit of the cost records of the Company, be and is hereby ratified and confirmed.”

**“RESOLVED FURTHER THAT** the Audit Committee / Board of Directors of the Company be and are hereby authorized to decide and revise the aforesaid remuneration, in case required.”

14. To consider and, if thought fit to pass with or without modification(s), the following resolution as a Special Resolution:

**“RESOLVED THAT** in supersession of the Ordinary Resolution passed at the 44<sup>th</sup> Annual General Meeting held on 17<sup>th</sup> August 1991 and pursuant to Section 180(1)(c) and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) subject to such approvals, consents, sanctions and permissions, as may be necessary, and the Articles of Association of the Company and all other provisions of applicable laws, the consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as the “Board”, which term shall include any Committee constituted by the Board or any person(s) authorized by the Board to exercise the powers conferred on the Board by this Resolution) to borrow moneys in excess of the aggregate of the paid up share capital and free reserves of the Company, provided that the total amount borrowed and outstanding at any point of time, apart from temporary loans obtained / to be obtained from the Company’s Bankers in the ordinary course of business, shall not be in excess of ₹ 1,000

Crore (Rupees One thousand Crore) over and above the aggregate of the paid up share capital and free reserves of the Company.”

**“RESOLVED FURTHER THAT** the Board of the Company be and is hereby authorised to do or cause to be done all such acts, matters, deeds and other things as it may in its absolute discretion deem fit, required or considered necessary or incidental thereto, for giving effect to the aforesaid resolution.”

15. To consider and, if thought fit to pass with or without modification(s), the following resolution as a Special Resolution:

**“RESOLVED THAT** in supersession of the Ordinary Resolution passed at the 56<sup>th</sup> Annual General Meeting held on 2<sup>nd</sup> August, 2003 and pursuant to the provisions of Section 180(1)(a) and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) subject to such approvals, consents, sanctions and permissions, as may be necessary, and the Articles of Association of the Company and all other provisions of applicable laws, the consent of the Company be and is hereby accorded to the Board of Directors (hereinafter called “the Board”), which term shall be deemed to include any Committee thereof, which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution and with the power to delegate such authority to any person or person(s), to mortgage and / or charge any of its movable and / or immovable properties wherever situated both present and future or to sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole of any such undertaking(s) and to create a mortgage and / or charge, on such terms and conditions at such ranking as to priority as the Board in its absolute discretion thinks fit on the whole or substantially the whole of the Company’s any one or more of the undertakings or all of the undertakings of the Company in favour of any Lenders, Agents and / or trustees, bank(s) or body(ies) corporate or person(s), whether shareholders of the Company or not, for securing the long

term, short term and medium term borrowings of the Company availed / to be availed by way of loan(s) (in foreign currency and / or rupee currency) and securities (comprising fully / partly convertible debenture and / or non-convertible debentures / bonds/ any other nature of debt instruments, etc.) issued / to be issued by the Company as also deferred sales tax loans availed / to be availed by various Units of the Company, from time to time, subject to the overall limits approved / as may be approved by the members under Section 180(1)(c) of the Companies Act, 2013 as also the interest on the principal amounts at the respective agreed rates, additional interest, compound interest in the case of default, accumulated interest, liquidated damages, commitment charges, premia on prepayment, premium (if any) on redemption, remuneration of agents(s) / trustees(s) / all other cost, charges and expenses, including any increase as a result of devaluation/ revaluation / fluctuation in the rates of exchange and all other monies payable by the Company in terms of loan agreement(s), heads of agreement, debenture trust deed(s) and / or any other deed(s) or document(s) entered in to / to be entered into between the Company and the lender(s) / agent(s) / Trustees(s) / state government(s) / agency(ies) representing various state governments / bank(s) or body(ies) corporate or person(s), whether shareholders of the Company or not and / other agencies, etc in respect of the said loans / borrowings / debentures/ securities / deferred sales tax loans and containing such specific term and conditions and covenants in respect of the enforcement of the security as may be stipulated in that behalf and agreed to between the Board and the lender(s) / agent(s) / Trustees(s) / bank(s) or body(ies) corporate or person(s), whether shareholders of the Company or not, etc."

**"RESOLVED FURTHER THAT** the securities to be created by the Company as aforesaid may rank prior / pari passu / subservient with / to the mortgages and / or charges already created or to be created in future by the Company or in such other manner and ranking as may be thought expedient by the

Board and as may be agreed to between the concerned parties."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized to finalize, settle and execute any and all; agreements, documents, deeds, writings and papers as may be necessary for creating the mortgages and / or charges as aforesaid and to do all such acts, deeds, matters and things as it/ they may, in its / their absolute discretion consider necessary, desirable or expedient for implementing this resolution and to resolve any question, difficulty or doubt relating thereto, or otherwise considered to be in the best interests of the Company."

16. To consider and, if thought fit to pass with or without modification(s), the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 14 and other applicable provisions of the Companies Act, 2013 read with the Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and the same are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Article of Association of the Company."

