Ref No. GIL/CFD/SEC/21/111/SE

9th December 2020

BSE Limited
Dalal Street,
Phiroze Jeejeebhoy Towers,
Fort, Mumbai - 400001
Scrip Code: 500300

The National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot No. C/1,
G Block, Bandra- Kurla Complex,
Bandra (East), Mumbai 400051
Symbol: GRASIM

Sub:**Integrated Report FY 2019-20**

Dear Sirs,

We are enclosing a copy of the Integrated Report of the Company for FY 2019-20 'GRASIM - THE STRONGLOMERATE'.

This is for your information and records.

Thank you.

Yours faithfully,
For Grasim Industries Limited

HUTOKSHI ROHINTON WADIA
Digitally signed by HUTOKSHI ROHINTON WADIA
Date: 2020.12.09 17:01:16 +05'30'

Hutokshi R. Wadia
President & Company Secretary

Encl: as above

Cc: **Luxembourg Stock Exchange**
Market & Surveillance Dept.,
P.O. Box 165, L-2011 Luxembourg,
Grand Duchy of Luxembourg, EUROPE

Citi Bank N.A.
Depositary Receipt Services
388 Greenwich Street, 6th Floor
New York, NY 10013

Citi Bank N.A.
Custodial Services
FIFC, 11th Floor, C-54 & 55, G Block
Bandra Kurla Complex
Bandra (East), Mumbai 400 098

ADITYA BIRLA

GRASIM

INTEGRATED
REPORT
2019-20











THE STRONGLOMERATE


OPERATIONAL EXCELLENCE
FINANCIAL PROWESS
SYMBIOTIC PARTNERSHIP
CUSTOMER CENTRICITY
GRASIM
THE STRONGLOMERATE



Grasim combines the synergy of a conglomerate and the energy of a focussed business. Thus, it is no surprise that all our businesses are well-acclaimed leaders in their sectors. While each business leverages intellectual synergies as a collective, their independent nature of functioning ensures cutting-edge operational excellence and agile response to market dynamics.

This is our first annual Integrated Report which communicates our commitment to generate greater value for all our stakeholders.

We value your feedback and welcome comments on this report or any aspect of our approach to the Integrated Report.

grasim.ir@adityabirla.com

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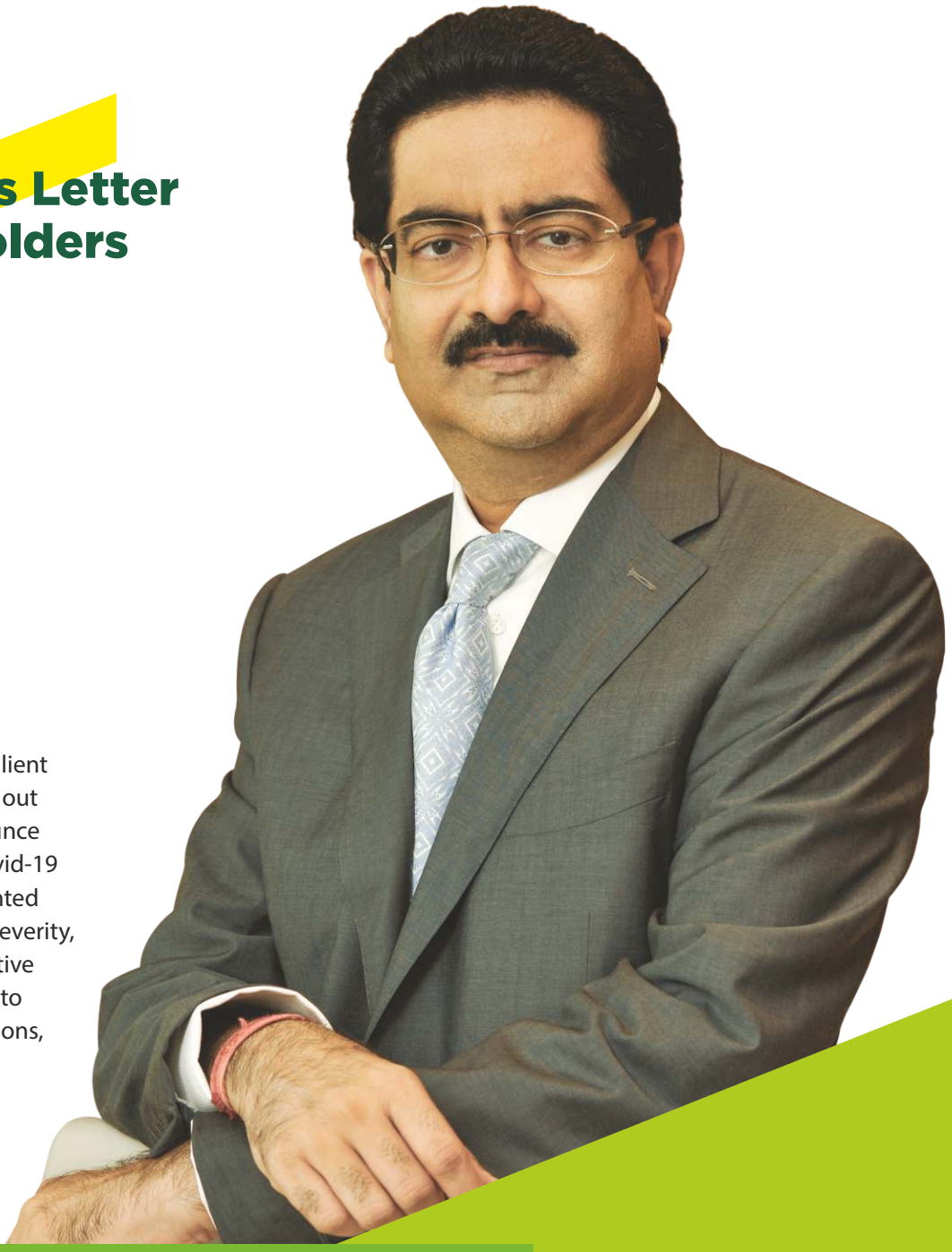
Note:

Additional resources and content available online have been marked across the Report with:

Grasim Annual Report 2020
https://www.grasim.com/upload/pdf/grasim-annual-report-2019-20.pdf

www.grasim.com

Chairman's Letter to Stakeholders



In the face of a crisis, resilient businesses not only ride out uncertainty but also bounce forward. Though the Covid-19 pandemic is unprecedented in its scale, spread, and severity, it has created an imperative for robust organisations to reconfigure their operations, and an opportunity to transform them.

A seven-decade long TRACK RECORD OF IN TURBULENT TIM

and the sound business fundamentals will hold us in good stead, as we steady the ship.

Grasim is one such organisation. Over a period of more than seven decades, Grasim has witnessed many upheavals across businesses and boundaries, and has always emerged stronger. This track record of winning in turbulent times and the sound business fundamentals are key to our success over a longer arc. They also enable us to leverage opportunities, even in an evolving business environment.

For communicating this playbook of resilience and growth to investors and stakeholders, we felt integrated reporting is a more holistic approach. It enables us to better articulate our core strengths - Operational Excellence (Intellectual Capital), Financial Prowess (Financial Capital), Customer Centricity (Manufactured Capital), Resilient Growth (Natural Capital) and Symbiotic Partnership (Human Capital and Social & Relationship Capital). It will also allow us to reinforce our ability to create value over the short, medium, and long term.

It gives me immense pleasure to introduce the maiden Integrated Report (IR) of Grasim Industries Limited FY20.

This year, we also introduced extraordinary measures for the safety of our people and other resources, a priority in the pandemic. Our businesses proactively created 'Business Continuity Plans', working through different scenarios as our teams engaged deeply and meaningfully with customers and value chain partners to support them better in these unprecedented times.

Business models were reassessed to identify strategic and tactical opportunities to improve effectiveness, prune avoidable costs, as well as prepare for the new normal. New opportunities were continuously being ideated and explored. For instance, the Chemicals Business is producing disinfectants and the Fibre Business is manufacturing antibacterial fibre. The pandemic has accelerated Grasim's shift to digitisation across businesses, and a new wave of digital energy is being unleashed with a clear focus on getting closer to customers.

Grasim's efforts towards the natural capital remained consistent as before. In Viscose Business, we received the No.1 ranking in Canopy Hot Button Report 2020. While in the Chemicals Business, the company commissioned ZLD plants at Ganjam and Rehla. We also achieved full capacity at our third-generation 16 KTPA speciality fibre plant using in-house green technology at Kharach.

True to our rich legacy, Grasim contributed meaningfully to help rebuild local communities that bore the brunt of the pandemic. A multi-pronged approach was implemented to help fight Covid-19, with financial commitments as well as humanitarian efforts. This included earmarking beds for Covid-19 patients at our network of hospitals; and providing masks, disinfectants, food packets, and provisions to the needy.

This unflinching support to our communities, employees, and other stakeholders will enable Grasim to consistently deliver greater value and ensure long-term, sustainable growth.

F WINNING
ES

Kumar Mangalam Birla
Chairman, Grasim Industries Limited

Message from the Managing Director



What lies behind us and what lies ahead of us are symptomatic of what lies within us. And within us lies a spirit of consistently delivering greater value to all our stakeholders, irrespective of the crises we face. The enormity of Covid-19 pandemic and the extent of hardships caused by the economic collapse due to lockdowns, is being equated by IMF to the Great Depression during 1930s and much worse than the global financial crisis of 2009. Grasim has gone through such economic crises and has come out stronger every time we have faced challenges.

Our strength is being a 'Stronglomerate'.

A conglomerate with

A UNIQUE COMBIN SHARED VALUES

and the freedom to choose own growth path.

This strength comes from being a 'Stronglomerate' - a conglomerate with a combination of shared common values and the freedom to grow independently. The synergies of a conglomerate and operational excellence of a single business blends to give us the 'best of both worlds' advantage, making our businesses, the leaders in their own industries and generate excellent returns on capital employed.

That is not all. Our policies regarding our people, assets, communities, and nature also give us different capitals to grow holistically. The investment we make in these areas results in increased productivity, efficient manufacturing, social license to operate, reduced costs, and innovations for the future, ensuring that the leadership we have today would continue tomorrow.

In FY20, we continued our leadership position in VSF, caustic soda, cement, textile and financial services. Despite global economic slowdown, subdued consumption, liquidity constraints and Covid-19 impact towards the end, our operational performance remained above par.

We relied more on our strong R&D efforts which resulted in product innovations like Livaeco™ with a host of sustainability features, and process innovations that caused reduction of caustic soda consumption to the tune of about INR 250 crores in the last 3 years. Also reduced were the LTIFR of all businesses as compared to last year leading to increased productivity, and we were ranked 70th on the Forbes Global Best Employers List 2019.

In 2020, we have been ranked No.11 in the S&P Dow Jones Sustainability Indices (DJSI) of the global list of participating companies in our Sector. Grasim has also been ranked Top 9th in the list of 'ET Futurescape 7th Responsible Business Ranking on Sustainability and CSR' with a host of sustainability initiatives - VSF business operations of Grasim in India became carbon neutral on scope 1 & 2, Pulp & Fibre business reduced water consumption by over 50% in the last three years, 100% utilisation of fly ash in cement industries for a circular economy, etc.

In the Canopy's Hot Button Report 2020, VSF business received the No.1 ranking and has been accorded with 'dark green shirt'. The newly launched circular product Liva Reviva, produced with recycled industrial waste has caught the imagination of sustainability focussed brands and is growing rapidly.

While we reduced our environmental footprint, our community initiative footprint increased and now straddles across 7,000 villages globally, reaching out to 7.5 million people annually.

Our first annual Integrated Report communicates our commitment to generate greater value for all our stakeholders. Please go through it and provide your valuable feedback.

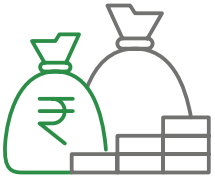
ATION OF

Dilip Gaur
Managing Director, Grasim Industries Limited

UNDERSTANDING THE REPORT







About The Report

Grasim has a long history of delivering value to multiple stakeholders through the collective strength of diversified businesses which are leaders in their own markets and have performed consistently even when the tides are rough. With the synergy of a conglomerate and the energy of a focussed business, there is a case for a 'conglomerate premium' rather than a 'conglomerate discount'. Over the last 74 years, Grasim has proven to be such a 'Stronglomerate'.

Grasim is a future-ready corporate, committed to deliver sustainable profitable growth and societal value creation. We believe that this purpose is achieved by focussing not only on the financial capital but considering all other capitals, such as natural, social & relationship, intellectual, manufactured, and human, together and their performance collectively.

The purpose of our debut Integrated Report is to make our stakeholders aware of how these six capitals come together at Grasim to create greater value. The key focus areas which are of priority for our stakeholders, and therefore the organisation have been dealt with under each of these capitals. It enumerates our past performance, strategy, and endeavours to attain sustainability in a comprehensive manner.

