

LAST MAN  
STANDING



FIRST MAN  
FORWARD



ADITYA BIRLA CHEMICALS (INDIA) LIMITED  
ANNUAL REPORT  
2011 - 2012



**Mr. G. D. Birla and Mr. Aditya Birla, our founding fathers.  
We live by their values.  
Integrity, Commitment, Passion, Scamlessness and Speed**

**DIRECTORS**

Shri A. K. Agarwala  
 Shri Biswajit Choudhuri  
 Shri J. C. Chopra  
 Shri P. P. Sharma  
 Shri G. M. Dave  
 Shri Lalitkumar S. Naik  
 Shri K. C. Jhanwar

**MANAGING DIRECTOR**

Shri V. R. Agrawal

**UNIT HEAD (REHLA)**

Shri B. B. Dixit

**COMPANY SECRETARY**

Shri Akash Mishra

**BANKERS**

HDFC Bank Limited  
 Bank of Baroda  
 State Bank of India  
 AXIS Bank Limited  
 IDBI Bank Limited

**STATUTORY AUDITORS**

M/s. Khimji Kunverji & Co.  
 Chartered Accountants  
 Mumbai

**COST AUDITORS**

M/s. S. Gupta & Co.  
 Cost Accountants  
 Kolkata

**REGISTERED OFFICE**

“Ghanshyam Kunj”  
 Garhwa Road, P.O. Rehla-822 124  
 Distt. Palamau (Jharkhand)  
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## DIRECTORS' REPORT TO SHAREHOLDERS

**Dear Shareholders,**

We are pleased to present the 36th Annual Report together with the Annual Accounts of your Company for the financial year ended 31st March 2012.

**FINANCIAL PERFORMANCE**

The performance of the Company for the Financial Year ended 31st March 2012 is summarised below :

	(₹ in crores)	
	<u>2011-2012</u>	<u>2010-2011</u>
Gross Turnover	<u>665.18</u>	261.07
Gross Profit/(Loss)	<u>70.67</u>	91.80
Depreciation	<u>(54.02)</u>	(20.36)
Profit before Tax	<u>16.65</u>	71.44
Provision for current tax	<u>(3.33)</u>	(14.29)
Provision for deferred tax	<u>(11.61)</u>	(0.32)
MAT Credit Entitlement	<u>3.33</u>	5.88
Current Tax adjustment for earlier years	<u>(0.75)</u>	(0.41)
Profit/(Loss)after Tax	<u>4.29</u>	62.30
Balance brought forward from previous year	<u>276.11</u>	215.17
Balance available for Appropriation	<u>280.40</u>	277.47
<b>APPROPRIATIONS :</b>		
Proposed Dividend	<u>1.17</u>	1.17
Tax on Proposed Dividend	<u>0.19</u>	0.19
Transfer to General Reserve	<u>-</u>	-
Balance carried to Balance Sheet	<u>279.04</u>	276.11

The journey of excellence of your Company has been furthered by acquisition of the Chloro Chemicals Division of M/s. Kanoria Chemicals & Industries Limited in May 2011. The acquired unit has been named as Renukoot Chemical Division. Despite the pressure of increasing input costs for power, coal and other raw materials and the unstable supply of power from the grid, the Company has succeeded in maintaining its excellent business performance.

The financial data of the Company for the year under review are inclusive of the financial data of Renukoot Chemical Division, hence these are not comparable with the previous year's financial data. After acquisition of Renukoot Chemical Division, the Net Sales of the Company significantly increased from ₹ 236.25 crores in the F.Y. 2010-11 to ₹ 609.08 crores in F.Y. 2011-12. The Company also registered a significant growth in its operating profit, from ₹ 94.44 crores in F.Y. 2010-11 to ₹ 151.37 crores in F.Y. 2011-12. The acquisition was funded by Term Loan of ₹ 750 crores and consequently the interest cost rose from ₹ 2.64 crores in F.Y. 2010-11 to ₹ 80.70 crores in F.Y. 2011-12. Depreciation expenses also increased from ₹ 20.36 crores in F.Y. 2010-11 to ₹ 54.02 crores in F.Y. 2011-12. All these factors led to a lower profit after tax, in spite of healthy operating profit post-acquisition. Profit before tax was ₹ 16.65 crores, against the preceeding year's ₹ 71.44 crores. After tax adjustment, the net profit stood at ₹ 4.29 crores, compared to ₹ 62.30 crores in the previous year.

*A more detailed discussion and analysis on the performance of your Company for the year under review as well as the outlook and focus for the coming year is included in the Management Discussion and Analysis Report.*

**DIVIDEND**

In spite of lower post tax profit, your Directors recommend a dividend @ 5% i.e. ₹ 0.50 per share on the paid up equity share of ₹ 10/- each of the Company.