**"RESOLVED FURTHER THAT** the Board of Directors of the Company (which term shall include any Committee constituted or to be constituted by the Board) be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

**By Order of the Board  
For Grasim Industries Limited**



Ashok Malu

Jt. President & Company Secretary

Place: Mumbai

Date: 21<sup>st</sup> July, 2014

## NOTES FOR MEMBERS' ATTENTION:

- 1) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING A PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
- 2) **A PERSON CAN ACT AS PROXY FOR ONLY 50 MEMBERS AND HOLDING IN AGGREGATE NOT MORE THAN 10 PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. MEMBER HOLDING MORE THAN 10 PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER MEMBER.**
- 3) Corporate members intending to send their authorized representative to attend the meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send a duly certified copy of the resolution authorizing their representatives to attend and vote on their behalf at the meeting.
- 4) In case of joint holders attending the meeting only such joint holder who is higher in the order of names will be entitled to vote.
- 5) The Statement setting out material facts pursuant to Section 102 of the Companies Act, 2013, in respect of Item Nos. 7 to 16 of the Notice as set out above, is annexed hereto.
- 6) The Register of Members and Share Transfer Books of the Company will remain closed from 22<sup>nd</sup> August, 2014 to 6<sup>th</sup> September, 2014 (both days inclusive) for the purpose of payment of dividend, if approved by the Members.
- 7) The dividend, as recommended by the Board, if approved at the meeting, will be paid on or after 8<sup>th</sup> September, 2014 to those members or their mandates whose names are registered in the Company's Register of Members:
  - a) as Beneficial Owners as at the end of business hours on 21<sup>st</sup> August, 2014 as per the lists to be furnished by National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) in respect of the shares held in electronic form and
  - b) as members in the Register of Members of the Company after giving effect to all valid share transfers in physical form which are lodged with the Share Department of the Company on or before 21<sup>st</sup> August, 2014.Equity shares that may be allotted upon exercise of stock option granted under the Employee Stock Option Scheme(s) before the book closure date shall rank pari passu with the existing equity shares and shall also be entitled to receive the dividend, if approved at the meeting.
- 8)
  - a) Pursuant to Section 205A of the Companies Act, 1956, all dividends upto the Financial Year 1994-95, which remained unclaimed, have been transferred to the General Revenue Account of the Central Government. Shareholders, who have not encashed their dividend warrants for the said period, are requested to claim the amount from the Registrar of Companies – Madhya Pradesh, Sanjay Complex, 3<sup>rd</sup> Floor, Jayendra Ganj, Gwalior 474 009 (M.P.). In case any assistance is required, shareholders may please write to the Share Department of the Company at its Registered Office at Nagda.
  - b) In terms of the provisions contained in Section 205C of the Companies Act, 1956, the Company has already deposited / transferred the unpaid / unclaimed dividends for the Financial Years 1995-96 to 2006-2007 to the Investor Education and Protection Fund (IEPF). No claim shall lie against the IEPF or the Company in respect of the unpaid / unclaimed amount transferred to the IEPF.
  - c) Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, dividend for the Financial Year 2007-2008 and the dividends for the subsequent years, which remain unpaid

or unclaimed for a period of 7 years, will be transferred to IEPF. Shareholders who have so far not encashed the dividend warrant(s) for the Financial Year 2007-2008 are requested to make their claim to the Share Department at the Registered Office of the Company at Nagda by 31<sup>st</sup> August, 2015, failing which the unpaid / unclaimed amount will be transferred to the IEPF. It may also be noted that once the unpaid / unclaimed dividend is transferred to the IEPF as above, no claim shall lie against IEPF or the Company in respect of such amount by the member.

- d) The Ministry of Corporate Affairs (MCA), Government of India, through its circular No. 17/2012 dated 23<sup>rd</sup> July, 2012 has directed companies to upload on the Company's website information remaining unpaid and unclaimed dividend.

In terms of the circular, the Company has uploaded the details of unpaid and unclaimed dividend and the same can be viewed on [www.grasim.com](http://www.grasim.com)

- 9) a) Shareholders are advised to avail of the facility for receipt of future dividends through National Electronic Clearing Service (NECS). Shareholders holding shares in dematerialized mode are requested to contact their respective Depository Participants (DPs) for availing NECS facility. Shareholders holding shares in physical form are requested to download the NECS form from the website of the Company and the same duly filled up and signed along with a photo copy of a cancelled cheque may be sent to the Share Department of the Company at the Registered Office at Birlagram, Nagda – 456 331 (M.P.).
- b) To avoid the incidence of fraudulent encashment of the dividend warrants, Shareholders are requested to intimate the Company under the signature of the Sole / First Joint holder, the following information, so that the Bank Account Number and Name and Address of the Bank can be printed on the dividend warrants:

- 1) Name of the Sole/First Joint holder and Folio No.

- 2) Particulars of the Bank Account, viz.:

- i) Name of the Bank
- ii) Name of Branch
- iii) Complete address of the Bank with Pin Code Number
- iv) Account Type, whether Saving (SB) or Current Account (CA)
- v) Bank Account Number allotted by the Bank

- 10) Shareholders who hold shares in the dematerialized form and desire a change / correction in the bank account details, should intimate the same to their concerned DP and not to the Share Department of the Company. Shareholders are also requested to give the MICR Code of their banks to their DPs. The Company will not entertain any direct request from such shareholders for change of address, transposition of names, deletion of name of deceased joint holder and change in the bank account details. The said details will be considered as will be furnished by the DPs to the Company.

- 11) **Shareholders are requested to read the "Shareholders' Information" Section of the Annual Report for useful information.**

- 12) Shareholders desirous of obtaining any information / clarification on the accounts and operations of the Company are requested to send in written queries to the Company, at least one week before the date of the meeting. Replies will be provided in respect of such written queries received, only at the meeting.

- 13) Pursuant to the requirement of the Listing Agreement of the Stock Exchanges on Corporate Governance, relating to Directors proposed to be appointed / re-appointed at the Annual General Meeting, a statement containing the required details of the concerned Director forms part of this Notice.

- 14) In line with the measures of Green Initiative taken by SEBI, Section 101 and other applicable provisions of the Companies Act, 2013 and the Rules made there under also provides for sending notice of the meeting and the annual report of the company and other shareholder correspondences through electronic mode to the Members.