Scope of The Report

This integrated report provides an overview of the operations and activities of Grasim Industries during the period 1st April 2019 to 31st March 2020. We have adopted the International Integrated Reporting Council's Framework for this report to present our value-creation story, incorporating key financial and non-financial aspects.

This report is also aligned with the GRI Standards guidelines, nine principles of Ministry of Corporate Affairs' National Voluntary Guidelines (NVG) on social, environmental and economic responsibilities of business, and suggested framework on Business Responsibility Reports by the Securities and Exchange Board of India (SEBI) circular dated 13th August 2012.

Report Boundary

The boundary of the Report pertains to Grasim's standalone domestic operations - Viscose Staple Fibre (VSF), Viscose Filament Yarn (VFY), Chemicals, Textiles, Fertilisers, and Insulators businesses.

The report includes data for the sites below

- Viscose Stable Fibre (VSF) - Nagda, Harihar, Kharach and Vilayat
- Pulp - Harihar
- Viscose Filament Yarn (VFY)* - Veraval
- Chemicals - Nagda, Vilayat, Veraval, Karwar, Rehla, Renukoot and Ganjam
- Textiles - Rishra and Malanpur
- Fertilisers - Jagdishpur
- Insulators - Halol and Rishra

**VFY Plant at Kalyan is not included.*

ORGANISATIONAL OVERVIEW

Grasim Industries Limited is the flagship company of the Aditya Birla Group (ABG). Over a period of more than seven decades, we have evolved into a 'Stronglomerate' - a leading diversified conglomerate with

a net consolidated revenue of close to INR 77,625 Cr and an EBITDA of over INR 13,846 Cr in FY20.

Beginning our journey on 25th August 1947 as a textile manufacturer, a few days after India gained independence; Grasim today is a leading global producer of Viscose Stable Fibre (VSF) and Viscose Filament Yarn (VFY) as well as the largest chlor-alkali, epoxy resins, textiles (linen and wool) and insulator player in India.

Grasim is also the largest cement producer in India through its subsidiary, UltraTech Cement Limited (UTCL) and a leading diversified financial services player through another subsidiary, Aditya Birla Capital Limited (ABCL). Both UTCL and ABCL are leaders in their area of operations delivering superior performance.

Grasim remains committed to create sustainable value for 24,123 employees, 230,000+ shareholders, and all other stakeholders, by embedding the Group's mission, vision, and values, in the way we do business.

Aditya Birla Group



The ABG, a leading Indian multinational corporation, is in the league of Fortune 500 companies, rooted by an extraordinary force of 120,000+ employees from varying nationalities. Over 50% of its revenue flows from its overseas operations spanning 36 countries. The ABG is a leading player in Aluminium, Cement, VSF and VFY, Carbon Black, Chemicals, Copper, Financial Services, Telecom, Branded Apparels, Fertilisers and Insulators.

Culture, Ethics and Values

We conduct and govern ourselves with ethics, transparency and accountability. Our governance practices are self-driven, reflecting the culture of the trusteeship that is deeply ingrained in our value system and reflected in our holistic growth process. The Corporate Principles and Code of Conduct cover Grasim and all our subsidiaries. It applies to all the employees.

The governance structure guides us keeping in mind our core values of

- **INTEGRITY**
- **COMMITMENT**
- **PASSION**
- **SEAMLESSNESS**
- **SPEED**

Businesses

Leadership Position Across Businesses

VISCOSE

Through viscose fibre and yarn, we are present in the eco-friendly clothing and we cover high-growth health and hygiene segment through non-woven products

- A global leader in Pulp & Fibre

No.1

producer in India of Viscose Staple Fibre (VSF) and Viscose Filament Yarn (VFY)

CHEMICALS

Through chemicals, we are indirectly present in various daily-use applications

No.1

Caustic Soda and Chlorine derivative chemicals producer in India

CEMENT

Through UTCL, we are a part of the homes built by cement as well as the roads / metro rails infrastructure / flyovers

No.1

Cement producer in India

No.3

Global cement producer (Ex-China)



FINANCIAL SERVICES

Through ABCL, we remain committed to fulfil the end-to-end financial services needs of retail and corporate customers

Top 5

Asset Management Companies** in India

*** Excluding ETF*

Top 5

Private Diversified NBFCs in India

OTHERS

We are also present in the textiles, fertilisers, insulators, and solar power businesses

No.1

in high quality Linen Fabrics

- Leading player in Fertilisers
- Leading player in Insulators
- Growing presence in Solar Power



This Integrated Report gives us an opportunity to demonstrate to all our stakeholders, our continued focus on all the six capitals. We have always endeavoured to create value in each of the six capitals for seven decades with full focus and energy on each of them as a part of our DNA.

Ashish Adukia
Chief Financial Officer

AWARDS



Grasilene Division - Harihar awarded the CII-ITC Sustainability Award 2019 for Excellence in Environment Management



Grasim bagged the Dun & Bradstreet Corporate Award 2019 as the Top Company for its stellar performance in the Indian Textiles sector

In the Canopy's Hot Button Ranking and Report 2020, VSF business has been accorded the No.1 ranking with 'dark green shirt'

Forbes Award - for featuring in the Top 100 list of World's Best Employers 2019

EXTERNAL ENVIRONMENT

The external environment was non-conducive for growth throughout the year with global economic slowdown, subdued consumption and private investment, liquidity constraints and finally COVID-induced lockdown towards the end. We performed above par despite all the factors.

VSF

The market sentiment was dampened by the trade war between the United States and China, and escalation in geopolitical tension; it impacted demand and resulted in price weakness. The Global Viscose Staple Fibre demand grew at ~5.5% (CY19), higher than other natural fibres.

The VSF supply went up because of the capacities commissioned in the past 12-18 months in China and Indonesia. New capacities recently commissioned in Asia may continue to create temporary demand-supply mismatch and therefore put some pressure on prices.

Chemicals

The prices of caustic soda have been under pressure across the world mainly on account of demand supply imbalance.

For chlorine-based value-added products, the demand for health and hygiene products showed some improvement due to COVID-19 pandemic.

The Epoxy business maintained the leadership position in the domestic market by offering tailor-made solutions and market-leading products to customers.

GOVERNANCE

While Grasim is a synergy of multiple leading businesses in different industries, they are operated, regulated, bound, and united by the same set of standards, policies, processes, and guidelines. Corporate governance forms an integral part of the core values of Grasim that makes us more resilient. Being a 'Stronglomerate' enables us to bounce back from the setbacks and respond to the challenges and demands of businesses in a positive way.

We are always committed to adopt the best governance practices and adhere to it in the true spirit, to foster and sustain a culture that demonstrates the highest standard of ethical and responsible business conduct. With every policy, procedure, and action, we aim to deliver on our promise of accountability along with delivering greater value to all our stakeholders.

Policies & Standards

The policies for our businesses are framed while holding our Group policies, values, and principles in high esteem. We empower our employees to understand, learn and apply improvement techniques to perform to standards that are the industry's best and beyond.

These policies are available on the website at *https://www.grasim.com/investors/policies-and-code-of-conduct*

Sustainable Governance

Our comprehensive governance framework for sustainable development not only provides us with the transparency and accountability across management levels but also enhances our corporate image and integrity. The framework extends from the Board of Directors through to the senior management to all the working levels in each of our business units.



The ABG Sustainable Business Framework is a strong platform of support for our management systems and processes. It helps us evolve a unified approach to our conduct and governance that is crucial for the success of the Group and sets the groundwork for the changes we need to make at the Group, business, and local site levels.

Board Committees

- Audit Committee
- Risk Management Committee
- Stakeholder's Relationship Committee
- Corporate Social Responsibility Committee
- Nomination and Remuneration Committee
- Determination of Legitimate Purpose Committee
- Finance Committee

BOARD OF DIRECTORS

The Board at Grasim is involved, diligent, and adds value to the organisation. The Directors possess the requisite qualification, experience, and expertise in their respective functional areas, which enable them to discharge their responsibilities and provide effective leadership to the management. It oversees key areas like business strategy, M&A, risk management, and other such vital matters.

To know more about our Board of Directors and their skill set, please refer to Annual Report 2020.

Mr. Kumar Mangalam Birla
Chairman



Mrs. Rajashree Birla
Non-Executive Director



Dr. Santrupt Misra*
Non-Executive Director



Ms. Anita Ramachandran
Independent Director



Mr. Arun Thiagarajan
Independent Director



Mr. N. Mohanraj
Independent Director



Mr. Om Prakash Rungta
Independent Director



OUR GOVERNANCE PHILOSOPHY RESTS ON FIVE BASIC TENETS

- The Board's accountability to Grasim and its key stakeholders
- Capital budgeting and Compliance
- Strategic guidance and effective monitoring by the Board
- Protection of minority interests and rights
- Transparency and timely disclosure
- Maintain high Governance Standards



Mr. Dilip Gaur
Managing Director



Mr. Vipin Anand#
Non-Executive Director



Mr. Shailendra K. Jain
Non-Executive Director





Mr. Cyril Shroff
Independent Director





Dr. Thomas M. Connelly, Jr.
Independent Director



**w.e.f. 13th June 2020 | #w.e.f. 13th August 2020*

OPPORTUNITIES

We spot opportunities, even in challenges. The COVID-19 pandemic gave us the chance to reassess business models, identify strategic and tactical opportunities to improve effectiveness, prune avoidable costs and prepare for the new normal. Accelerating our shift to digitisation across businesses, we also ideated and explored new products and solutions.

Fibre Business

Manufacturing novel antibacterial fibre, accelerating non-woven growth by converting existing lines with agility, focussing on value addition by 3rd generation fibre

Chemical, Fertiliser, and Insulator Businesses

Producing chlorine-based disinfectants

Oorja - Soil Health Product (SHP) and organic fertiliser with 14% organic carbon

Epoxy - Epoxy resins are used to make value added products such as formulated resins, reactive diluents, and hardeners

Composite Hollow Core Insulators (CHCI) - Serve the power transmission and distribution (T&D) industry globally. Grasim is in joint venture with Maschinenfabrik Reinhausen GmbH (MR) of Germany for making CHCI

In the face of increasingly volatile and competitive business environment, we are further focussing on developing and commercialising premium differentiated products, improving our competitive cost position, product quality, and environmental sustainability.



Digitisation

A new wave of digital energy was unleashed with a clear focus on getting closer to our customers and smart manufacturing.

RISKS

We are consistently delivering greater value as we are a 'Stronglomerate'. The risks are diversified across multiple businesses and opportunities are capitalised on by each one of them. Presence over diverse verticals and product categories allow us to ride over cyclical demand troughs and disruptions, while tighter integration and intellectual synergies enable us to explore into new areas and accelerate innovation.

Risk Management

Health-related risks and global economic uncertainty due to COVID-19 pandemic have added to the continuing challenges like shortening market cycles, technological evolution, climate change and sustainability transitions. A risk management framework at the company level as well as business level is in place. Regular reviews, measures of monitoring and control, and self-assessment mechanisms of key risk indicators are the main elements of this framework.

We continue to evolve our policies towards management of risks by recognising the changes of a rapidly changing world. We have also formed crisis management teams at all our locations to handle unexpected events.



COVID-19

For unexpected risks such as COVID-19 pandemic, we have a 'Business Continuity Plan' in place for each business focussing on three important aspects:

Prioritising the safety of our people and other resources

Maintaining healthy financial liquidity

Engaging deeply and meaningfully with customers and value chain partners to support them better in these extraordinary times

Sustainable Business Practices

Sustainable business practices reduce risks, and hence are inherent part of our businesses. We are setting industry-leading benchmarks on such practices, such as lowest water consumption, lower emissions, renewable sources of energy and sustainable forest management.

Our VSF business has committed to go even beyond the stipulated regulatory norms and adopt the most stringent European norms at all the viscose fibre manufacturing sites by FY22.