## DIRECTORS' REPORT TO SHAREHOLDERS (Contd..)

### ACQUISITION & EXPANSION

We are pleased to report that your Company successfully acquired the Chloro Chemicals Division of M/s. Kanoria Chemicals & Industries Limited for a cash consideration of ₹ 830 crores in the month of May 2011 and christened it as Renukoot Chemical Division. This acquisition was funded by internal accruals and term borrowings of ₹ 750 crores from a consortium comprising HDFC Bank and Bank of Baroda.

The Company is in the process of converting the mercury cell plant at the Caustic Soda plant of Renukoot Chemical Division, with the energy efficient and environment friendly membrane cell technology and this will entail a capital investment of ₹ 150 crores. The new plant will be commissioned in the third quarter of 2012-13. There will also be a substantial increase in the capacity of the plant by 145 TPD after conversion. With the conversion of the Mercury Cell plant into membrane cell plant, the Company is poised for higher growth on account of higher production, lower power consumption and an eco-friendly environment.

### AWARDS AND ACCOLADES

Your directors are pleased to share with you that in recognition of its exemplary work in overall maintenance and plant process, your Company's Rehla unit has bagged the "Chairman's WCM Gold Award" of Aditya Birla Group in 2011-12. In recognition of their exemplary work in communities, your Company received the "Agrotech Award 2012" from the prestigious Birsa Agriculture University, Ranchi for excellence in Agriculture & Watershed Development.

### COMMUNITY SERVICES

Your Company has been working constantly to make a qualitative difference to the lives of the underprivileged people in 60 villages in proximity to its plants. It has reached out to nearly 115,000 people of whom more than 80% live below the poverty line. Your Company's activities extend to improving the lot of the rural poor through major initiatives in education, healthcare, sustainable livelihood and agriculture improvement programmes. Your Company's CSR team works in collaboration with the Rotary Club, the Kisan Club, the Pani Panchayat Committees, the Village Development Committees, several Government agencies and NABARD. Your Company's projects have set a new benchmark and are often emulated by many other village communities. This has created an unprecedented urge in the nearby village communities to make a sincere effort towards uplifting the lot of the underprivileged people in the locality, leading to greater development of the community and economic progress.

### SAFETY, HEALTH, ENVIRONMENT PROTECTION AND POLLUTION CONTROL

Your Company is committed to the safety of employees and is engaging all stakeholders involved, directly or indirectly, activities related to safety.

Your Company has taken various steps to promote safety, health and pollution control. The assessment of operation and maintenance practices is being carried out by leading Chlor alkali experts, among them Mr. S. K. Khurana and Euro Chlor alkali expert Mr. Gye Mesrobian, who have done the study on process safety with a focus on chlorine hazards. Our team is working to implement the findings of the two experts.

Your Company has taken specific steps to promote safety by way of entering into safety service agreement with M/s Du Pont India Pvt. Ltd. We are committed to implementing world class safety standards and embedding a safety culture throughout the organization. Our team is working to implement the systems that have been suggested by Du Pont experts.

Your Company has upgraded the plant's process safety through better instrumentation & control. Pressure transmitters have been installed in all 5 chlorine storage tanks. The old Mercury cell caustic soda plant has been stopped well ahead of the 2012 deadline set by the Govt. of India. Work has started on a new 145 TPD Caustic Soda plant, using environment friendly & energy efficient state of the art technology from UHDE and this plant is expected to be commissioned this year. To strengthen the safety system, seven additional chlorine sensors have been installed in the chlorine bottling and liquid chlorine storage tanks. To enhance environmental performance, STP of 100 KLD has been commissioned and this has been in operation since March 2012.

## DIRECTORS' REPORT TO SHAREHOLDERS (Contd..)

Your Company's continuous thrust is on conserving natural resources by reducing consumption of water and auxiliary power. Your Company has taken significant steps to protect the environment by maintaining a green belt inside the plant and planting of trees around the plant site.

### DIRECTORS

During the year under review, Shri S. S. Gupta retired from the services of the Managing Director of the Company and the Board appointed Shri V. R. Agrawal as Managing Director of the Company effective from 24.10.2011, subject to approval of Shareholders of the Company in terms of the Companies Act, 1956. Shri K. K. Maheshwari resigned from the Board of Directors of the Company w.e.f. 6th August 2011.

In accordance with the provisions of the Companies Act, 1956 and Company's Articles of Association, Shri Biswajit Choudhuri and Shri Prem Prakash Sharma, Directors, retire by rotation and being eligible, offer themselves for re-appointment in the ensuing Annual General Meeting of the Company.

The Board of the Company recommends the appointment / re-appointment of the eligible Directors.