**Members holding shares in physical mode are requested to register their e-mail ID's with the Share Department of the Company and Members holding shares in demat mode are requested to register their e-mail ID's with their respective Depository Participants (DPs) in case the same is still not registered.**

If there is any change in the e-mail ID already registered with the Company, Members are requested to immediately notify such change to the Share Department of the Company in respect of shares held in physical form and to DPs in respect of shares held in electronic form.

**A 'Green Initiative' form can be downloaded from the Company's website viz. [www.grasim.com](http://www.grasim.com) for registering the e-mail ID by the Members.**

#### 15) Voting through electronic means

In compliance with Section 108 and other applicable provisions of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members a facility to exercise their right to vote at the 67<sup>th</sup> Annual General Meeting by electronic means and the business may be transacted through E-voting Services provided by National Securities Depository Limited ("NSDL"). E-voting is optional for the Members.

The procedure and instructions for e-voting are as follows:

A. Members whose e-mail ID(s) are registered with the Company / Depository Participants (CDSL / NSDL), the procedure to vote electronically is as under:

- i) Click on the PDF file sent to you in the email by NSDL. The file will prompt for a password. Kindly input your Client ID or Folio No. as may be applicable in the box prompted for password. The said PDF file contains your User ID and Password / PIN for e-voting. Please note that this password is an initial password and for security purpose needs to be changed while doing first time login.

- ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>
- iii) Click on Shareholder – **"Login"**.
- iv) Enter User ID and Initial Password as noted in step (i) above. Click "Login".
- v) Password change menu appears. Change the password with new password of your choice. Note the new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- vi) Home page of e-voting opens. Click on e-voting - Active Voting Cycles.
- vii) Select the Electronic Voting Event Number ("EVEN") of Grasim Industries Limited.
- viii) Now you are ready for e-voting as "Cast Vote" page opens.
- ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- x) Upon confirmation, the message "Vote cast successfully" will be displayed.
- xi) Once you have voted on the resolution, you will not be allowed to modify your vote.

B. Members whose e-mail ID(s) are not registered with the Company / Depository Participants or request(s) for a physical copy, the procedure to vote electronically is as under:

- i) Initial Password has been provided in the following format at the bottom of the Attendance Slip being sent along with the Annual Report

EVEN (E-voting Event Number)	USER ID	PASSWORD / PIN
Provided in the electronic voting particulars portion of the Attendance Slip		

- ii) Please follow all steps from Sr. No. (ii) to Sr. No. (xi) of notes 15 (A) above, to cast vote.



- C. In case of any queries you may refer the Frequently Asked Questions (FAQs) for members and e-voting user manual for members available at the "Downloads" section of <https://www.evoting.nsdl.com> or contact NSDL by email at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
- D. In case you are already registered with NSDL for e-voting then you can use your existing User ID and Password / PIN for casting your vote.
- E. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 11<sup>th</sup> July, 2014.
- F. The Company has provided an option to its Members who do not have access to the e-voting facility, to cast their votes by way of a Ballot. The Ballot Form is enclosed with the Annual Report.
- G. The e-voting period commences on 1<sup>st</sup> September, 2014 at 9.00 a.m. and ends on 3<sup>rd</sup> September, 2014 at 5.00 p.m. During this period, shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date of 11<sup>th</sup> July, 2014, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, he/she shall not be allowed to change it subsequently. Electronic voting shall not be allowed beyond the said date and time.
- H. Institutional members (i.e. other than individuals, HUF, NRIs, etc.) are required to send scanned copy (PDF / JPG Format) of the relevant Board Resolution / Authority letter, etc. together with attested specimen signature(s) of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail [scrutinizer.grasim@adityabirla.com](mailto:scrutinizer.grasim@adityabirla.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
- I. Member(s) can opt for only one mode of voting i.e. either physical voting at the Annual General Meeting, voting through ballot or e-voting. In case a member has casted multiple votes, then voting done by e-voting will be treated as valid.
- J. Mr. Ashish Garg, Practicing Company Secretary, (FCS 5181 & C.P. No. 4423) has been appointed as the Scrutinizer to scrutinize the e-voting process (including the Ballot Form received from the Member(s) who do not have access to the e-voting process) in a fair and transparent manner.
- K. The Scrutinizer shall, within a period not exceeding three (3) working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour of, or against, if any, forthwith to the Chairman of the Meeting.
- L. The Scrutinizer's decision on the validity of the vote shall be final and binding.
- M. Members who do not have access to e-voting facility may send duly completed Ballot Form (enclosed with the Annual Report) so as to reach the Scrutinizer appointed by the Board of Directors of the Company, Mr. Ashish Garg, Practicing Company Secretary (Membership No. FCS 5181 & C.P. No. 4423) not later than the close of working hours (5.00 p.m.) on 3<sup>rd</sup> September, 2014. Ballot Form received after this date and time will be treated as invalid.
- N. The results shall be declared on or after the day of the Annual General Meeting of the Company. The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.grasim.com](http://www.grasim.com) and on the website of NSDL within two (2) working days of passing of the resolution at the AGM of the Company and shall also be communicates to Stock Exchanges where the shares of the Company are listed.
- O. The resolution shall be deemed to be passed on the date of the AGM, subject to receipt of sufficient votes through a compilation of e-voting, Ballot and voting held at the AGM.

## **ANNEXURE TO NOTICE**

### **EXPLANATORY STATEMENT SETTING OUT MATERIAL FACTS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.**

#### **Item Nos. 7 to 11:**

In accordance with the relevant provisions of the Articles of Association of the Company and the erstwhile provisions of the Companies Act, 1956, Mr. Cyril Shroff (DIN: 00018979), Mr. B. V. Bhargava (DIN: 00001823), Dr. Thomas M Connelly (DIN: 03083495), Mr. M. L. Apte (DIN: 00003656), Mr. R. C. Bhargava (DIN: 00007620) and Mr. N Mohan Raj (DIN: 00181969), Directors were appointed / re-appointed by the Members of the Company as Directors liable to retire by rotation.