Some of the key risks identified in FY20 and initiatives to mitigate them:

Risks	Description	Mitigation Plan
 AVAILABILITY OF NATURAL RESOURCES-BASED INPUTS	• Scarcity of Water: Viscose and Chemical Business • Coal: Price increase	• Water recycling and zero liquid discharge plants across units • Securing long-term coal supplies at competitive prices • Increasing sourcing of renewable power • Sustainable forestry practises
 PRICE VOLATILITY OF INPUT MATERIALS AND FINISHED PRODUCTS	High volatility in global prices for both raw material and finished products, and demand for finished products	• High backward integration • Growing speciality portfolio • Focus on product & market differentiation
 PRODUCTS DUMPING BY OVERSEAS SUPPLIERS	Dumping of products by overseas players / rising imports in India leading to oversupply / supply at uncompetitive rates	• Focus on cost competitiveness • Continuous improvement in product quality and customer technical service
 COMPETENT HUMAN RESOURCES AVAILABILITY RISKS	Attrition and non-availability of the required talent	• Continuous benchmarking of the best HR practices across the industry
 COMPETITION RISKS	• VSF and chemicals are exposed to global markets • Cement business is attracting new entrants	• Strategic initiatives and continuous investments to enhance brand equity • Focus on value added products and services
 INFORMATION TECHNOLOGY / CYBER SECURITY RISKS	Risk of financial loss, disruption resulting from failure of IT systems	• Implementation of Group level Information Security Policy including advanced security tools

Risks	Description	Mitigation Plan
 ENVIRONMENTAL AND OTHER REGULATORY RISKS	Any default can attract penal provisions and may impact the company reputation	• Going beyond EU-BAT adherence to current norms
 INDUSTRIAL SAFETY, EMPLOYEE HEALTH AND SAFETY RISKS	Health and injury risks due to machinery breakdown, human negligence, etc.	• Association with M/s DuPont Safety Resources to build a culture of safety
 PANDEMIC RELATED RISKS	Pandemics and reoccurrence thereof may impact business and employee safety	• Crisis Management Teams formed at all locations
 CLIMATE CHANGE	Climate changes may lead to increase in frequency and severity of natural disasters	• Implementing green technologies and sustainable product development, e.g. Livaeco
 INVESTMENTS IMPAIRMENT RISKS	Business performance of subsidiary companies and other investments could give rise to impairment charges in the future	• Periodic impairment testing
 LONG PAYMENT CYCLE OF SUBSIDY	Working capital blockage due to long recovery cycle of subsidy in fertiliser business	• Continuous monitoring and follow up / representations for recovery
 LITIGATION RISKS	Litigations may have an adverse financial impact	• Compliance to all laws, rules & regulations, and contractual obligations

Business Model

LEVERAGING RESOURCES AND RELATIONSHIPS TO DELIVER VALUE

CAPITALS

FINANCIAL CAPITAL

Financial Capital is the value of money that we obtain from providers of capital that is used to support business activities and profits generated thereof is distributed among stakeholders and retained to fund business activities.

MANUFACTURED CAPITAL

Manufactured Capital is our tangible and intangible infrastructure used for value creation through business activities.

INTELLECTUAL CAPITAL

Our Intellectual Capital consists of our strong brand, highly experienced people, world-class technology, and robust processes and systems.

HUMAN CAPITAL

Our management, employee base and contract workers form part of our Human Capital. Their skills and collective experience are major contributors to our value creation.

SOCIAL AND RELATIONSHIP CAPITAL

Social and Relationship Capital refers to the relationships we establish with our customers, investors, regulators, suppliers and community at large to create societal value as a responsible corporate citizen.

NATURAL CAPITAL

Natural Capital refers to the natural resources the Company uses to create value for its stakeholders, as well as its efforts to promote natural resource preservation and environmental mitigation.

INPUTS

FINANCIAL CAPITAL

Equity share capital - INR 132 crore

Net debt as of 31st March FY20 - INR 2,975 crore

Capex planned for FY21 - INR 1,615 crore

MANUFACTURED CAPITAL

Number of sites for VSF - 4

Number of sites for VFY - 2

Number of sites for Chemicals - 7

Number of sites for Textiles - 2

Number of sites for Fertilisers - 1
Number of sites for Insulators - 2 and Solar Power has 22 projects

Commissioned third-generation 16 KTPA specialty fibre manufacturing plant. Indigenous green technology development for speciality fibre from flask to factory.

INTELLECTUAL CAPITAL

R&D expenditure (last 3 years) - More than INR 300 crore

90 patent applications / patents in 16 countries belonging to 52 patent families (VSF)

2 patent applications filed (Chemicals, Fertilisers and Insulators businesses)

First in India to adopt the most advanced SSY technology (VFY)

HUMAN CAPITAL

Number of employees - 24,123
Number of employees in the R&D team - 100+

SOCIAL AND RELATIONSHIP CAPITAL

Total CSR expenditure FY20 - INR 58.98 crore

NATURAL CAPITAL

Total energy consumption - 75.32 million GJ
Total water withdrawal - 52.61 million m^3

OUR BUSINESSES

VISCOSE

With leadership position in viscose and yarn, we are present in the eco-friendly clothing and non-woven segment

CHEMICALS

We are indirectly present in various daily-use products

ALLIED

We are present in the Textiles, Fertilisers, Insulators and Solar Power (100% wholly owned subsidiary) businesses

Our business model enables us to leverage resources and relationships to produce long-term sustainable outcomes for our stakeholders.

OUTPUTS



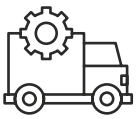
INVESTORS
Stable returns through share price appreciation and dividend payout



CUSTOMERS
Value to customers by providing high-quality solutions



EMPLOYEES
A safe, rewarding and inspiring place for employees to work and develop their careers



SUPPLY CHAIN
Partnership opportunities for suppliers and subcontractors to contribute to, and share in, our success



COMMUNITY
Improving the quality of lives; leadership in commitment to social and environmental sustainability

Note: The business model is indicative. It includes data on businesses - Viscose, Chemicals and Allied. It does not include data related to Renewables and other material subsidiaries - Cement and Financial Services, and all other business under Grasim, apart from the scope.

OUTCOMES

FINANCIAL CAPITAL
Net revenue - INR 77,625 crore (last 2 Year's CAGR Growth of 18%)

AAA rating for long-term debt by CRISIL

EBITDA in INR
13,846 cr
(last 2 Year's CAGR Growth of 13%)

INTELLECTUAL CAPITAL
Initiated research in new areas such as robotic process automation, Artificial Intelligence (AI), Machine Learning (ML), analytics, design thinking, etc.

Focussed on offering new products, which includes
LIVAECO

HUMAN CAPITAL
LTIFR - 0.45

SOCIAL AND RELATIONSHIP CAPITAL
Mission Happiness - Engagement activities undertaken to deliver a positive and unique customer experience

Over 7,000 villages covered

12.66 Lakh
Total number of direct and indirect beneficiaries of CSR initiatives

NATURAL CAPITAL
Waste disposed - 0.86 million MT

Total GHG emissions (Scope 1 + Scope 2)
5.91 million MT

STRATEGY AND RESOURCE ALLOCATION

Being a 'Stronglomerate', Grasim has the financial heft of a conglomerate and the agility of a focussed business. We can allocate resources and invest in cutting-edge infrastructure like R&D, digitisation, etc., which can be leveraged across businesses, which in turn sharpens our strategic competitiveness.

Our purpose is to build a 'greater future' - a future where everyone can fulfil their needs without compromising resources available to the future generations. During the year, we continued to deliver greater value to all our stakeholders.

Strategy

At Grasim, our strategy is coherently intertwined with our vision of becoming a premium conglomerate with a clear focus on each of our businesses. We have a well-calibrated three-pronged value creation strategy:

Leadership Across Businesses

Cost Optimisation

Innovation and New Product Development

The benefits of this strategy were already apparent in FY20 that was in part affected by the tumultuous last few weeks of the fiscal. Grasim demonstrated extraordinary resilience in this period of turmoil. This was largely on account of our diversified business portfolio with leadership positions and the inherent financial strength.

LEADERSHIP ACROSS BUSINESSES



COST OPTIMISATION



INNOVATION AND NEW PRODUCT DEVELOPMENT



PILLARS OF OUR STRATEGY

Our leadership position in our businesses gives us the advantage of scale, customer service, cost optimisation, product development, etc. On identifying future growth opportunities, we invest ahead of time to be well-positioned when the market demand emerges.

We are constantly on the quest of identifying cost optimisation measures. Targeting both variable and fixed costs, we pursue to become cost leaders in our industry. Backward integration for key raw materials used in the manufacturing of VSF and Caustic Soda also enable us to optimise costs. We are on top decile of the industry cost curve for VSF.

On the back of strong R&D capability which we have created over the years through consistent investment in cutting-edge technology, we have launched innovative products and solutions for the customers'. We design our products based on customers feedback with initiatives like LAPF to consumer experience.

Key Initiatives to Make Our Businesses Stronger

- Transformed our businesses by increasing the share of valued-added products from commodity pure play. This insulates the businesses from vagaries of commodity prices
- Ingredient branding of viscose fibre as well as creating first-of-its-kind value chain integration and engagement platform called Liva Accredited Partner Forum (LAPF)
- Made investments in the implementation of new technologies which will improve the environmental footprint across the value chain (EU-BAT)
- Backward integration into rayon grade pulp, caustic soda, CS2 and power, the major cost centres for VSF, has helped reduce our costs.
- Business model transformation from (B to B) to (B to B to C).

PERFORMANCE

MANUFACTURED CAPITAL

The scale of a conglomerate and the operational efficiencies of a focussed business makes us a 'Stronglomerate'. With proven operational excellence, our manufactured capital including all our assets, facilities, plants, machinery, production-oriented equipment, tools, and technology are geared to generate greater value for all our stakeholders.

The strength of our manufactured capital lies in the tighter integration between businesses. This synergy between businesses results in ensuring securitisation of key supplies. It also enables us to be flexible, responsive to market, innovative and faster in getting our products and services to market, leading to sustained growth. Owing to our own captive power plants and backward integration, we continue to be the lowest cost producers with focus on quality. We are also consistently working on our processes to increase productivity.

Achieved full capacity of the third-generation 16 KTPA specialty fibre plant using in-house green technology at Kharach.



Key Strengths of Grasim

We endeavour to build in economies of scale, tighter integration, greater excellence and leading-edge operational efficiencies which allows us to reap rich dividends in terms of overall costs, security of supplies and higher margins on our products and services. We are partner of choice for global players and we are setting up manufacturing facilities in specialised products.

Operational Excellence

With a relentless focus on operational excellence, all our businesses stress on continuous improvement of our processes and standards. Operational discipline has been embedded into the cultural ethos of Grasim which ensures the businesses do the right thing, the right way, every time.

ABG's World Class Manufacturing Award promotes globally benchmarked practices in operations and sets consistent standards across plants and processes.

Our businesses harness technology to improve processes, get closer to customers, improve logistics, enhance agility, and reduce turnaround times dramatically.

Supply Chain

Value addition is what gives Grasim a competitive edge among manufacturers. We deliver maximum value at the minimum possible cost due to our strong supply chain. So, we have created a platform that brings together a diverse and ever-expanding network - LIVA Accredited Partner Forum (LAPF). LAPF is a one-of-its kind consortium of over 450+ Value Chain Partners from India producing best in class Viscose, Modal and Lyocell based yarns and fabrics.

Grasim has a strong framework of supply chain governance in place which encompasses the entire process from managing suppliers to correct procurement processes, and practices for greater efficiency.

We have established competitive priorities which include:

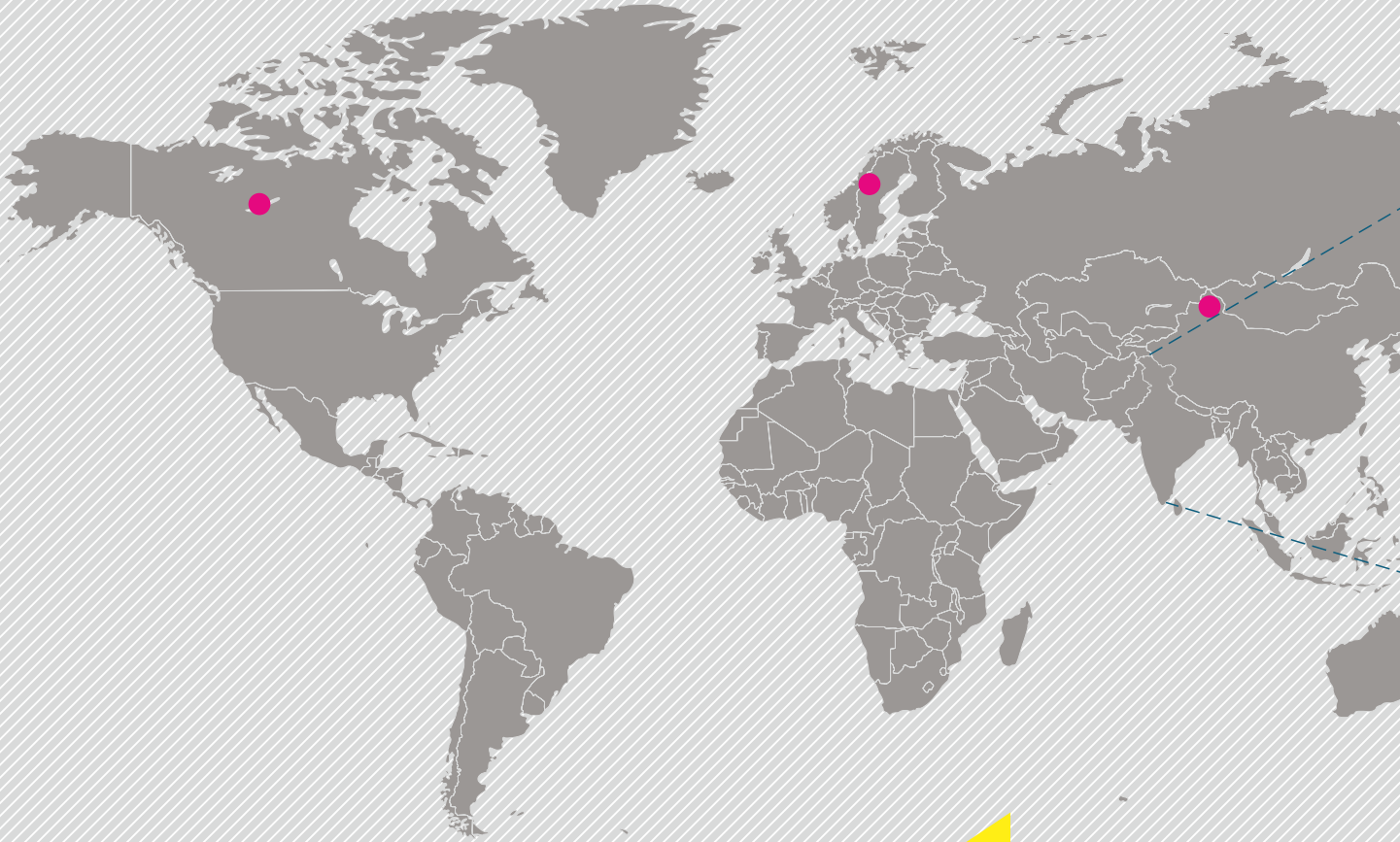
Supply chain sustainability | Sourcing reliability