### CORPORATE GOVERNANCE

As required under clause 49 of the Listing Agreement with the Stock Exchanges, the Report on Corporate Governance and Management Discussion and Analysis Report form part of this Report. The Company is in full compliance with the requirements and disclosures that have to be made in this regard. The Auditors' Certificate, confirming compliance, is attached to the Report on Corporate Governance.

### LISTING OF SHARES

The Company's shares are listed on the National Stock Exchange of India Limited and Bombay Stock Exchange Limited.

### TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

During the year under review, unclaimed dividend for financial year 2003-04 has been transferred to the Investor Education & Protection Fund.

### FIXED DEPOSITS

The Company did not raise funds by way of fixed deposits and, as such, no amount of principal or interest was outstanding as on the balance sheet date.

### AUDITORS AND AUDITORS' REPORT

M/s. Khimji Kunvarji & Co., Chartered Accountants, Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General meeting and are recommended for re-appointment. A Certificate from the Auditors has been received to the effect that their re-appointment, if made, would be within the limits prescribed under section 224(1B) of the Companies Act, 1956 and that they are not disqualified for re-appointment within the meaning of Section 226 of the said Act.

The Notes on Accounts referred to in the Auditors' Report are self explanatory and do not call for any further comments.

### COST AUDIT

In line with the requirement of the Central Govt. and pursuant to Section 233B of the Companies Act, 1956, the Company carries out an audit of cost accounts relating to its products every year. The Company has appointed M/s. R. Nanabhoy & Co., Cost Accountants, Mumbai, to audit the cost accounts relating to its products for the financial year 2012-13. A Certificate from the Cost Auditors has been received to the effect that their appointment would be within the limits prescribed under section 224(1B) of the Companies Act, 1956 and that they are not disqualified for appointment within the meaning of section 226 of the said Act. The due date for filing of the Cost Audit Report is 180 days from the close of financial year and the Cost Audit Report of the Company for the financial year 2010-11 was filed on 06.09.2011, within the due date.

**DIRECTORS' REPORT TO SHAREHOLDERS (Contd..)**

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

Details of energy conservation, technology absorption, foreign exchange earnings and outgo required to be disclosed under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in an Annexure forming part of this report.

In accordance with the provisions of Section 217(2A) read with Companies (Particulars of Employees) Rules, 1975, the names and other particulars of employees are to be set out in the Directors' report, as an addendum thereto. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and accounts as therein set out, are being sent to all members of the Company excluding the aforesaid information about the employees. Any member, who is interested in obtaining such particulars about employees, may write to the Company Secretary at the Registered Office of the Company.

**CODE OF CONDUCT**

In terms of requirement of Clause 49 of the Listing Agreement, the Board of Directors of Aditya Birla Chemicals (India) Limited has laid down a Code of Conduct for all Board Members and Senior Management of the Company, which is posted on the website of the Company. The Board Members and Senior Management have affirmed compliance with the Code of Conduct of the Company.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Your Directors wish to inform that the Audited Accounts containing Financial Statements for the financial year ended 31st March 2012 are in full conformity with requirements of the Companies Act, 1956. Your Directors believe that the Financial Statements reflect fairly the form and substance of transactions carried out during the year and reasonably present the Company's financial condition and result of operations.

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

- i) in the presentation of the Annual Accounts, applicable accounting standards have been followed ;
- ii) the accounting policies have been consistently applied and reasonable, prudent judgment and estimates are made so as to give a true and fair view of the state of affairs of your Company as at 31st March 2012 and of the profit for the financial year ended 31st March 2012 ;
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting frauds and other irregularities ;
- iv) the annual accounts of your Company have been prepared on a going concern basis ;
- v) the Company's Internal Auditors had conducted periodic audits to provide reasonable assurance that the Company's established policies and procedures have been followed.

**INDUSTRIAL RELATIONS**

The Industrial relations with the employees and workmen of the Company continued to be cordial. Your Company continues to improve manpower productivity.

**ACKNOWLEDGEMENTS**

The Directors wish to convey their appreciation to all of the Company's employees for their enormous personal efforts as well as their collective contribution to the Company's performance.

The Directors wish to thank to all the shareholders, customers, dealers, suppliers, bankers, financial institutions, Govt. authorities and all other business associates for the continued support to the Company and their confidence in its management.