In terms of Section 149(10) of the Companies Act, 2013 (Act 2013), an Independent Director shall hold office for a term up to five consecutive years on the Board of a Company but shall be eligible for re-appointment on passing of a special resolution by the Company for a further period of upto 5 (five) years. However, for the purposes of Section 149(10) of the Act 2013, any tenure of an Independent Director on the date of commencement of the Act shall not be counted as a term. Furthermore, in terms of Section 149(13) read with Explanation to Section 152(6) of the Act 2013 Independent Directors are not liable to retire by rotation and he shall not be included in the total number of directors for retirement by rotation. Further, the Securities and Exchange Board of India (SEBI) has amended the Clause 49 of the Listing Agreement inter alia stipulating the conditions for the appointment of the Independent Directors by a listed company. The said amended Clause 49 shall be effective from 1<sup>st</sup> October, 2014.

In order to give effect to the aforesaid provisions of the Act, it is proposed that Mr. Cyril Shroff, Mr. B. V. Bhargava, Dr. Thomas M Connelly, Mr. M. L. Apte and Mr. R. C. Bhargava be appointed as the Independent Directors of the Company under Section 149 of the Act read with the amended Clause 49 of the Listing Agreement, to hold office for five (5) consecutive years, with effect from the conclusion of this Annual General Meeting till the conclusion of the Seventy-second Annual General Meeting to be held in the year 2019, not liable to retire by rotation.

In terms of Section 149 and other applicable provisions of the Act 2013, Mr. Cyril Shroff, Mr. B. V. Bhargava, Dr. Thomas M Connelly, Mr. M. L. Apte and Mr. R. C. Bhargava being eligible, have offered themselves for appointment as the Independent Directors on the Board of the Company.

None of the afore named Directors are disqualified from being appointed as Directors in terms of Section 164 of the Act 2013 and have given their consent to act as the Directors of the Company.

The Company has received notices in writing from members under Section 160 of the Act 2013, proposing the candidature of each of the aforementioned Directors for the office of Independent Directors of the Company.

The Company has received declarations from each of the abovementioned Independent Directors that they meet with the criteria of independence as prescribed both under Section 149(6) of the Act 2013 and under Clause 49 of the Listing Agreement.

The Board has reviewed the declarations made by each of them and in the opinion of the Board, Mr. Cyril Shroff, Mr. B. V. Bhargava, Dr. Thomas M Connelly, Mr. M. L. Apte and Mr. R. C. Bhargava, fulfil the conditions specified in the Act 2013 and the Rules made there under and the Listing Agreement for appointment as the Independent Directors of the Company. All of them are independent of the management.

In line with the requirements of the Act 2013, it is therefore proposed to appoint Mr. Cyril Shroff, Mr. B. V. Bhargava, Dr. Thomas M Connelly, Mr. M. L. Apte and Mr. R. C. Bhargava, as Independent Directors on the Board of the Company for a term upto five (5) consecutive years, commencing from 6<sup>th</sup> September, 2014.

A copy of the draft Letter of Appointment for Independent Directors, setting out terms and conditions of their appointment, is available for inspection at the Registered Office of the Company on all working days (except Saturday between 10.00 a.m. to 12.00 p.m.) upto the date of AGM.

The brief resume in relation to the experience, functional expertise, memberships on other companies' Boards and committees in respect of appointment of these director(s), as required under Clause 49 of the Listing Agreement is set out in this Notice as Annexure.

Considering their vast experience, their presence on the Board will be of immense value to the Company.

In terms of Section 149 (6) of the Act 2013, Independent Director is a Director other than Nominee Director. Thus, Mr. N Mohan Raj, Nominee Director of LIC would now no more be consider as an Independent Director and he would continue as Director liable to retire by rotation.

None of the Directors, Key Managerial Personnel of the Company and their relatives, other than Independent Directors and their relatives are concerned or interested, financially or otherwise, in the respective Resolutions for their appointment.

The Board commends the Ordinary Resolutions as set out at Item no. 7 to 11 for your approval.

#### **Item No.12:**

Mr. Adesh Kumar Gupta (DIN: 00020403) has been associated with the Aditya Birla Group for more than 35 years and during such association he has served in various positions in the Group. Mr. Gupta had joined Grasim in May 2009 as the Group Executive President & Chief Financial Officer, before which, he was acting as Whole Time Director & Chief Financial Officer of Aditya Birla Nuvo Limited, one of the Group Company.

Mr. Gupta was appointed as the Whole Time Director of the Company at the Annual General Meeting of the Company held on 20<sup>th</sup> August, 2010, for a period of five (5) years with effect from 3<sup>rd</sup> October, 2009. His term as a Whole Time Director of the Company is ending on 2<sup>nd</sup> October, 2014.

Considering his long association with the Group and considerable experience of the financial activities of the Company, the Board in the interest of the Company proposes for his continuance on the Board as a Whole Time Director & Chief Financial Officer of the Company, for a period of five (5) years w.e.f. 3<sup>rd</sup> October, 2014 on the terms as to remuneration and otherwise as set out in the resolution. Considering his experience and seniority and the trend in the industry, the terms of his remuneration are considered to be fair, just and reasonable and are commended for your acceptance.

It may be pointed out that Mr. Adesh Kumar Gupta is also a member on the Board of some of the subsidiary companies / joint ventures /

associates of the Company and / or member of the Committees of the Boards of such subsidiaries / joint ventures / associates and in his capacity as such director / member, is entitled to the payment of sitting fees, commission and expenses from the Company's subsidiaries / joint venture companies/associates, etc., or from the companies promoted by the Aditya Birla Group.