Competitive cost advantage | Procurement excellence

Vendor management | Digitisation

Business Presence

OPERATING SEAMLESSLY ACROSS GEOGRAPHIES

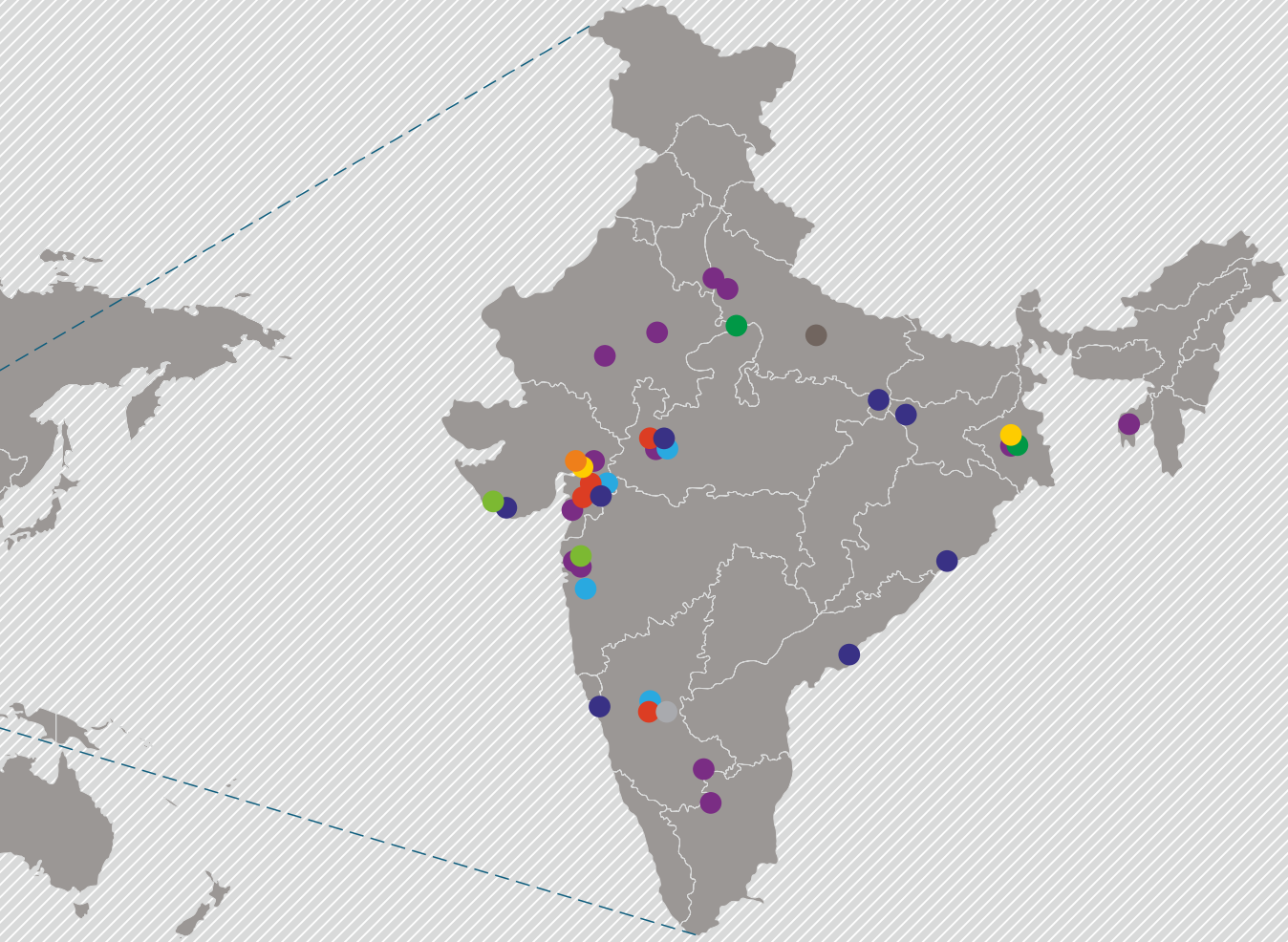


WORLD CLASS MANUFACTURING OPERATIONS

Manufacturing Sites	Business
Kharach, Gujarat	VSF
Vilayat, Gujarat	VSF
Nagda, Madhya Pradesh	VSF
Harihar, Karnataka	VSF
Harihar, Karnataka	Pulp
Veraval, Gujarat	VFY
Kalyan, Mumbai	VFY
Nagda, Madhya Pradesh	Chemicals
Vilayat, Gujarat	Chemicals (includes Epoxy)
Veraval, Gujarat	Chemicals
Karwar, Karnataka	Chemicals
Rehla, Jharkhand	Chemicals
Ganjam, Odisha	Chemicals
Renukoot, Uttar Pradesh	Chemicals
Balabhadrapuram, Andhra Pradesh	Chemicals
Rishra, West Bengal	Textiles
Malanpur, Madhya Pradesh	Textiles (Vikram Woollens)
Jagdishpur, Uttar Pradesh	Fertilisers
Halol, Gujarat	Insulators
Rishra, West Bengal	Insulators

Registered and Corporate Marketing Office

Nagda, Madhya Pradesh	Grasim, Registered Office
Mumbai, Maharashtra	VSF, Marketing Office
Bangalore, Karnataka	VSF, Marketing Office
Bhilwara,. Rajasthan	VSF, Marketing Office
Erode, Tamil Nadu	VSF, Marketing Office
New Delhi	VSF, Marketing Office
Surat, Gujarat	VSF, Marketing Office
Noida, Uttar Pradesh	LAPF Design Studio (VSF)
Jaipur, Rajasthan	LAPF Design Studio (VSF)
Tirupur, Tamil Nadu	LAPF Design Studio (VSF)
Mumbai, Maharashtra	Chemicals, Corporate Office
Rishra, West Bengal	Jaya Shree Textiles, Corporate Office
Meghasar, Gujarat	Insulators, Marketing Office



4 *VSF - manufacturing locations producing all three generations of fibres*

7 *Chemicals - Chlor-alkali operation locations*

1 *Fertilisers - plant, best operational matrix*

2 *Textiles - locations for linen yarn textile and wool products*

2 *Insulators - manufacturing locations in production parameters*

R&D

Taloja, Maharashtra	Aditya Birla Science and Technology Co. Pvt. Ltd. (ABSTC)
Nagda, India	Birla Research Institute
Nagda, India	Next Generation Fibre Research Centre(NGFRC)
Kharach, Gujarat	Fibre Research Centre (FRC)
Kharach, Gujarat	The Textile Research And Development Centre (TRADC)
Taloja, Maharashtra	Pulp & Fibre Innovation Centre (PFIC)
Harihar, Karnataka	Clonal Production Centre (CPC)

Joint Ventures

Halol, Gujarat	Insulators (Aditya Birla Power Composites Ltd.)
Sweden	Pulp (Domsjö Fabriker AB)
New Brunswick, Canada	Pulp (AV Group NB)
Canada	Pulp (AV Terrace Bay)
China	VSF (Birla Jingwei Fibres Co. Ltd.)

PERFORMANCE

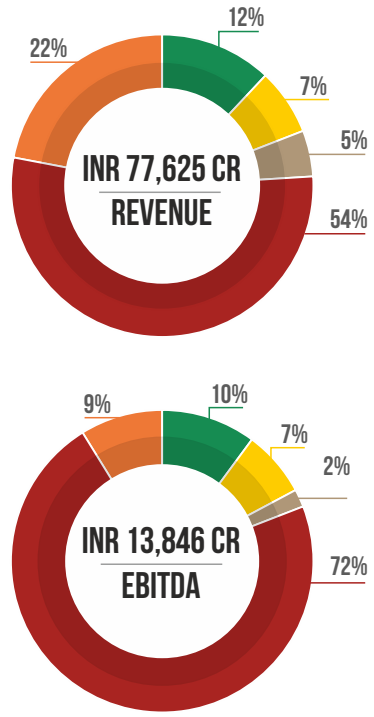
FINANCIAL CAPITAL

Financially, Grasim is on a firm footing with steady cash flow, strong balance sheet, healthy capital structure, top of the class debt coverage ratio and a consistent liquidity due to a prudent approach and financial prowess.

With all our individual businesses being leaders in their own industry generating excellent ROCE and enjoying a AAA rating, we have emerged as a 'Stronglomerate' with the financial heft of a conglomerate, and the agility of a focussed business.

The strength of our financial capital gives us the investment prowess to sustain our future growth and capacity expansion to deliver greater value for stakeholders. Allocating resources for diverse businesses and other capitals allow us to be present in multiple sectors and grow holistically, enabling us to not only make short-term gains but unlock the amplified value in the long-term.

Financial Performance Breakdown by Business in FY20



Key Financial Strengths of Grasim

Optimal Capital Structure

We maintain an optimal mix of debt and equity financing that maximises our market value while minimising the cost of capital. We are conservative in our approach while taking debt which is favourable for our balance sheet

Prudent Cash Flow Management

For the last two decades, we have not diluted our approach in balancing the inflows and outflows which has resulted in low dependence on third party capital. Surplus operating cash flow is used to invest in capacity expansion, R&D, and innovation, rather than entirely relying on funding such requirements through external debt or equity.

We maintain adequate liquidity for meeting cash flow requirements that may arise during business disruptions like COVID-19 led lockdown

Strong Balance Sheet with AAA Rating

Grasim continues to enjoy highest credit rating and maintains a very strong balance sheet with net worth of over INR 37,500 crore and very low net debt to equity of 0.08 in FY20

Value Creation

We are committed to greater value creation for our shareholders

Cost-focussed Approach

One of the lowest cost producer of VSF globally, we have achieved it through backward integration of key input materials. We continue to target fixed costs through multiple cost optimisation measures. Our new plants are deployed with state-of-the-art technology, which provides operational efficiencies leading to lower costs and benchmark quality

Return-based Approach

Competitive cost of production and value-added product mix in the portfolio led to better margin profile and higher ROCE. We focus on providing resources to our growing businesses (both standalone and subsidiaries) in such a way that they can generate adequate return and therefore create value for all our shareholders

Return on Capital Employed (ROCE) of our Standalone Businesses

All our businesses have seen growth and are generating profits from the capital employed which in turn returns as a value to shareholders.

Viscose Business *In Crore*

	FY20	FY19	FY18
Revenue	9,237	10,325	8,374
EBITDA	1,339	2,052	1,680
EBITDA Margin*	14.4%	19.8%	20.0%
Capital Employed (Incl. CWIP)	8,489	7,504	6,954
ROCE	11%	22%	20%

Chemicals Business *In Crore*

	FY20	FY19	FY18
Revenue	5,504	6,437	5,004
EBITDA	1,008	1,827	1,300
EBITDA Margin*	18.3%	28.3%	25.9%
Capital Employed (Incl. CWIP)	5,206	4,975	4,261
ROCE	14%	32%	26%

**EBITDA incl. Other Income / Total Revenue*

Cashflow

Despite the proposed capex plans, the steady cash flow generation from the core businesses is expected to result in a continued healthy financial profile for Grasim.

Grasim Stake Details

Subsidiaries

Ultratech Cements
57.28%

Aditya Birla Capital
54.24%

Market value of Grasim subsidiaries has been increasing consistently

Other Group Investments

Aditya Birla Fashion Retail
11.29%

Vodafone Idea
11.55%

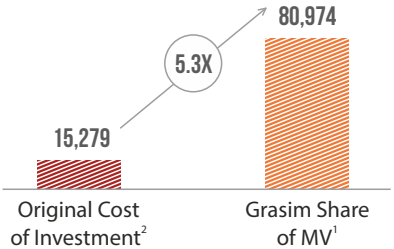
Hindalco
3.9%

Value of Investments

On an overall basis, market value of the investments far exceeds the original cost. Grasim will continue to focus on consolidated subsidiaries and protect its value in other Group investments.