For and on behalf of the Board of Directors

Place : Mumbai  
Dated : May 11, 2012

A. K. Agarwala  
Director

L. S. Naik  
Director



## DIRECTORS' REPORT TO SHAREHOLDERS (Contd..)

Information under Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rule, 1988 and forming part of the Directors' Report for the year ending 31st March 2012

## A. CONSERVATION OF ENERGY :

## (a) Energy conservation measures taken :

- Installation of variable fluid coupling in primary air fan.
- Replacement of old and inefficient pump-motor set.
- Installation of VFDs in various equipments.
- Replacement of inefficient Instrument air compressors with energy efficient compressors in process plant.
- Installation of NRV in Cooling Water pump discharge line.
- Modification in ACW discharge line to cooling water pump.
- Replacement of conventional luminaries with energy efficient CFL & LED luminaries.
- Replacement of CRT Monitors with energy efficient LCD monitors.
- Replacement of metallic CT fan blade with energy efficient FRP Blades.
- Steam consumption eliminated in Chlorine vaporizer by installing water vaporizer.
- Gravity recycling of main cooling tower water to aux. cooling.
- Hydro jet cleaning of condensers and improvement in TG heat rate.

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

- Installation of VFDs.
- Installation of Energy Efficient Instrument Air Compressor.
- Addition of Cell in Cooling Tower.
- Replacement of old and inefficient pump-motor sets with energy efficient.
- Provision of direct pumping of Caustic to CEU.

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

- The above measures have resulted in energy saving and consequently led to a reduction in the cost of production.

## (d) Total energy consumption and energy consumption per unit of production :

- As per Form "A" attached.

## B. TECHNOLOGY ABSORPTION :

- Efforts made in technology absorption as per Form "B" attached.

## C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

## (a) Activities relating to exports :

- The Company exports Aluminium Chloride, Chlorinated paraffins, Stable Bleaching Powder and Caustic soda flakes to more than ten countries.

## (b) Total foreign exchange used and earned :

- Foreign exchange earned : ₹ 4907.05 Lacs
- Foreign exchange used : ₹ 1281.10 Lacs

ADITYA BIRLA CHEMICALS (INDIA) LIMITED

ANNEXURE

FORM "A"

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. POWER AND FUEL CONSUMPTION	<u>Current year</u> <u>2011-12</u>	<u>Previous year</u> <u>2010-11</u>	
<b>1. Electricity</b>			
(a) Purchase			
Unit (KWH in thousand)	53860	40977	
Total amount (₹ in lacs)	2191	1484.90	
Rate/ unit (₹) (Average Cost)	4.07	3.62	
(b) Own generation (Net)			
(i) Through Diesel generator			
Unit (KWH in thousand)	17	8	
Unit per Ltr. of diesel oil	0.74	2.96	
*Cost/ unit (₹)	19.82	13.10	
(* higher due to fuel consumption on regular test run of DG set)			
(ii) Through steam turbine/generator (Net)			
Unit (KWH in thousand)	444597	219152	
Total amount (₹ In lacs)	12355.20	4463.79	
Rate/ unit (₹) (Average cost)	2.78	2.03	
<b>2. Coal used in Boiler of 'E' &amp; 'F' Grade</b>			
Quantity (Tonnes in thousand)	487.55	212.25	
Total Cost (₹ in lacs)	10985.91	3000.40	
Average rate per tonne (₹) (Average cost)	2253.30	1413.59	
<b>3. Furnace Oil/ HSD</b>			
Quantity (K. Ltr.)	493.94	234.92	
Total Amount (₹ in lacs)	195.68	91.30	
Average rate/ Ltr. (₹) (Average cost)	39.62	38.86	
<b>4. Others/ internal generation (Please give details)</b>			
Quantity	Nil	Nil	
Total cost	Nil	Nil	
Rate / unit	Nil	Nil	
<b>B. CONSUMPTION PER UNIT OF PRODUCTION</b>			
<b>Products (with details) &amp; Unit</b>	<b>Standard</b>	<b>Current Year</b> <b>2011-12</b>	<b>Previous year</b> <b>2010-11</b>
Electricity (KWH/MT)	2511	2583	2504
Furnace oil (Ltr./ MT)	-	-	-

## FORM "B"

DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION**RESEARCH & DEVELOPMENT**

- 1. Specific areas in which R & D is carried out by the Company** :
- Incorporation of Control loop of Boiler attemperator spray for better control of main steam temperature.
  - Change in the composition of boiler refractory for enhanced performance and duration.
  - Developed 5 new grades of CP.
- 2. Benefits derived as a result of above R & D** :
- Plant performance improved and significant savings achieved.
  - Better operational control and safety in CPP & CP.
  - Reduced specific power consumption in Caustic Soda & Power Plant.
  - Overall down time of equipments reduced.
  - New Market Development for new Grades of CP.
- 3. Future plan of action** :
- Alternate of Calcium Hypo system.
  - Up-gradation in Ambient Air quality monitoring system.
  - Installation of 2nd 132KV Bay.
  - Installation of VFDs and other energy saving schemes.
  - Replacement of single tube and shell type transformer oil cooler with double tube system.
  - Reduction in Iron content in Aluminium Chloride and development of new Grades of CP.
- 4. Expenditure on R & D** :
- ₹ 10.50 lacs – for system modification.
  - ₹ 172.00 lacs – for energy saving schemes.