Although considering the provisions of Section 188 and all other applicable provisions of the Companies Act, 2013 (Act 2013) and the Rules made thereunder and the Schedule V of the Act 2013, he is not deemed to hold any office or place of profit by virtue of holding the offices, approval of the members is being sought by way of abundant caution permitting Mr. Adesh Kumar Gupta to receive the sitting fees and commission, if any, for being associated with such Companies as above.

The brief resume in relation to the experience, functional expertise, memberships on other companies' Boards and committees in respect of appointment of Mr. Adesh Kumar Gupta, as required under Clause 49 of the Listing Agreement is set out in this Notice as Annexure.

Mr. Adesh Kumar Gupta is not related to any other Director of the Company.

None of the Directors and / or Key Managerial Personnel and their relatives other than Mr. Adesh Kumar Gupta and his relatives is concerned / interested financially or otherwise in the said Resolution.

The Board commends the Special Resolution set out at Item No. 12 of the Notice for your approval.

#### **Item No.13:**

In pursuance of Section 148 of the Companies Act, 2013 read with the Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Board shall appoint an individual who is a Cost Accountant in Practice on the recommendations of the Audit Committee, which shall also recommend remuneration for such Cost Auditor. The remuneration recommended by Audit Committee shall be considered and approved by the Board of Directors and ratified by the shareholders.

On recommendation of the Audit Committee at its meeting held on 2<sup>nd</sup> May, 2014, the Board has considered and approved appointment of M/s. R. Nanabhoy & Co., Cost Accountants, to conduct



the Audit of the cost records of the Company at a remuneration of ₹ 2,05,000 (Rupees Two Lac Five Thousand Only) plus service tax as applicable and reimbursement of actual travel and out of pocket expenses for the Financial Year ending 31<sup>st</sup> March, 2015.

The Resolution at Item No.13 of the Notice is set out as an Ordinary Resolution for ratification of the remuneration payable to the Cost Auditors for the Financial Year ending 31<sup>st</sup> March, 2015, by the members in terms of Section 148 of the Companies Act, 2013.

None of the Directors and / or Key Managerial Personnel and their relatives is concerned or interested financially or otherwise in the said Resolution.

The Board commends the Ordinary Resolution set out at Item No.13 of the Notice for your approval.

#### **Item No.14:**

The members of the Company at the 44<sup>th</sup> Annual General Meeting of the Company held on 17<sup>th</sup> August, 1991 approved by way of an Ordinary Resolution under Section 293(1)(d) of the Companies Act, 1956, borrowings over and above the aggregate of paid up share capital and the free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of ₹ 1,000 Crore (Rupees One Thousand Crore).

Section 180(1)(c) of the Companies Act, 2013 (Act 2013) effective from 12<sup>th</sup> September, 2013 requires that the Board of Directors shall not borrow money in excess of the Company's paid up share capital and free reserves, apart from temporary loans obtained from the company's bankers in the ordinary course of business, except with the consent of the Company accorded by way of a Special Resolution.

It is, therefore, necessary that the members pass a Special Resolution under Section 180(1)(c) and other applicable provisions of the Act 2013, as set out at Item No. 14 of the Notice, to enable to the Board of Directors to borrow money in excess of the aggregate of the paid up share capital and free reserves of the Company. Approval of the members is being sought to borrow money upto ₹ 1,000 Crore (Rupees One Thousand Crore) in excess of the aggregate of the paid up share capital and free reserves of the Company.

None of the Directors and / or Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the said Resolution.

The Board commends the Special Resolution set out at Item No. 14 of the Notice for your approval.

#### **Item No.15:**

The members of the Company at their 56<sup>th</sup> Annual General Meeting held on 2<sup>nd</sup> August 2003 approved by way of an Ordinary Resolution under Section 293(1)(a) of the Companies Act, 1956, accorded consent to the Board of Directors for creating mortgage or charge on its movable or immovable properties for an amount to the limits approved / as may be approved by the members under Section 293(1)(d) of the Companies Act, 1956.

Section 108(1)(a) of the Companies Act, 2013 (Act 2013) requires that the Board of Directors shall not create or mortgage or charge on its movable or immovable properties, except with the consent of the members accorded by way of a Special Resolution.

It is, therefore, necessary for the members to pass a Special Resolution under Section 180(1)(a) and other applicable provisions of the Act 2013, as set out at Item No. 15 of the Notice, to enable the Board of Directors to create mortgage or charge on its movable or immovable properties. Accordingly, approval of members is being sought.

None of the Directors and / or Key Managerial Personnel of the Company and their relatives is concerned or interested financial or otherwise, in the said Resolution.

The Board commends the Special Resolution set out at Item No. 15 of the Notice for your approval.

#### **Item No. 16:**

The Articles of Association ("AoA") of the Company as presently in force were last amended in Annual General Meeting held on 2<sup>nd</sup> August, 2008 from what they were when the Company was incorporated in the year 1947. The existing AoA are based on the Companies Act, 1956 and several regulations in the existing AoA contain references to the specific Sections of the Companies Act, 1956 and some regulations in the

existing AoA are no longer in conformity with the Companies Act, 2013 (Act 2013). The Act 2013 is now largely in force and substantive Sections of the Act 2013 which deal with the general working of companies stand notified.

With the coming into force of the Act 2013 several regulations of the existing AoA of the Company require alteration or deletions in several articles. Given this position, it is considered expedient to wholly replace the existing AoA by a new set of Articles.