Value of Quoted Investment

In INR Crore



1 - As of September 30, 2020
2 - Cost of ABNL as on June 30, 2017 + Cost to Grasim as on June 30, 2017 + Subsequent investment made by Grasim in ABCL, VIL and ABFRL

Consolidated Financial Highlights

FY20 was a challenging year in more ways than one. The global economic slowdown, subdued consumption and private investment, liquidity constraints and finally COVID-induced lockdown towards the end of the year, proved to be a dampener for the global economy and the businesses. Despite the economic headwinds, our operational performance remained above par during the year.

In Crore

Consolidated Financial Highlights	FY20	FY19
Net Sales & Operating Income	77,625	77,200
EBITDA	13,846	13,404
PAT (before exceptional items, non-controlling interest & one-time deferred tax benefit)	5,315	5,159
PAT (After exceptional items)	4,425	1,693

Performance Indicators

In Crore

Grasim	FY20	FY19	FY18
Consolidated Revenue	77,625	77,200	55,894
Consolidated EBITDA	13,846	13,404	10,883
EBITDA Margin %	18	17	19

Grasim	FY20	FY19
ROACE (EBIT/Avg. CE) (Excl. CWIP) (%)	8.1	8.4
Interest Coverage Ratio	5.3	5.5

Debt Position

In Crore

Consolidated Position	FY20	FY19	FY18
Gross Debt	28,831	29,178	22,402
Liquid Investment	8,149	7,006	8,828
Net Debt	20,682	22,172	13,574

In Crore

Standalone Position	FY20	FY19	FY18
Gross Debt	5,068	3,311	2,969
Liquid Investment	2,093	3,769	3,358
Net Debt / (Surplus)	2,975	(458)	(389)

For detailed information please refer to our Annual Report 2019-20

Total Cost Saving of Rs. 500+ crore achieved in FY 20

Businesses

Viscose Business

VSF continues to be the fastest growing textile fibre globally. However, new capacities recently commissioned in Asia created temporary demand supply mismatch and put resultant pressure on prices.

In Crore

Viscose	FY20	FY19
Revenue	9,237	10,325
EBITDA	1,339	2,052

VSF	FY20	FY19
VAP Mix %	23	26

Chemicals Business

The demand for chlorine-based value-added products which are used in health and hygiene products witnessed a double-digit growth at 10% YoY for FY20 driven by COVID-19 pandemic.

In Crore

Chemicals	FY20	FY19
Revenue	5,504	6,437
EBITDA	1,008	1,827

Chlorine & HCl Cons	FY20	FY19
Chlorine & HCl Cons in VAPs %	28	27

PERFORMANCE

HUMAN CAPITAL

Our strength comes from our people. We invest in and attract the best available talent. They are nurtured to realise their full potential by learning and development initiatives. Empowered by opportunities and support, these leaders and domain experts lead to higher productivity and accelerated innovation across businesses and products. We are a 'Stronglomerate' due to the inherent strength of this human capital and the intellectual synergies available to us.

What sets us apart though, is our culture of safety. We constantly endeavour to create a conducive, inspiring, and happy work environment. Our robust people processes are the bedrock of our growth over the years, and they continue to evolve and stay contemporary. We aspire to become the most sought-after employer within the industry as we continue building a strong talent pipeline.

We were ranked 70th on the Forbes Global Best Employers List 2019.



24,123
PERMANENT EMPLOYEES

Key Focus Areas

We focus on the overall well-being of our employees, providing them with a fulfilling career, continuous training, regular recognition, robust feedback, advancement opportunities, grievance mechanism and a strong emphasis on prevention of hazards at workplaces. Our Employee Value Proposition of 'A World of Opportunities' includes:

RECRUITMENT AND LEADERSHIP PIPELINE

LEARNING AND DEVELOPMENT

EMPLOYEE HEALTH AND WELL-BEING

DIVERSITY AND INCLUSION

Recruitment and Leadership Pipeline

We continuously benchmark the best HR practices across the industry and carry out necessary improvements to attract and retain the best talent. The process includes proactive action to strengthen technical and other functional bench strength by mapping internal and external talent market and accelerated hiring.

We seek to employ and develop local talent and offer our employees flexibility, mobility, and opportunity within Grasim. Rewards and recognition for the right talent help us retain talent. Some of our recruitment and leadership initiatives include:

Internal Recruitment

True to our 'Employee First' philosophy, internal talent is provided with the first right to apply for any open position, and vacancies across locations are first posted on the internal careers' portal. During the past three years, we have facilitated a significant number of inter- and intra-business movements across all levels.

Premier Trainee Programme

We on-boarded over 200 fresh recruits from top engineering and management institutes for our Premier Trainee Programmes.

Unit Leadership Programme

This unique programme is designed in partnership with the viscose, chemical, fertiliser, textile, and other businesses echoing the spirit of OneABG. The programme is for the unit and function heads of plants for developing leadership competencies such as innovation, risk-taking and agility.

Bright Sparks

This programme was launched with the intent of identifying and developing promising employees across all levels.

ExCom

We have formed ExCom as a forum of top leadership team which meets once a month to discuss key areas of business and strategy.

Focus 50

Our flagship programme Focus 50 aims to train, develop, and mobilise employees across various units of the organisation.

This year, 31 out of 40 participants graduated and the programme till now has helped us develop 65 technical leaders at Section Head and Department Head level. 20 critical positions at various units are being occupied by Focus 50 participants.

Leadership Offsite

Every year, we organise a Leadership Offsite of 30 senior leaders in the business to deliberate on the focus areas and challenges before the business. This helps in better organisational learning through cross-sharing, deployment of knowledge and perspectives, and further gives an impetus to the internal talent pool.

Leadership Pipeline

Ratio of 1:1 identified successors for more than 300 leadership roles across the company.



Learning and Development

We regularly review, monitor, and engage on personal development plans of our employees including the high performers and high potential ones. This internal talent development mapping is an annual exercise, and it enhances the professional competence of our employees and builds our leadership pipeline.

The learning and development strategy of our business has been transformed to maximise the use of digital learning platforms and consider the avid use of technology to enable accessible learning and communication methods.

240,564
Total hours of training (full-time employees)

9.97
Average training hours per full-time employee

All our training interventions are now anchored by the following objectives:

Leverage internal expertise | **Low cost and high impact** | **Completely digital and time effective** | **Customised and segmented**

Our focus has always been on strengthening technical, functional, innovation, and managerial capabilities through our several learning and development interventions. All our interventions are in line with our learning objectives. Some of our training and skill development initiatives are enumerated here.



E-learning

The Gyanodaya Virtual Campus (GVC), an e-learning platform, makes interactive training modules accessible to employees, anytime and anywhere. Functional training by business divisions is provided under the 'Leaders in Residence' programme of GVC, combining classroom sessions and e-learning. GVC also offers an 'OUTREACH' programme designed for a specific group of employees/businesses.

GVC offers 500+ modules on sustainability, finance, safety, operations, and general management from leading content providers such as the Harvard Business School.

Core Managerial Skills Programme

The Core Managerial Skills Programme is designed exclusively for department heads. The programme intends to make department heads more effective in their existing roles by offering the requisite managerial skill sets and perspectives.

Leveraging Internal Expertise through Reverse Mentoring

Reverse Mentoring involves the pairing of a younger, junior employee as a mentor to share expertise with a senior colleague who will be the mentee. This programme aims to leverage internal expertise/knowledge and offer unconventional ways of learning from each other.

Employee Health and Well-being

Health and well-being of employees are key to their productivity and excellence. OHSAS 18001 and ISO 45001 are the foundation of our occupational health and safety programmes at our sites and have resulted in continued improvements in our safety performance. Our employee engagement survey enables our employees to voice opinions and provide feedback to the management regarding their well-being. Some of our initiatives include:



COVID-19 Action Plan

The health and safety of our employees have always been of paramount importance to us, and more so during these unprecedented times. We took several initiatives for health and wellness of our employees during the pandemic.

Compulsory insurance to all our workmen including contract workmen

Detailed guideline/SOPs released for plant start-up & plant operation during and post lockdown

All legal & labour laws related compliances were being followed in all our units with complete adherence to the advisory issued by the government from time to time

Conducted extensive communication of preventive methods to employees and their families

Mass gatherings were discontinued to maintain social distancing, and toolbox talks in small groups with necessary precautions were conducted across all our units and marketing offices

Work from home was the norm, wherever possible

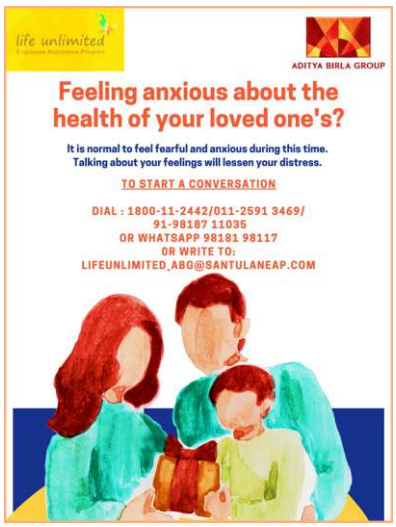
In our plants and offices, strict checks and inspection measures were put in place which include:

- Extensive screening with temperature gun at all entry gates of the plant and colony
- Close monitoring of travel history of employees and dependents
- Random checks by OHC experts on preventive measures and joining of employees back from medical leave only after clearance from the OHC doctor

Sessions on Boosting Immunity & Emotional Well-being

Detailed SOPs have been put in place. As part of the medical facilities, usage and deployment of sanitisers and suitable masks were undertaken. Standby healthcare facilities were provided for emergency quarantine, and an SOP for transportation of suspected/infected individuals to a primary isolation ward/room is in place.

Life Unlimited - Counselling Support Service



Safety

We have collaborated with DuPont Sustainable Solutions to strengthen the Safety Management System in our businesses.

Best practices established by DuPont in Workplace Safety and Process Safety Management (PSM) are adopted across all our facilities with end-to-end safety focus for employees, transporters, and customers. Regular training of drivers for the safe movement of vehicles is imparted. As a result of the safety initiatives, **LTIFR for all businesses have come down as compared to last year.**

LTIFR	FY20	FY19
Total	0.45	1.23

Leadership Connect & Employee Communication

Our leadership team consistently interact with employees to ensure that they clarify all the doubts and speculations about any future uncertainty and share regular updates on the current business scenario.

The annual leadership webcast 'ISay' was conducted by the senior management team.

Employee Satisfaction Survey

Our Vibes survey, conducted biennially, provides an opportunity for every employee to share their workplace experience. Based on the feedback, we set in motion action plans, especially for the areas that are found lagging, along with monitoring mechanisms that clearly define roles and responsibilities.

Employees are provided mandatory vacations for proper work-life balance.

Diversity and Inclusion

Our commitment to diversity and inclusion, and to provide equal opportunities at the workplace for women and physically challenged, remain unaltered. We plan to increase the number of female employees in the management cadre by three times by 2025 (over the base year of FY19). Some of our initiatives include:

25%
of our Board comprises of women directors



Gender Diversity & Nurturing Young Women Leaders

We provide Springboard, an 18-month training programme to our women employees based on the pillars of training, mentorship, and gender diversity. In addition, comprehensive maternity support programmes are also provided to our women employees.

We have designed an exclusive programme for our women employees called WISE - Women Investing in Skills and Experiences. The programme aims to develop women employees at the junior level with a focus on building mindset and confidence to lead.

50,000
women to be empowered by making them financially independent in their chosen vocations by FY30.



Inclusion

We adhere to the Group Policy on Human Rights, in line with the principles as described in the UN Global Compact. Our policies on zero discrimination and sexual harassment, and code of conduct for ethical behaviour, are strictly implemented. The policies include the requirements for respecting labour rights and complying with the regulatory requirements for the workers at the locations.

To inculcate a culture of inclusion and ethics, 100% of employees receive code of ethics training; minimum one training day per employee per year. We also ensure that we provide safe drinking water, sanitation, and hygiene in all our operations.

We built over 600 new bathrooms, many of them for women and differently abled people under our programme to achieve the World Business Council for Sustainable Development's Water, Sanitation and Hygiene WASH pledge.

PERFORMANCE

INTELLECTUAL CAPITAL

Investment in cutting-edge R&D infrastructure which can be amortised across businesses and the intellectual synergies among verticals allow us to achieve accelerated innovation and differentiated products that command a premium. In a fast transforming world, our intellectual capital also provides us the ability to quickly adapt to the changes and remain competitive in the markets.

It is thus a key contributor in making us a 'Stronglomerate'.

Our strong brand, highly experienced people, world-class infrastructure and technology, and robust processes and systems, are intangible assets that contributes to our economic success and greater value for our stakeholders. The impressive body of patents and publications reflect our company's formidable technological prowess.