**TECHNOLOGY ABSORPTION, ADOPTION & INNOVATION**

- Modification in the UPS system from Hot to Parallel redundant.
- Logic modification in the Boiler Feed Pump Lube Oil Pump to increase equipment reliability.
- DCS up gradation of controllers.
- Up-gradation of LT ACB in Boiler MCC.
- Installation of flow meter in DM water line.
- Installation of scrubbing systems in Calcium Hypo and Sodium Hypo plants.
- Installation and operation of STP.
- Brushless excitation system in generator.

**REPORT ON CORPORATE GOVERNANCE**

Corporate Governance is about commitment to values and about ethical business conduct. It is about how an organization is managed. This includes its corporate and other structure, its culture, policies and the manner in which it deals with various stakeholders. Accordingly, timely and accurate disclosure of information regarding the financial performance, ownership and material development affecting the Company is an integral part of Corporate Governance. Good Corporate Governance practices helps to improve an organization image, attracts the best talent and keeps stakeholders satisfied.

**COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE**

Your Company believes that sound Corporate Governance is critical in enhancing and retaining the trust of investors. Accordingly, your Company seeks to attain its objectives with integrity and fairness. The Company's philosophy is based on Accountability, Ethical conduct, Compliance with statutes, Interest of all stakeholders, Transparency and Timely disclosure. The objective is to institutionalize Corporate Governance practices that conform to the letter as well as spirit of the regulatory framework.

The Company is in full compliance with the requirements under Clause 49 of the Listing Agreement with the Stock Exchanges.

**BOARD OF DIRECTORS**

The Board of Directors, as on 31st March 2012, comprises eight Directors, out of whom seven are non-executive Directors. Since the Company does not have a Chairman, Directors present in the meeting elect one of them to take the chair and a non-executive Director is appointed as Chairman of the meeting. The Majority of the Directors are non-executive and more than one-third of the total strength of the Board is independent. All the directors are above 21 years of age and are not related to other directors in any manner. The composition of the Board as on 31st March 2012, attendance at Board meetings held during the financial year under review and at the last Annual General meeting and the number of Directorships and Memberships/Chairmanships in public Companies held by Directors as on 31st March 2012 (including the Company) are given below :

Name of Director	*Category	No. of Board meetings held	No. of Board meetings attended	**No. of Other Directorships	***Committee Membership		Attendance at last AGM
					Member	Chairman	
Shri A. K. Agarwala	Non Executive	5	5	5	--	--	No
Shri K. K. Maheshwari [upto 5th August 2011]	Non Executive	5	1	N.A.	N.A.	N.A.	No
Shri L. S. Naik	Non Executive	5	4	3	5	1	No
Shri K. C. Jhanwar	Non Executive	5	4	1	1	--	Yes
Shri Biswajit Choudhuri	Independent	5	5	9	3	4	Yes
Shri P. P. Sharma	Independent	5	1	4	--	--	No
Shri J. C. Chopra	Independent	5	5	2	1	--	No
Shri G. M. Dave	Independent	5	4	7	7	2	No
Shri V. R. Agrawal [w.e.f. 24th October 2011]	Managing Director	5	1	--	1	--	N.A.
Shri S. S. Gupta [upto 23rd October 2011]	Ex-Managing Director	5	4	N.A.	N.A.	N.A.	No

\* Independent Director means a director defined as such under Clause 49 of the Listing Agreement

\*\* The Directorship held by Directors as mentioned above, does not include Alternate Directorships and Directorships of Foreign Companies, Section 25 Companies and Private Limited Companies.

\*\*\* In accordance with Clause 49 of the Listing Agreement, Memberships/ Chairmanships of only the Audit Committee and Shareholders' / Investors' Grievance Committee of all Public Limited Companies have been considered.

**CORPORATE GOVERNANCE (Contd..)**

During the year 2011-12, five (5) Board Meetings were held, the details of which are given here-in-below :

Date	Board Strength	No. of Directors Present
16.04.2011	9	8
26.04.2011	9	7
12.08.2011	8	6
21.10.2011	8	7
09.02.2012	8	6

During the year under review, Shri S. S. Gupta retired from the services of the Managing Director of the Company and the Board appointed Shri V. R. Agrawal as Managing Director of the Company effective from 24.10.2011, subject to approval of Shareholders of the Company in terms of the Companies Act, 1956. Shri K. K. Maheshwari resigned from the Board of Directors of the Company w.e.f. 6th August 2011.

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Shri Biswajit Choudhuri and Shri Prem Prakash Sharma, Directors, retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

As required by Clause 49 of the Listing Agreement, the brief details of Directors seeking appointment/re-appointment are appended to the notice convening the 36th Annual General Meeting of the Company.