The new AoA to be substituted in place of the existing AoA are based on Table 'F' of the Act 2013 which sets out the model Articles of Association for a Company limited by shares. The existing articles have been streamlined and aligned with the Act 2013.

The proposed new draft AoA is being uploaded on the Company's website for perusal by the shareholders of the Company.

None of the Directors and / or Key Managerial Personnel of the Company and their relatives is concerned or interested financial or otherwise, in the resolution set out at Item No. 16.

The Board commends the Special Resolution set out at Item No. 16 of the Notice for your approval.

**By Order of the Board  
For Grasim Industries Limited**



Ashok Malu

Jt. President & Company Secretary

Place: Mumbai

Date 21<sup>st</sup> July, 2014

## DETAILS OF THE DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT IN THE ENSUING ANNUAL GENERAL MEETING

Name of Director	Mrs. Rajashree Birla	Mr. D D Rathi	Mr. Cyril Shroff	Mr. B V Bhargava	Dr. Thomas M Connelly	Mr. M L Apte	Mr. R C Bhargava	Mr. Adesh Kumar Gupta
<b>Date of Birth</b>	15.09.1945 14.03.1996	11.01.1947 01.06.2009	07.11.1959 25.07.2000	16.04.1936 26.03.1997	24.06.1952 20.08.2010	05.10.1932 06.05.1987	30.07.1934 25.07.2000	11.09.1956 03.10.2009
<b>Date of Appointment</b>	Industrialist	Finance	Solicitor	Finance and Management	Company Executive	Industrialist	Management Consultant	Company Executive
<b>Expertise in specific functional areas</b>	B.A.	B.Com., F.C.A.	Solicitor	M.Com, LLB	Degree in Chemical Engg and Economics Doctorate in Chemical Engg	B.A.	M.Sc. (Maths) M.A. (Dev. Economics)	B. Com., FCS, FCA, AMP (Harvard)
<b>Qualification</b>								
<b>No. of Equity Shares held (31.03.2014)</b>	72,280	3,650	137	357	100	130	227	980
<b>List of outside Company Directorships held in Indian Public Limited Company</b>	1. Aditya Birla Nuvo Limited 2. Hindalco Industries Limited 3. Essel Mining & Industries Limited 4. UltraTech Cement 5. Aditya Birla Health Services Limited 6. Idea Cellular Limited	1. UltraTech Cement Limited	NIL	1. Excel Crop Care Limited 2. J.K.Lakshmi Cement Limited 3. Supreme Industries Limited 4. L&T Infrastructure Finance Company Limited 5. Grasim Bhiwani Textiles Limited 6. L&T Finance Holdings Limited	NIL	1. Bajaj Hindusthan Limited 2. Kulkarni Power Tools Limited 3. The Bombay Burnmah Trading Corporation Limited 4. Standard Industries Limited 5. Raja Bahadur International Limited 6. Zodiac Clothing Company Limited	1. Infrastructure Leasing and Financial Services Limited 2. Polaris Financial Technology Limited 3. Maruti Suzuki India Limited 4. Thomson Press India Limited 5. UltraTech Cement Limited 6. Dabur India Limited 7. Idea Cellular Limited	1. Aditya Birla Telecom Limited 2. Aditya Birla Insurance Brokers Limited 3. Birla Consultants Limited 4. Birla Industrial Finance (India) Limited 5. Birla Industrial Investments (India) Limited 6. Grasim Bhiwani Textiles Limited 7. Samruddhi Swastik Trading and Investments Limited 8. Sun God Trading and Investments Limited 9. UltraTech Cement Limited
<b>Chairman/Member of the Committees</b> <b>Directors of other Public Limited Companies in which he is a Director</b> <b>a) Audit Committee</b>	1. Aditya Birla Health Services Limited – Member	NIL	NIL	1. J.K.Lakshmi Cement Limited – Chairman 2. Excel Crop Care Limited – Chairman 3. L&T Infrastructure Finance Company Limited – Member 4. Grasim Bhiwani Textiles Limited – Chairman 5. L&T Finance Holdings Limited – Member	NIL	1. Zodiac Clothing Company Limited – Member 2. The Bombay Burnmah Trading Corporation Limited – Member 3. Standard Industries Limited – Member	1. Infrastructure Leasing and Financial Services Limited – Chairman 2. Polaris Financial Technology Limited – Member 3. Thomson Press India Limited – Chairman 4. UltraTech Cement Limited – Chairman 5. Dabur India Limited – Member	1. Samruddhi Swastik Trading and Investments Limited – Member 2. Grasim Bhiwani Textiles Limited – Member
<b>b) Shareholders/ Investors Grievance Committee/ Share Transfer Committee</b>	NIL	1. UltraTech Cement Limited – Member	NIL	NIL	NIL	1. The Bombay Burnmah Trading Corporation Limited – Member 2. Zodiac Clothing Company Limited – Member	1. Maruti Suzuki India Limited – Chairman 2. UltraTech Cement Limited – Member	NIL



## GRASIM INDUSTRIES LIMITED

Registered Office: P.O. Birlagram, Nagda - 456 331, Dist. Ujjain (M.P.) India

CIN: L17124MP1947PLC000410

Tel No.: 07366 - 246760; email: shares@adityabirla.com; website: www.grasim.com

### Form No. MGT-11

#### PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s) : .....  
Registered address : .....  
E-mail ID : .....  
Folio No. / DP Id and Client ID : .....

I / We, being the member(s) of ..... shares of the above named company, hereby appoint:

1. Name : .....  
Address : .....  
Email ID : .....  
Signature : ..... or failing him / her
2. Name : .....  
Address : .....  
Email ID : .....  
Signature : ..... or failing him / her
3. Name : .....  
Address : .....  
Email ID : .....  
Signature : .....