90* PATENT APPLICATIONS/ PATENTS

in 16 countries belonging to 52* patent families

** Includes ABSTC's patents related to VSF business*

Chemicals, Fertilisers and Insulators businesses have filed

2 PATENT APPLICATIONS

We have developed approaches to impart functionalities in cellulosic fibres that allow us to respond to the market needs timely. To facilitate it, we have created an ecosystem with vendors, technology developers, start-ups, customers and academia.

Key Strengths of Our Innovation Process

SYNERGY | AGILITY | CONSOLIDATION | COLLABORATION | METHODOLOGY

Synergy

Being a diversified group, the approach to synergistically integrate all functions implies that innovation and change management is guided through a stage-gate process. Marketing, manufacturing, and R&D from different businesses are brought together to work on projects from concept to commercialisation.

Agility

We place great emphasis on the continuous training of our workforce, and on continuously augmenting our technological capabilities, to swiftly adapt to the rapid advances. Through such investments in workforce, capabilities, and infrastructure, we are committed to stay strong and future ready.

Consolidation

Experience gained over the years blends with our penchant to embrace new technology, giving us the edge. Our products are made in world-class manufacturing facilities in accordance with protocols and procedures fine-tuned over several decades of operational experience, as we continue to augment our manufacturing processes by harnessing new technology developments viz. Internet of Things, big data and analytics, and digitisation/digitalisation.

Collaboration

We seamlessly collaborate with our customers, vendors, specialist researchers, and both technology providers as well as start-ups to meet our objectives.

Methodology

The methodology to identify new application or product is mainly driven by 'Out to in' approach where voice of the customer is considered as input, excluding a few products/applications with 'In to Out' approach.

Innovation Infrasructure

Our innovation adds to our core strength. We are consistently developing an integrated research infrastructure comprising of world-class labs with capabilities to serve across the entire value spectrum. Highly qualified researchers in these centres are spearheading our company's development efforts on many fronts. We have top-notch R&D facilities which includes several NABL accredited centres.



1 Corporate R&D Centre	**5 exclusive R&D Centres for the VSF business**	**4 exclusive R&D Centres for the Chlor-Alkali, Epoxy, Insulators and Fertilsers businesses**

Some of our R&D institutions include:

- Aditya Birla Science and Technology Company (ABSTC), Taloja
- Clonal Production Centre (CPC), Harihar
- Fibre Research Centre (FRC), Kharach
- Pulp & Fibre Innovation Centre (PFIC), Taloja
- Next Generation Fibre Research Centre (NGFRC), Nagda
- Textile Research Application and Development Centre (TRADC), Kharach
- Materials Research Centre (Epoxy), Taloja

Our R&D centres are recognised by the Department of Scientific and Industrial Research (DSIR), Government of India, and are ISO 9001:2000 certified.

At these institutions, diverse businesses have multi-disciplinary teams of expert scientists and engineers who lead fundamental and applied research projects. They are further supported by the Group Innovation Cell which focusses on integration between businesses, large opportunities, and brings an outside-in perspective to our businesses in the form of external technology talent and start-ups.

100+
Employees in the R&D team

~INR 300 cr
R&D expenditure in the last three years

Key Focus Areas

We innovate continuously to improve on our offerings to the customers as well as to take care of all stakeholders, by focussing on product quality, cost reduction, new product offerings, import substitution and environmental sustainability. Our major focus areas include:

New value-added products and applications to meet customers' emerging needs	**New processes for improving product quality and reducing material consumption**	**Reduce effluents and emission for enhancing sustainability**	**Embrace increasing levels of digitisation/ digitalisation**



Creating Strong Brands

Our R&D approach is to innovate to deliver products that are customised, functional and with world-class quality. The product differentiation and value addition lead to the development of strong brands like LIVA (natural fluid fashion that's light weight, breathable and 100% natural), Linen Club (added 25 new 'Linen Club' exclusive brand outlets during FY20, taking the total count to 200 EBOs), Birla Shaktiman Vardan (soil and crop-specific customised fertiliser), etc. Several other innovative products are at various stages of development - from testing & piloting to refinement & commercialisation.

Product Innovations

Focussed on offering differentiated new products, some of which includes:



WITH ADDED PROTECTION OF

ANTIMICROBIAL

By Birla Cellulose

Launched this year, Liva Antimicrobial is an innovative fibre that gives the wearer longer lasting protection from microbes even after multiple washes. Not only is it skin friendly and odour free, but it also kills 99% bacteria and viruses. This makes apparels and home textiles safe, without compromising on performance and fashion

liva reviva

In the Liva Reviva fibres, part of the virgin raw material is replaced with pre-consumer industrial waste, thus upcycling waste that otherwise would be incinerated or sent to landfills

livaeco™ BY BIRLA CELLULOSE

While retaining the fashion quotient, the Livaeco™ fibre has a host of features: the raw material sourcing ensures sustainable forestry, minimal usage of water and producing minimal effluent and emissions. It further contains a unique molecular tracer which along with Green Track™ - a blockchain technology-based tool - helps our customers in source verification at all stages of the value chain and removes any possibility of counterfeiting



The Leaders Choice Collection

Our textile business has replicated the paper touch stiff finished products in 100% linen product



Liva Sno fibres possess higher whiteness compared to normal viscose fibres. Like our Spunshades range of coloured fibres, Liva Sno fibres are also manufactured with a process that requires less chemicals and energy, and produces less effluents in the fabric processing steps



Purocel Colorguard are 'dye-catcher' fibres used for reducing garment staining during laundry by preferentially scavenging the released dyes from other colour-bleeding garments



Purocel Eco-Dry is a biodegradable and compostable VSF for sustainable hygiene products

Ecoflush fibres provide excellent mechanical strength to wipes, as well as rapid and easy dispersal when the wipes are flushed upon use. Choking of the municipal drainage lines is thus avoided



The chemical business has launched new products for water treatment under the brand name 'Vytal', converting R&D efforts into commercial solutions

Some of the commercialised products include performance chemicals for Oil Refinery, Resin Industry, Ceramic Industry, CETPs, Textile Industry, etc. The product launched for textile industry can remove >98% colour and ~70% of COD load from the dye concentrated stream while adding negligible TDS and generating low sludge against conventional chemicals

Procura

Considering value addition to disinfectant products and the present COVID-19 epidemic, Calcium and Sodium Hypochlorite based products have been developed for surface disinfection, fruit/vegetable decontamination and potable water treatment under brand name 'Procura'

Surface disinfectant have been formulated in such a way where chlorine is available as disinfectant, but pungent smell is masked to a great extent with cleaning action too

Process Innovations

Focussed on increasing process efficiencies, some of which includes:

Raw Material Preservation
We recognise that the raw materials used in the manufacture of our products are valuable resources, and our R&D teams continuously drive the reduction in their usage with the ambition to reach as close to the theoretically minimum consumption as possible. Such aggressive raw material reduction necessitates operating the manufacturing processes under reduced tolerances and can only be possible with deeper understanding of the underlying process chemistry and engineering principles. One very significant development is the cleaner Excel fibre process that has resulted in higher recovery of the solvent used for production.

Water and Energy Conservation
We are driving various initiatives which includes improvements in operational efficiency, equipment upgradation, water recycling, new technology absorption and usage of alternate sources of energy (details in the natural capital chapter). We are also focussing on understanding the fundamentals of energy use in fibre dryers to reduce energy consumption, improve uniformity of fibre drying and productivity.



VSF business commissioned the third-generation 16 KTPA speciality fibre plant using our in-house green technology at Kharach.

Digitalisation Programmes

Our businesses are aggressively implementing digitalisation programmes in our manufacturing and business processes. The implementation enables agile business decision-making through data driven approaches, as well as drives improvements in energy efficiency, asset uptime, quality, productivity, and supply chain efficiency.

We have developed and implemented a pulp logistics cost optimisation model for optimal distribution of pulp to our plants. We are developing digital-twin solutions at Vilayat for some of our key manufacturing equipment. We expect that the digital twins will help us dramatically reduce our energy requirements and improve the reliability and uptime of our assets.



Our manufacturing processes are systematically adding soft sensors, IoT, and computer vision-based solutions. We are also investing in further process automation, Artificial Intelligence (AI), Machine Learning (ML), data-analytics, design thinking, etc.

Quality Programmes

In our pulp and fibre business, we have developed a fibre quality gradation system and this year, a more comprehensive system was institutionalised in alignment with our line-benchmarking exercise and continuous improvement principles. This improvement focusses not only on product features, but also on process parameters that are known to impact the product. This will promote consistency to the next level and is aligned with our fibre quality improvement initiative that relies on 'Product by Process' approach using Six Sigma principles.

Water Treatment Solutions

R&D efforts are focussed on water treatment solutions, disinfectants as a platform, improving saltwater beneficiation from sea water, and developing value-added chlorine offerings. Understanding of effluent stream characteristics and variation in their treatments is enabling potential to reduce loss of process chemicals as effluents.



Improving the Product Properties

Wool is traditionally regarded as a fibre for formal wear and suitable for winter only. The traditional wool garments are required to be dry cleaned to avoid the felting and shrinkage of garments. Dry cleaning is a tedious and costly process.

We set up a super wash plant to treat and make the wool which resists shrinking and felting, thus converting wool from a dry-cleaning required product to domestic/ machine washable product.

New Areas of Research

Man-made cellulosic fibres are being considered as a potential alternative to regulations aiming to reduce the use of plastics in packaging. ABSTC is leading such developments and is evaluating the potential of viscose based solutions for carry bags.

Safe Drinking Water

We have collaborated with a leading Indian university for development of a kit to remove impurities using customised chemicals making water safe to consume.

Increasing Shelf-life of the Product

Launched Poly Aluminium Chloride (PAC) with extended shelf-life resulting in a crystal-clear liquid product and 80% increase in the productivity of the powdered product.

Make in India

We are giving a lot of emphasis on Make in India. Most of our products are developed and manufactured in India, and then exported to customers globally.

Lyocell is a perfect example. It is a product that has zero emissions and uses less than half the water than the current fibre making processes. We have developed the technology in India and will be exporting the product around the world, from a 45 ton per day new line commissioned in Kharach last year.



PERFORMANCE

NATURAL CAPITAL



Our businesses would not be able to operate without the use of natural capital. Whether it is wood pulp and water which are used in making VSF or the resources required in chemicals business, we depend on nature for everything.

We are a 'Stronglomerate' because not only have we formed a very closely knit integration between businesses and ensured the securitisation of our key natural resources, but also have the advantage of the economies of scale of a conglomerate and the operational efficiencies of a focussed business.

Since nature is the primary source of raw materials that are used in the manufacturing of goods, it is imperative to not only conserve the resources, but also work towards their rejuvenation. From sourcing sustainably to adopting efficient processes to making sustainable products, we endeavour to minimise our environmental impact at every step. We believe continually investing to achieve leadership in sustainability practices will create greater value for all the stakeholders in the long term.

Grasim's businesses are aligned with the ABG's vision of operating in a sustainable world, and to be future ready. ABG is a member of the UN Global Compact, an international forum that envisions a sustainable global economy.

Key Features of Grasim's Approach

HOLISTIC | MATERIALITY-ORIENTED | LEVERAGING TECHNOLOGY | TRANSPARENCY | FRAMEWORK

Holistic

As a diversified group, we aim to achieve our green goals by employing a 360-degree sustainability approach for each business which minimises the environmental impact of the processes. This plan ensures that processes are constantly monitored and improved, investment in cleaner technologies is continuous and waste recycling is a priority. Moreover, the business goals are also intertwined with a sense of environmental responsibility.

Materiality-oriented

Stakeholders are an important part of our long-term strategy. So, we periodically undertake materiality assessment with our stakeholders, to define our sustainability goals and their alignment with our business aspirations, stakeholder expectations and global benchmarks. The core process involves identification, prioritisation, and validation of material topics.

Leveraging Technology

We are continuously adopting new processes and technologies to optimise resource consumption, increase process efficiencies and drive innovation. Basis this, we continually innovate our processes and products with focus on reduction in material use, new product development, etc.

Transparency

Our endeavour has been to improve our transparency and disclosure standards across our reporting framework, which improves our trust quotient among our stakeholders. We consistently benchmark our disclosure standards with the best-in-class companies across the world.

Framework

We have put in place a comprehensive sustainability framework that is aligned with our business objectives, stakeholders' expectations, ABG sustainability framework and UN SDGs. The four pillars of Grasim's sustainability framework are Professional Excellence, Empowering People, Supporting Environment and Enhancing Community Well-being.

Dow Jones Sustainability Indexes

Grasim is ranked No.11
(up by 6 ranks from last year) in the Global list of participating companies.

Sustainable Sourcing

Responsible procurement of goods and services is the key tenet of our sustainability strategy. The sourcing strategy is designed considering the management of risks pertaining to safety and environment, legal compliances, ethics, human rights, and fair wages among other aspects related to functionality of materials and services. The key policies and principles include:



Supplier Code of Conduct

Our suppliers must follow our 'Supplier Code of Conduct' which is based on global best practices. The Supplier Code of Conduct is aimed at creating a positive impact on the sustainable business practices across the value chain and its compliance by our suppliers is a key criterion for selection and partnerships.