The Code of Conduct, laid down by the Company, binds all the Board Members and Senior Management of the Company. A declaration by the Managing Director to this effect is appended to this report. The code of conduct has been posted at the Company's website at [www.adityabirlachemicalsindia.com](http://www.adityabirlachemicalsindia.com).

The Board reviews the Compliance Reports to ensure adherence to all applicable provisions of Law, Rules and Guidelines on a regular basis. Post meeting follow-up, review and reporting of the actions taken on decisions of the Board and Committees are being regularly carried out.

**AUDIT COMMITTEE**

The Audit Committee of the Board of Directors is constituted in compliance with Corporate Governance requirements. The Audit Committee, as on 31st March 2012, comprises four members, out of which three members of the Committee are Independent Directors and all the members are Non-Executive Directors and have relevant finance and audit exposure. The Committee is headed by an Independent Director. The head of Internal Audit and Statutory Auditors attend and participate in the meeting regularly on invitation.

The terms of reference and scope of the Committee include :-

overseeing the Company's financial reporting process and disclosure of its financial information, recommending the appointment/removal of Statutory/Internal Auditors, fixation of audit fees and approval of payments for any other services, reviewing and discussing with the Auditors internal control systems, scope of audit including the observations of the Auditors, adequacy of the internal audit system, major accounting policies, practices and entries, compliances with accounting standards and listing agreement entered into with the Stock Exchanges and other legal requirements concerning financial statements and related party transactions, if any, reviewing the Risk Management and Legal matters of the Company, and reviewing the quarterly, half-yearly and annual financial statements before submitting those to the Board of Directors.

Minutes of the Audit Committee meetings are circulated to, discussed and noted by the members of the Board.

The Committee held five (5) meetings during the year under review on 16.04.2011, 26.04.2011, 12.08.2011, 21.10.2011 and 09.02.2012. The attendance of members at the meetings was as follows :

# ADITYA BIRLA CHEMICALS (INDIA) LIMITED

## CORPORATE GOVERNANCE (Contd..)

Name of Member	Status	No.of meetings attended
Shri Biswajit Choudhuri	Chairman	5
Shri K. K. Maheshwari [upto 5th August 2011]	Member	1
Shri L. S. Naik	Member	4
Shri J. C. Chopra	Member	5
Shri G. M. Dave [w.e.f. 26th April 2011]	Member	3
Shri V. R. Agrawal [w.e.f. 24th October 2011]	Permanent Invitee	1
Shri S. S. Gupta [upto 23rd October 2011]	Permanent Invitee	4

The Company Secretary acts as the Secretary of the Committee and the Managing Director of the Company is permanent invitee to the said Audit Committee meetings.

### SHAREHOLDERS' GRIEVANCE COMMITTEE

The Shareholders' Grievance Committee of the Board, inter-alia, ratifies/ approves issue of duplicate share certificates and oversees and reviews all matters connected with securities transfers. The Committee also looks into redressal of shareholders' complaints/queries like transfer of shares, non receipt of annual report/dividend warrants etc. and oversees the performance of Registrars & Transfer Agents and recommends measures for overall improvements in the quality of investor services.

The Shareholders' Grievance Committee comprises three Non-Executive Directors and the Managing Director and is headed by a Non-Executive Director. The Committee held four (4) meetings during the year under review on 26.04.2011, 12.08.2011, 21.10.2011 and 09.02.2012. The attendance of members at the meetings was as follows :

Name of Member	Status	No. of Meetings attended
Shri K. K. Maheshwari [upto 5th August 2011]	Chairman	-
Shri L. S. Naik [appointed as Chairman w.e.f. 21st October 2011]	Chairman /Member	3
Shri Biswajit Choudhuri	Member	4
Shri K. C. Jhanwar	Member	3
Shri V. R. Agrawal [w.e.f. 24th October 2011]	Member	1
Shri S. S. Gupta [upto 23rd October 2011]	Member	3

Shri Akash Mishra, Company Secretary is the Compliance Officer under the relevant SEBI directions.

### COMPLIANCE OFFICER

Name : Akash Mishra, Company Secretary  
 Address : Aditya Birla Chemicals ( India ) Limited  
 Garhwa Road, P.O. Rehla - 822 124  
 District - Palamau (Jharkhand)  
 Phone No. : 06584-262211/221  
 Fax No. : 06584-262205  
 E-mail : [akash.mishra@adityabirla.com](mailto:akash.mishra@adityabirla.com)

Pursuant to new Clause 47(f) of the listing agreement, the Company's E-mail ID for grievance redressal purpose is [abcil.investors@adityabirla.com](mailto:abcil.investors@adityabirla.com), where complaints can be lodged by the investors.