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 67<sup>th</sup> Annual General Meeting of the Company, to be held on Saturday, 6<sup>th</sup> September 2014 at 11.30 A.M. at GRASIM STAFF CLUB, Birlagram, Nagda, District Ujjain, Madhya Pradesh 456 331 and at any adjournment thereof in respect of such resolutions and as indicated below:

Resolution No.	Description of the Resolution	For	Against
1.	Adoption of the Audited Balance Sheet as at 31 <sup>st</sup> March, 2014 and the Statement of Profit & Loss for the financial year ended 31 <sup>st</sup> March, 2014, and the Reports of the Board of Directors and Auditors' thereon.		
2.	Declaration of Dividend on equity shares.		
3.	Appointment of Director in place of Mrs. Rajashree Birla (DIN : 00022995) who retires by rotation and being eligible offers herself for re-appointment.		
4.	Appointment of Director in place of Mr. D. D. Rathi (DIN: 00012575) who retires by rotation and being eligible offers himself for re-appointment.		
5.	Re- appointment of M/s. G.P. Kapadia & Co., Chartered Accountants, Mumbai (Registration No. 104768W), and M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai (Registration No. 117366W / W-100018), the retiring Joint Statutory Auditors of the Company.		
6.	Re-appointment of M/s. Vidyarthi & Sons, Chartered Accountants, Lashkar, Gwalior (Registration No. 000112C) as the Branch Auditors of the Company.		
7.	Appointment of Mr. Cyril Shroff (DIN: 00018979) as an Independent Director of the Company.		
8.	Appointment of Mr. B. V. Bhargava (DIN: 00001823) as an Independent Director of the Company.		
9.	Appointment of Dr. Thomas M Connelly (DIN: 03083495) as an Independent Director of the Company.		
10.	Appointment of Mr. M. L. Apte (DIN: 00003656) as an Independent Director of the Company.		
11.	Appointment of Mr. R. C. Bhargava (DIN: 00007620) as an Independent Director of the Company.		
12.	Appointment of Mr. Adesh Kumar Gupta (DIN: 00020403) as Whole Time Director of the Company and fixing his remuneration.		
13.	Approval of remuneration to be paid to Cost Auditor, M/s R. Nanabhoy & Co., Cost Accountant, Mumbai (Registration No. 7464) for FY 2014-15.		
14.	Approval of Borrowing Limits of the Company under Section 180(1)(c) and any other applicable provisions of the Companies Act, 2013.		
15.	Approval for Creation of charge(s) pursuant to Section 180(1)(a) and any other applicable provisions of the Companies Act, 2013.		
16.	Approval and adoption of Articles of Association of the Company.		

Signed this ..... day of ..... 2014

Affix  
Revenue  
Stamp

.....  
Signature of Member(s)

.....  
Signature of Proxy holder(s)

**Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**



## GRASIM INDUSTRIES LIMITED

Registered Office: P.O. Birlagram, Nagda - 456 331, Dist. Ujjain (M.P.) India

CIN: L17124MP1947PLC000410

Tel No.: 07366 - 246760; email: shares@adityabirla.com; website: www.grasim.com

### 67<sup>th</sup> Annual General Meeting : Saturday, 6<sup>th</sup> September, 2014

#### BALLOT FORM

(To be returned to Scrutinizer appointed by the Company)

1. Name of First Named shareholder : .....
2. Postal address : .....
3. Registered Folio No. / DP ID No. / Client ID No.\*  
(\*Applicable to Members holding shares in dematerialized form) : .....
4. Number of Equity Shares held : .....

I / We hereby exercise my / our vote in respect of the following Resolution to be passed at the 67<sup>th</sup> Annual General Meeting of the Company to be held on Saturday, 6<sup>th</sup> September, 2014 at 11.30 a.m. at the Registered Office of the Company at GRASIM STAFF CLUB, Birlagram, Nagda, District Ujjain, Madhya Pradesh 456 331 in respect of the businesses as stated in the Notice of the Company dated 21<sup>st</sup> July, 2014 by conveying my / our assent or dissent to the said resolution(s) by placing the tick (✓) mark at the box against the respective matters:

Item No.	Description of businesses as set out in the Notice of the Annual General Meeting	No. of equity shares held	I/We assent to the Resolution (FOR)	I/We dissent to the Resolution (AGAINST)
1.	Adoption of the Audited Balance Sheet as at 31 <sup>st</sup> March, 2014 and the Statement of Profit & Loss for the financial year ended 31 <sup>st</sup> March, 2014, and the Reports of the Board of Directors' and Auditors' thereon.			
2.	Declaration of Dividend on equity shares.			
3.	Appointment of Director in place of Mrs. Rajashree Birla (DIN : 00022995) who retires by rotation and being eligible offers herself for re-appointment.			
4.	Appointment of Director in place of Mr. D. D. Rathi (DIN: 00012575) who retires by rotation and being eligible offers himself for re-appointment.			
5.	Re- appointment of M/s. G.P. Kapadia & Co., Chartered Accountants, Mumbai (Registration No. 104768W), and M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai (Registration No. 117366W / W-100018), the retiring Joint Statutory Auditors of the Company.			
6.	Re-appointment of M/s. Vidyarthi & Sons, Chartered Accountants, Lashkar, Gwalior (Registration No. 000112C) as the Branch Auditors of the Company.			
7.	Appointment of Mr. Cyril Shroff (DIN: 00018979) as an Independent Director of the Company.			