Beyond Economics

When selecting suppliers, we consider many factors beyond the economic criteria. We consider factors like environmental protection, compliance with trade regulations and human rights. We expect our suppliers to adhere to these standards and become a part of our journey towards building a sustainable future.

Wood Sourcing Policy

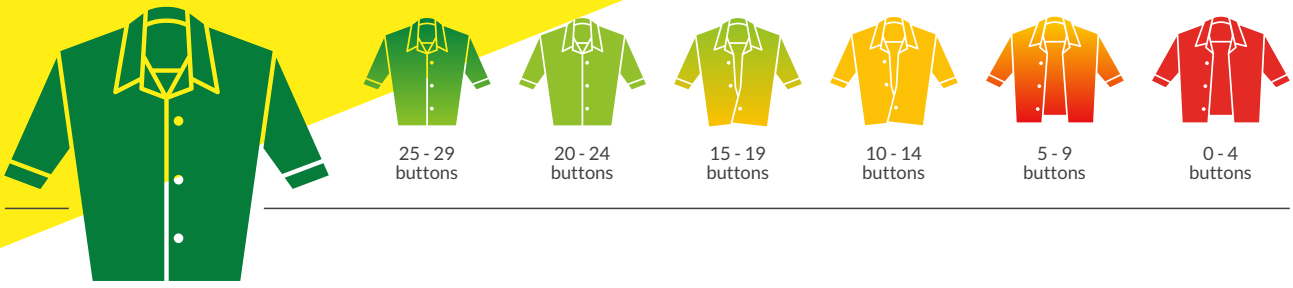
For our viscose business, wood is the key raw material sourced from sustainably managed forests. We have a strict 'Wood Sourcing Policy' clearly stating our requirements and hence, we do not source wood from controversial sources such as ancient & endangered forests while following the principles of Forest Stewardship Council (FSC®) or Programme for the Endorsement of Forest Certification (PEFC™) or Sustainable Forestry Initiative (SFI®).



CanopyStyle Initiative

To curb the deforestation of ancient and endangered forests for the fashion industry, Canada based non-profit Canopy started the CanopyStyle Initiative and has been working with brands to avoid sourcing fabrics that use wood from these forests. Canopy annually publishes the 'Hot Button Report' which is a go-to resource for 320+ brands, retailers, designers to source viscose from producers with 'green shirt' in Canopy.

Birla Cellulose has achieved the 'dark green shirt' in recently released Hot Button Report with 33 buttons.



Key Focus Areas

We identify our key focus areas by considering certain important practices - materiality assessment with stakeholders and benchmarking with global leaders in sustainable practices as well as aligning with UN SDGs. Assessing our risks and future proofing are other procedures we incorporate, before finally enunciating our focus areas. Our environment related focus areas are:

Energy | **GHG Emissions** | **Water** | **Waste and Effluents** | **Environmental Compliance**

VISCOSE



Energy and Emissions

Viscose fibre production is an energy-intensive process. Our focus is on reducing the energy consumption, increasing the ratio of renewable sources in the total energy mix, and increasing the carbon sequestered through managed forests which will further help us in reducing our carbon footprint.

In million GJ

	FY20	FY19
Non-renewable Energy Consumption	24.40	22.98
Renewable Energy Consumption	2.52	2.33
Total Energy Consumption	26.92	25.31

In million MT

GHG Emissions	FY20	FY19
Scope 1 Emissions	2.20	2.09
Scope 2 Emissions	0.06	0.04
Scope 1 and 2 Emissions	2.26	2.13

VSF business operations of Grasim Industries in India are carbon neutral in Scope 1 & 2.

Harvesting of water at VSF Nagda site makes it more than 3 times water positive.

Water and Effluents

We recognise the importance of reducing water consumption and improving water quality to optimise our environmental stewardship. So, we are working on various initiatives to reduce freshwater consumption, minimise wastewater generation, and maximise reuse and recycle through innovative technologies like Reverse Osmosis (RO). Most of our water withdrawal is from surface water sources and we do not use groundwater for our operations. In last the three years, VSF business has reduced process water consumption by 20% while Chemical Oxygen Demand in wastewater has gone down by nearly 35%.

In million m^3

Water Withdrawal	FY20	FY19
Total Water Withdrawn	32.83	35.84

Waste

Fly ash is sent to cement units where it is used as clinker replacement. As a result, fly ash, which is a waste for viscose business, is used as a raw material in cement plants and reduces the amount of natural resources required. The hazardous waste generated at our units is either supplied to authorised recyclers, released through treatment storage and disposal facilities, or supplied to other industries as raw material.

In million MT

	FY20	FY19
Waste Disposal	0.38	0.31

CHEMICALS



Energy and Emissions

Reducing our energy consumption and increasing the share of renewables helps us in reducing the emissions as well as the cost of operations. With our sustained efforts, we were able to reduce the emissions as compared to last year.

In million GJ

	FY20	FY19
Non-renewable Energy Consumption	21.99	21.51
Renewable Energy Consumption	0.28	0.13
Total Energy Consumption	22.27	21.64

In million MT

GHG Emissions	FY20	FY19
Scope 1 Emissions	1.20	1.23
Scope 2 Emissions	1.74	1.75
Scope 1 and 2 Emissions	2.94	2.98

We surpassed the target set by the Government of India for the first PAT cycle and are moving ahead for the next phase.

Chemicals business implemented ZLD (Zero Liquid Discharge) at Rehla and Ganjam plants.

100% utilisation of fly ash in cement industries to attain resource efficiency for achieving a larger objective of circular economy.

Water and Effluents

Water is a key resource for industries as well as the communities. So, we take initiatives to reduce our water consumption as well as control the effluents and its quality to ensure less impact on the ecosystem.

In million m^3

Water Consumption	FY20	FY19
Total Water Withdrawn	11.70	10.16

Waste

We continuously take initiatives to reduce the waste generated from our operations and implement circularity. All units stringently practice the segregation of hazardous and non-hazardous wastes at source. Real-time monitoring of emissions and regular submission of data on quality of discharge, as per set legal norms, is undertaken.

In million MT

	FY20	FY19
Waste Disposal	0.45	0.30

TEXTILES, INSULATORS AND FERTILISERS





Textiles business operations of Grasim Industries are working towards reduction of GHG emissions as per the target set by ABG Chairman's guidelines by 2025.

JST is the 1st textiles unit in India to install the steam accumulator technology. This technology helps to optimise the boiler operations and in turn reduces the Steam consumption at the shop floor, thereby reducing GHG emissions. We are focussed on reducing the energy consumption across production as well as utilites.

Energy and Emissions

In million GJ

	FY20	FY19
Non-renewable Energy Consumption	26.10	26.58
Renewable Energy Consumption	0.03	0.00
Total Energy Consumption	26.13	26.58

In million MT

	FY20	FY19
Scope 1 Emissions	0.59	0.60
Scope 2 Emissions	0.12	0.11
Scope 1 and 2 Emissions	0.71	0.71

Water and Effluents

We are working on reduction of water consumption through recycling intermittent process water. We are using recycling water plants to recycle water from linen yarn bleaching plants.

In million m^3

Water Consumption	FY20	FY19
Total Water Withdrawn	8.08	8.14

Sustainability Targets

At Grasim, we have a strong conviction that growth is sustainable only when achieved in harmony with the planet and its resources. So, we have laid out our targets to constantly monitor and improve our sustainability performance. Following are the targets set by each of our businesses.

VISCOSE

Water

50% reduction
in water intensity in VSF manufacturing by FY25 (over the baseline year of FY15)

Emissions

70% reduction
in sulphur release to air at all fibre sites by FY22

Recycling

Increase
the use of alternative feedstock such as pre- and post-consumer waste cellulose

Waste Management

25% reduction
in solid waste by developing alternative applications by FY30 (over the baseline year of FY15)

Supply Chain

Assess and improve
sustainable performance of key suppliers by FY25

CHEMICALS, FERTILISERS AND INSULATORS

30% reduction
in specific freshwater consumption of the main product by FY25 (over the base year of FY17)
All units to be ZLD in in water stressed area by FY25 and water positive by FY30

30% reduction
in GHG emissions of the main product by FY30 (over the base year of FY17)

Below 80% reduction
in LTIFR by 2025 (over the base year of FY17

Increase three times
woman employees in Management Cadre by FY25 (over the base year of FY19)

100% of employees
to receive Code of Ethics training; Minimum 1 training day per employee per year

100% of our facilities
to participate in community engagement

Our businesses are deeply committed to improve the environmental footprint across the value chain.

Sustainability Initiatives

We have been consistently taking initiatives to attain global benchmarks in manufacturing by consistently improving operational efficiency. The global standards serve as moving targets for us, and once they are achieved, we work towards establishing newer benchmarks.



Water Stewardship

The 4R Principle is applied in all our plant operations for closing the loop on water. Our Nagda site, over the past few decades, has funded massive infrastructural projects for building dams and reservoirs. The water harvested is more than three times the water Grasim annually needs for own use. Chemical business has successfully implemented ZLD at Rehla and Ganjam. This year, 9.9% of the total water consumption was met by recycled water. The VSF plant at Nagda is in the process of setting up of Zero Liquid Discharge (ZLD) plant, which will be the first VSF site globally.

EU BAT

Our viscose business plans to implement the most stringent environment standards, going beyond the regulatory norms. It has identified EU BAT as the reference target standard.

Target for all sites to meet all the EU BAT norms is 2022.

Higg Index

Our viscose business has been driving Higg Index in all the fibre manufacturing units. In the latest assessment, viscose fibre sites have achieved benchmarked scores and are 3rd party verified.

ZDHC MMCF Guidelines

In the last few years, MMCF has grown largely due to its sustainability profile. As there were no comprehensive norms for MMCF, ZDHC has expanded the scope of its work to frame guidelines for responsible fibre production, wastewater, and air emission. These guidelines will provide us an aligned approach for emissions control, recovery of sulphur compounds as well as by-products generated during the MMCF production.

Carbon Neutrality

Our viscose business evaluated its carbon emissions across the entire global operations and we are the first viscose manufacturer to declare carbon neutrality in Scope 1 & 2 GHG emissions. We are preparing a plan to further reduce our GHG intensity.

Energy Conservation & Renewable Energy

Chemical business has made noteworthy efforts in energy conservation by upgrading the electrolysers to the sixth-generation technology. The business has made efforts to lower carbon emissions by increasing dependence on renewable energy. In FY20, we consumed 0.28 million GJ of renewable energy as compared to 0.13 million GJ in FY19.

Reduction in Waste Generation

The chemical business (Chlor-Alkali) has installed sulphate removal system at one of its plant locations which will help in elimination/ reduction of barium carbonate in brine system and sludge up to 30%.

Sustainable Products

Liva Antimicrobial

Developed using in-house technology by injecting antimicrobial agent into VSF which when woven or knitted into a fabric offers protection to the wearer from bacteria and viruses, lasting over multiple washes while retaining comfort, fluidity and softness of the fabric.

Liva Reviva

Achieved a breakthrough in manufacturing viscose fibre using pre-consumer industrial waste (uses a minimum of 20%) through in-house R&D. Liva Reviva recycled viscose holds the distinction of Recycled Claim Standard (RCS).



Sustainability Partnerships

We are committed to a collaborative approach and strategic partnerships, where each of the partners bring their own capabilities and resources to realise greater objectives and to create combined higher value for all stakeholders.

Ongoing Partnerships

We have partnered with leading NGOs, think tanks and multi-stakeholder organisations like Sustainable Apparel Coalition (SAC), Canopy Planet, Zero Discharge of Hazardous Chemicals (ZDHC), Changing Market Foundation, Textile Exchange - WBCSD to name a few, doing research and advocacy in this sector and we have aligned our strategies to create a positive impact on environment.

Sustainable Apparel Coalition

Higg Index

ZDHC CONTRIBUTOR

New Partnership

Recently, Grasim collaborated with 'Fashion for Good', a global platform for innovation. Our viscose fibre business and 'Fashion for Good' initiated 'Full Circle Textiles Project: Scaling Innovations in Cellulosic Recycling' - a first-of-its-kind consortium project focussing on cellulosic fibres. This project aims to validate and eventually scale promising technologies in chemical recycling from a select group of innovators to tackle these issues.



Leading global organisations Laudes Foundation, Birla Cellulose, Kering, PVH Corp. and Target have joined Fashion for Good, to explore the disruptive solutions, with the goal of creating new fibres and garments from used clothing and ultimately drive industry-wide adoption.

Over an 18-month period, project partners will collaborate with innovators- Evrnu, Infinited Fiber Company, Phoenxt, Renewcell and Tyton BioSciences, to validate the potential of their technologies in this still nascent market. The recycled content produced by four of these innovators will be converted at Birla Cellulose's state of the art pilot plants to produce high quality cellulosic fibres. From there, fibres will move through the project partners' supply chains to be manufactured into garments.