## CORPORATE GOVERNANCE (Contd..)

**REMUNERATION COMMITTEE**

In continuation of the practices of good corporate governance, the Board has constituted the Remuneration Committee of Directors of the Company to recommend/review remuneration of the Managing Director and/ or Whole Time Directors, as per requirement.

The Remuneration Committee comprises four Non-Executive Directors. The Committee held two (2) meeting during the year under review on 12.08.2011 and 21.10.2011. The attendance of members at the meeting was as follows :

Name of Member	Status	No. of Meetings attended
Shri J. C. Chopra	Chairman	2
Shri L. S. Naik	Member	1
Shri Biswajit Choudhuri	Member	2
Shri K. C. Jhanwar	Member	2

The Non-Executive Directors are paid only sitting fees for attending Board/Committee meetings. The amount of sitting fees paid to Non-Executive Directors during the year under review are as follows :

Name of Director	Sitting fee paid (₹)
Shri A.K. Agarwala	100,000/-
Shri K. K. Maheshwari [upto 5th August 2011]	40,000/-
Shri L. S. Naik	200,000/-
Shri K. C. Jhanwar	130,000/-
Shri Biswajit Choudhuri	260,000/-
Shri P. P. Sharma	20,000/-
Shri J. C. Chopra	220,000/-
Shri G. M. Dave	140,000/-

There was no other pecuniary relationship or transaction of the Non-Executive Directors with the Company and the Company has not granted any stock option to any of its Directors. As on 31st March 2012, except Shri A. K. Agarwala and Shri Biswajit Choudhuri, Directors, who hold 9700 and 100 equity shares of the Company respectively, no other Directors of the Company hold any shares in the Company, as reported.

The aggregate value of salary and perquisites paid for the year 2011-12 to the Managing Director is as follows :

( all fig. in ₹ Lacs)

	Salary	Variable Pay	All other elements of the remuneration package	Total
Shri V. R. Agrawal [w.e.f. 24th October 2011]	16.28	-	4.77*	21.05
Shri S. S. Gupta [upto 23rd October 2011]	28.41	13.47	33.69#	75.57

\* including perquisites valued as per Income Tax Act excluding Gratuity and un-encashed Earned Leave Salary.

# ADITYA BIRLA CHEMICALS (INDIA) LIMITED

## CORPORATE GOVERNANCE (Contd..)

# including perquisites valued as per Income Tax Act excluding Gratuity.

The Managing Director is also entitled to other facilities as per the rules of the Company and Agreement entered with him.

The appointment of Shri V. R. Agrawal is for a period of three (3) years w.e.f 24.10.2011. In the event of cessation of employment of Shri Agrawal for reasons attributable to him during the subsistence of service, he shall not be entitled to any remuneration on and from the date of termination of his employment. Subject to the provisions of Section 318 of the Companies Act 1956, the Company shall, in the event of the termination of the services of Shri Agrawal as its Managing Director prior to the expiry of the said period by the Company, pay compensation to Shri Agrawal equivalent to six month's basic salary as prevailing immediately preceding the date he ceases to hold office of the Managing Director of the Company.

### SHARE TRANSFER

The Registrar and Share Transfer Agent of the Company M/s. C. B. Management Services (P) Limited, Kolkata looks after the physical as well as electronic transfer of Company's shares.

The Board of Directors have delegated the power of approving the transfer of securities to the Registrar, subject to notification of the same to the Company Secretary on a monthly basis and intimation to the Committee about such transfers in its meeting.

The Status of total number of requests / complaints received during the year under review is as follows :

Sr. No.	Description	Nos. received				Total Received	Replied / addressed	Pending
		Q1	Q2	Q3	Q4			
A.	<b>Letters received from Statutory bodies</b>							
	SEBI	0	0	0	0	0	0	0
	Stock Exchanges	0	0	0	0	0	0	0
B.	<b>Complaints from Shareholders</b>	0	0	0	0	0	0	0
C.	<b>Queries/requests</b> Issue of duplicate certificates, change of address, Bank mandates, Correction of Name, Transmission/ Transfer of Shares query, Demat updation status/query, Dividend related query/revalidation, query on fully paid up etc.	27	11	14	28	80	80	0
	<b>Total</b>	<b>27</b>	<b>11</b>	<b>14</b>	<b>28</b>	<b>80</b>	<b>80</b>	<b>0</b>