Item No.	Description of businesses as set out in the Notice of the Annual General Meeting	No. of equity shares held	I/We assent to the Resolution (FOR)	I/We dissent to the Resolution (AGAINST)
8.	Appointment of Mr. B. V. Bhargava (DIN: 00001823) as an Independent Director of the Company.			
9.	Appointment of Dr. Thomas M Connelly (DIN: 03083495) as an Independent Director of the Company.			
10.	Appointment of Mr. M. L. Apte (DIN: 00003656) as an Independent Director of the Company.			
11.	Appointment of Mr. R. C. Bhargava (DIN: 00007620) as an Independent Director of the Company.			
12.	Appointment of Mr. Adesh Kumar Gupta (DIN: 00020403) as Whole Time Director of the Company and fixing his remuneration.			
13.	Approval of remuneration to be paid to Cost Auditor, M/s R. Nanabhoy & Co., Cost Accountant, Mumbai (Registration No. 7464) for FY 2014-15.			
14.	Approval of Borrowing Limits of the Company under Section 180(1)(c) and any other applicable provisions of the Companies Act, 2013.			
15.	Approval for Creation of charge(s) pursuant to Section 180(1)(a) and any other applicable provisions of the Companies Act, 2013.			
16.	Approval and adoption of Articles of Association of the Company.			

Place : .....

Date : .....

.....

Signature of Member / Beneficial Owner

## INSTRUCTIONS FOR FILLING THE BALLOT FORM

1. A Member desiring to exercise vote by ballot form may complete this ballot form and send it to the Scrutinizer, appointed by the Company viz. Mr. Ashish Garg, Practicing Company Secretary, (Membership No. FCS 5181 & C.P. No. 4423) at Grasim Industries Limited, Share Department, Birlagram, Nagda 456331 (M.P.) India.
2. In case of shares held by companies, trusts, societies etc., the duly completed ballot form should be accompanied by a certified true copy of Board Resolution/Authority.
3. Unsigned Ballot Forms will be rejected.
4. A Member need not cast all the votes in the same way.
5. Duly completed Ballot Form should reach the Scrutinizer not later than 5.00 p.m. on Wednesday, the 3<sup>rd</sup> September, 2014 at the address mentioned in point no. 1 above.
6. The Scrutinizer's decision on the validity of a Ballot Form will be final.



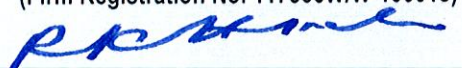
## FORM A

### Covering Letter of the Annual Audit Report to be filed with the Stock Exchanges Pursuant to Clause 31(a) of the Listing Agreement

1.	Name of the Company	Grasim Industries Limited
2.	Annual Financial Statements for the year ended	31 <sup>st</sup> March, 2014
3.	Type of Audit Observation	<b>Emphasis of Matter</b>  We draw attention to Note 4.7.5 of the Consolidated financial statements which describes the uncertainty related to the penalty of ₹ 1,175.49 crore imposed by the Competition Commission of India (CCI) on UltraTech Cement Limited (UTCL), a subsidiary of the Company, along with certain other cement manufacturing companies, for alleged cartelisation, for which no provision has been made based on a legal opinion obtained by UTCL.  Our opinion is not qualified in respect of this matter.  <b>Note 4.7.5</b>  Based on the legal advise, UltraTech has challenged the order dated 20 <sup>th</sup> June, 2012 of Competition Commission of India imposing a penalty of ₹ 1,175.49 crore for alleged cartelisation with certain other companies.  UltraTech continues to believe that it has a good case based on legal opinion. Accordingly, no provision has been made.  4.
4.	Frequency of Observation	Continuing, was also included in the previous year's Audit Report

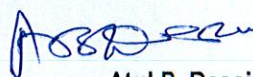
Refer our Audit Report dated 2<sup>nd</sup> May, 2014 on the Consolidated Financial Statements of the Company

For Deloitte Haskins & Sells LLP  
Chartered Accountants  
(Firm Registration No. 117366W/W-100018)



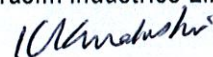
Rajesh K. Hiranandani  
Partner  
Membership No. 36920

For G.P. Kapadia & Co.  
Chartered Accountants  
(Firm Registration No. 104768W)



Atul B. Desai  
Partner  
Membership No. 30850

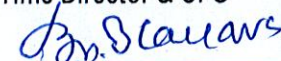
For Grasim Industries Limited



K.K. Maheshwari  
Managing Director



Adesh Gupta  
Whole Time Director & CFO



B.V. Bhargava  
Chairman – Audit Committee

 Mumbai, 2<sup>nd</sup> May, 2014





## FORM A

### Covering Letter of the Annual Audit Report to be filed with the Stock Exchanges Pursuant to Clause 31(a) of the Listing Agreement

1.	Name of the Company	Grasim Industries Limited
2.	Annual Financial Statements for the year ended	31 <sup>st</sup> March, 2014
3.	Type of Audit Observation	None
4.	Frequency of Observation	Not Applicable

Refer our Audit Report dated 2<sup>nd</sup> May, 2014 on the  
Standalone Financial Statements of the Company

For Deloitte Haskins & Sells LLP  
Chartered Accountants  
(Firm Registration No. 117366W/W-100018)



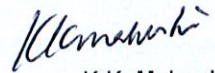
Rajesh K. Hiranandani  
Partner  
Membership No. 36920

For G.P. Kapadia & Co.  
Chartered Accountants  
(Registration No. 104768W)



Atul B. Desai  
Partner  
Membership No. 30850

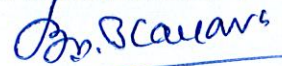
For Grasim Industries Limited



K.K. Maheshwari  
Managing Director



Adesh Gupta  
Whole Time Director & CFO



B.V. Bhargava  
Chairman – Audit Committee

 Mumbai, 2<sup>nd</sup> May, 2014