PERFORMANCE

SOCIAL & RELATIONSHIP CAPITAL

The fundamental of social capital is that relationship matters. Business and community share a symbiotic relationship where both add value to each other. While the community gives the societal license to operate, shares resources, and provides talent and market; the business offers employment and products, economic growth, and infrastructure development.

At Grasim, social initiatives form an integral part of our sustainability efforts. Going beyond economic and environmental responsibility, we engage and collaborate with the community to create lasting value for all our stakeholders.



The Group's footprint straddles across 7,000 villages globally, reaching out to 90 lakh people annually.

Key Features of Grasim's Approach

Grasim's approach to social and relationship capital is holistic. All our CSR activities are channelised through the Aditya Birla Centre for Community Initiatives and Rural Development. Led by Ms. Rajashree Birla, the Centre provides prioritisation of thrust areas, strategic direction, and performance management of the CSR activities.

We are continuously engaged in purposeful welfare-driven initiatives which distinctively better the quality of life of the community around our operations who we consider as our key stakeholders. We follow a collaborative approach and work along side Government agencies, expert NGOs and Academic Institutions.

In FY20, we invested INR 59 crore (2.43% of our net profit for the last 3 years) on CSR activities vis-à-vis INR 47.1 crore in the preceding year. Also, we mobilised over INR 50.6 crore through Government Schemes.

Key Focus Areas

Our CSR vision is to actively contribute to the social and economic development of the communities in which we operate in line with the UN SDGs. In doing so, build a better, sustainable way of life for the weaker and marginalised sections of society and raise the country's human development index.

OUR KEY FOCUS AREAS INCLUDE

- EDUCATION
- HEALTHCARE
- SUSTAINABLE LIVELIHOOD
- INFRASTRUCTURE DEVELOPMENT
- WOMEN EMPOWERMENT

Education

SDG 4



Shala Praveshotsav

23,342 children supported through educational material

696 bright students were awarded scholarships

Sponsorships

- Sponsored education of 500 students in Chhindwara district
- Students opted for the medical field, including physiotherapy, nursing and pharmacy

Gyanranjan Project

- Specialised coaching for 140 school students at Halol
- 4,575 students from rural areas got training in computer literacy

Other Support

28,784 children supported by transport facility, infrastructure development, etc.



The Global CSR Excellence & Leadership Award was presented to our Halol facility.

Healthcare

SDG 3



Mother and Child Healthcare

- 5,575 were served in our mother and child healthcare project
- 240,701 children immunised across the company units

Health Check-up Camps

- 82,189 people were examined in 1,276 rural medical and awareness camps
- Examined 5,005 students on their dental hygiene and treatment

Hospitals

- Six company hospitals at various sites
- 328,152 patients were treated

Other Programmes

- 325 programmes were conducted to usher in proper sanitation and hygiene
- 26,280 locals were engaged in creating hygiene awareness

7.3 lakh
beneficiaries of our projects across our units



Sustainable Livelihood

SDG 2



Sustainable Agriculture

14,693 farmers reached through knowledge sharing on farm related activities

Learning from Best Practices

- Exposed small farmers to new farming technologies

Skill-based Training

- 2,109 people were trained in computers, heavy vehicle driving, etc.
- 1,684 students were trained to become electricians, fitters, mechanics, welders, etc.

Animal Husbandry

- Conducted cattle breeding programme benefitting 8,250 cattle owners
- 24,884 animals were artificially inseminated for a better breed

The Agrotech Award 2019 was awarded to our Rehla operations.

We are spread across 7 states, spanning

298 villages

reaching out to

10.24 lakh

people



Infrastructure Development

SDG 9



Building Resilient Infrastructure

48,430 villagers served through 25 Reverse Osmosis plants provided at SFD-Nagda, Kharach, and Vilayat

- 45,450 people benefitted through the construction of water tanks and installation of piped water supply, repair of roads, etc.
- Transforming 50 out of 298 villages into model villages. In the last 7 years, 30 more villages have already been transformed.

Asia's Best CSR Practices Award was won by IGF

Women Empowerment

SDG 5



Empowering Women

- Key training provided by SHGs in goat farming, dairy, loom weaving, etc.

Grasim Industries Limited has received a Certificate of Appreciation for Sustainable and Impactful CSR Projects in Gujarat (Vilayat) from the Gujarat CSR Authority (Govt. of Gujarat) - Gujarat State CSR Awards 2019.

129 SHGs

comprising

1,806 women



Beyond Business - COVID-19 Response

We, at Grasim, felt that there was a compelling need to reach out, not in terms of physical proximity, but in terms of financial and other material support, to those afflicted directly or indirectly by COVID-19. So, we adopted a multi-pronged approach to support the underprivileged.

Monetary and Material Support

Pledged INR 25 crore to PM CARES Fund as a contribution to fighting COVID-19

Supported the needy families and migrant labourers with daily essentials and food packets

Provided 200,000 masks and over 75,000 PPEs to Government approved healthcare agencies, to be used by medical staff fighting this pandemic

Distributed face masks to 106,000 villagers near our units. Involved community and self-help groups to produce lakhs of masks at home across several locations



10 lakh+
beneficiaries of the company's CSR initiatives during COVID-19

Healthcare and Related Support

Aditya Birla Hospitals at Nagda, Veraval, Jagdishpur, Kharach and Ganjam have built separate isolation wards, and conducted swab tests benefitting 88,000 people

Aditya Birla Group took initiatives in activating beds and other medical infrastructure in COVID-focussed hospitals in Mumbai, in partnership with BMC

Disinfection with Sodium Hypochlorite in nearby villages/areas around plants

Conducted COVID-19 Awareness Campaigns to build awareness through the distribution of handbills and installing banners



CONTRIBUTING TO THE SDGs

The SDGs represent a real opportunity for sustainable business growth - promoting new opportunities and partnerships while contributing to societal challenges and protecting the environment. We constantly reorient our activities and reshape our product portfolio in such a way that it makes a positive contribution to our society.



Fertiliser business makes us particularly well positioned to help improve agricultural productivity and farmer prosperity. Our CSR projects in Sustainable Livelihood and Infrastructure Development in the backward and remote rural regions support the No Poverty Goal.



Improved agriculture yields using fertilisers and regular trainings to farmers helps address SDG 2 - Zero Hunger, which targets food security and farmer prosperity.



A strong focus on health, safety and other parameters has also been responsible for a reduction in LTIFR at Grasim sites.



We run schools and vocational training programmes for the communities around us which include career and capacity building programmes that help empower weaker sections of society.



Comprehensive maternity support programmes are also provided to our women employees. We aim to empower 50,000 women by making them financially independent on their chosen vocations by FY30.



We are proud to be signatories of the WASH Pledge and are fully committed to its guiding principles. VSF recorded the lowest specific water consumption in the industry.

Our poly-aluminium chloride products, such as the Kanpac series, find application in water treatment and beneficiation, which adsorbs colloids and other impurities present in water. It also restricts the drop in the pH of treated water.



We are increasing reliance of renewable energy in our businesses. Parallelly, we are working towards energy efficiency measures at all our sites to reduce consumption.



We have a strong policy on human rights and fair wages.



In the VSF business, we have 90 Patent Applications /Patents in 16 countries belonging to 52 patent families. Additionally, the Chemicals, Fertilisers and Insulators businesses have filed 2 Patent Applications.



Reduced inequalities though our community engagement programmes with farmers on sustainable intensification of agriculture and livelihood.



We are also promoting circular economy by recycling pre-consumer waste in our VSF businesses.



We source from sustainable forests which in turn helps towards increasing the forest cover which acts as a carbon sink.



VSF sources both hardwood and softwood from sustainably managed forests and protect biodiversity by preserving ancient forests.



We believe in good governance, and this belief is applied at all levels of the organisation. We are transparent and share policies as well as performances of our businesses through the annual report, sustainability reports, and other reports and presentations on our websites.



Valuable partnerships are an important pillar of our sustainability strategy and we collaborate with institutions, customers and suppliers across the value chain for sustainable practices.

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Building a better working world

INDEPENDENT ASSURANCE STATEMENT

The Board of Directors and Management
Grasim Industries Limited,
Mumbai, India

Ernst & Young Associates LLP (EY) was engaged by Grasim Industries Limited (the 'Company') to provide independent assurance to specified sustainability data for the reporting period FY 2019-20.

The preparation of the sustainability data as per Global Reporting Initiative (GRI) Standards is the sole responsibility of the management of the Company. EY's responsibility, as agreed with the management of the Company, is to provide independent assurance on the sustainability data as described in the scope of assurance below. Our responsibility in performing our assurance activities is to the management of the Company only and in accordance with the terms of reference agreed with the Company. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organization. Any dependence that any such third party may place on the sustainability data is entirely at its own risk. The assurance statement should not be taken as a basis for interpreting the Company's overall performance, except for the aspects mentioned in the scope below.

Scope of assurance

The scope of assurance covers the following aspects:

- Quantitative data for only the specified sustainability indicators (as annexed) related to the Company's sustainability performance for the period 1st April 2019 to 31st March 2020;
- Verification of sample data at the following manufacturing locations:
  - Chemicals – Vilayat, Renukoot
  - Viscose Filament Yarn (VFY) – Veraval
  - Fertilisers – Jagdishpur
  - Textiles – Rishra and Malanpur
  - Viscose Stable Fibre (VSF) – Nagda, Vilayat
- Review of data on a sample basis through desk reviews at the above-mentioned manufacturing locations, pertaining to the following Environmental and Social Disclosures of the GRI Standards:
  - Environmental Topics: Energy (302-1), Water (303-3), Emissions (305-1, 305-2, 305-7), Effluents and Waste (306-2).
  - Social Topics: Employment (102-8), Occupational Health and Safety (403-2), Training and Education (404-1).

Limitations of our review

The assurance scope excludes:

- Operations of the Company other than those mentioned in the 'Scope of Assurance';
- Data and information other than those mentioned above;
- Data and information outside the defined reporting period i.e. 1st April 2019 to 31st March 2020;
- The Company's statements that describe expression of opinion, belief, aspiration, expectation, aim or future intention provided by the Company;
- Review of the company's compliance with regulations, acts, guidelines with respect to various regulatory agencies and other legal matters;
- Data and information on economic and financial performance of the Company;

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Assurance criteria

The assurance engagement was planned and performed in accordance with the International Federation of Accountants' International Standard for Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000). Our evidence-gathering procedures were designed to obtain a 'limited' level of assurance (as set out in ISAE 3000) on reporting principles, as well as conformance of the disclosures under the key performance indicators as per GRI Standards.

What we did to form our conclusions

In order to form our conclusions, we undertook the following key steps:

- Interactions with the key personnel at the Company's manufacturing plants to understand and review the current processes in place for capturing sustainability performance data;
- Desk review of manufacturing locations as mentioned in the 'Scope of Assurance' above.

Our Observations

There is scope for improving the internal data controls, documentation management and method of calculation for the indicators under assurance scope. Areas of further improvement wherever identified have been brought before the attention of the management of the Company. Specific observations have been provided in the management letter which has been submitted to the Company separately.

Our Conclusion

On the basis of our reviews carried out as per 'Limited Assurance Engagement of ISAE 3000', nothing has come to our attention that causes us not to believe that the data has been presented fairly, in material respects, in keeping with the GRI Standards for the specified sustainability indicators.

Our assurance team and independence

Our assurance team, comprising of multidisciplinary professionals, has been drawn from our climate change and sustainability network and undertakes similar engagements with a number of significant Indian and international businesses. As an assurance provider, EY is required to comply with the independence requirements set out in International Federation of Accountants (IFAC) Code of Ethics[1] for Professional Accountants. EY's independence policies and procedures ensure compliance with the Code.

for Ernst & Young Associates LLP,

Chaitanya Kalia
Partner
17 August 2020
Mumbai

[1] International Federation of Accountants (IFAC) Code of Ethics for Professional Accountants. This *Code* establishes ethical requirements for professional accountants. The guidance related to network firms was updated in July 2006.

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Annexure

Sustainability Data Indicator	Unit of Measurement	FY 2018-19	FY 2019-20
Environment Parameter			
Total Water Withdrawn	Million M^3	54.14	52.61
Total Waste Disposal	Million MT	0.62	0.86
Non-Renewable Energy Consumption	Million GJ	71.07	72.51
Renewable Energy Consumption	Million GJ	2.46	2.81
Total Energy Consumption	Million GJ	73.48	75.32
Scope 1 GHG Emission (direct emissions)	Million MT	3.92	3.99
Scope 2 GHG Emissions (indirect emissions)	Million MT	1.91	1.92
Total Scope 1 and 2 GHG Emissions	Million MT	5.83	5.91
Social Parameter			
Full-time Employees (Permanent)	Number	24,390	24,123
Average Training Hours per full-time employees	Training hours per employee	10.47	9.97
Lost Time Injury Frequency Rate (LTIFR) - Full-time employees	Lost time injuries per million hours worked	1.23	0.45



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