**CORPORATE GOVERNANCE (Contd..)**

**General Shareholder Information**

Registered Office	Aditya Birla Chemicals (India) Limited "Ghanshyam Kunj", Garhwa Road, P.O. Rehla - 822 124 Distt. Palamau (Jharkhand)
Annual General Meeting	Date and Time : 8th August 2012 at 10:00 A.M. Venue : Aditya Birla Chemicals (India) Limited "Ghanshyam Kunj", Garhwa Road, P.O. Rehla - 822 124 Distt. Palamau (Jharkhand) Dividend payment date : within 30 days from the date of ensuing Annual General Meeting Date of Book Closure: 30th July 2012 to 8th August 2012
Financial calendar (Tentative)	<ul style="list-style-type: none"> <li>● Results for the quarter ending 30th June 2012 : by 14th August 2012</li> <li>● Results for the quarter ending 30th September 2012 : by 14th November 2012</li> <li>● Results for the quarter ending 31st December 2012 : by 14th February 2013</li> <li>● Results for the quarter/year ending 31st March 2013 : by 14th May 2013</li> <li>● Next Annual General Meeting (next year) : by 30th September 2013</li> </ul>
Listing on Stock Exchanges and Stock Code	i) Bombay Stock Exchange Limited, Mumbai (Stock Code : 500057)  ii) National Stock Exchange of India Ltd., Mumbai (Symbol - "ABCIL")  Annual Listing Fee (as applicable) paid upto 2012-13
Demat ISIN in NSDL and CDSL for Equity Shares	ISIN INE605B01016

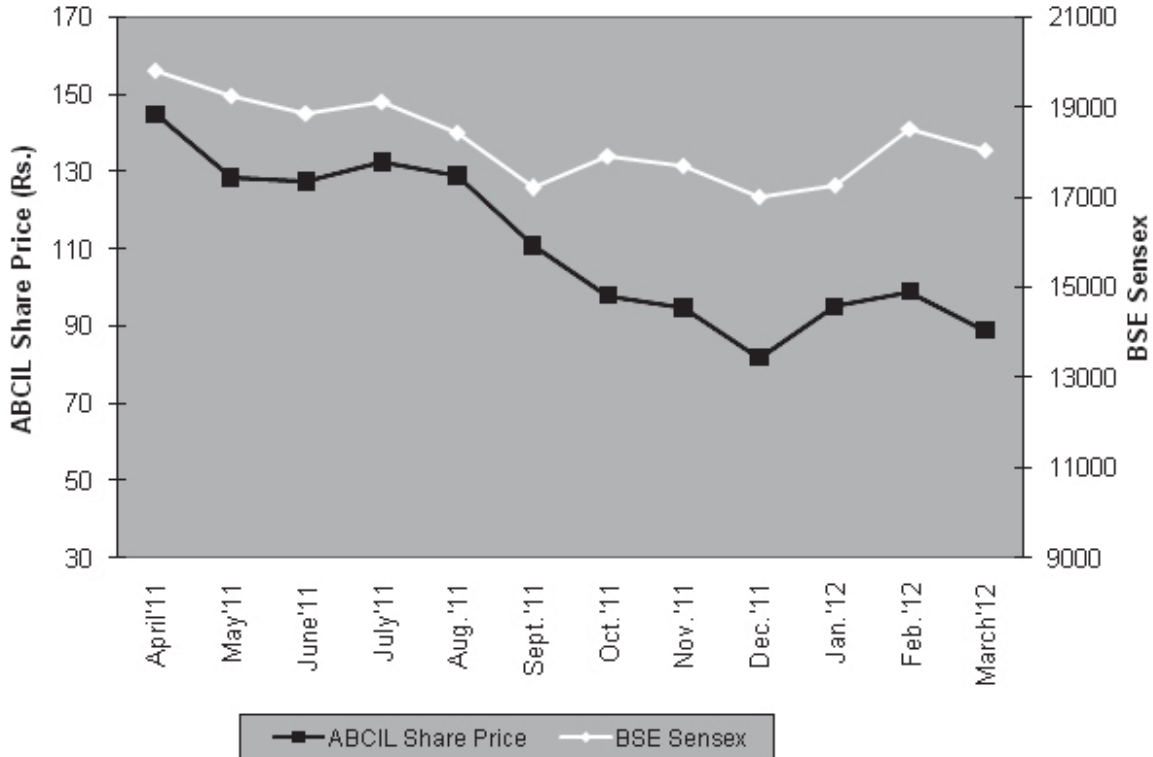
**MARKET PRICE DATA : HIGH, LOW DURING EACH MONTH IN FINANCIAL YEAR 2011-12**

Month	Bombay Stock Exchange		National Stock Exchange	
	High(₹)	Low(₹)	High(₹)	Low(₹)
April 2011	144.90	127.50	144.80	126.75
May 2011	128.50	110.50	134.00	111.15
June 2011	127.50	110.50	126.50	110.85
July 2011	132.45	119.20	134.70	123.45
August 2011	129.00	95.25	131.50	97.05
September 2011	110.90	94.50	109.75	95.00
October 2011	98.00	88.70	106.80	89.25
November 2011	94.75	70.20	100.00	72.40
December 2011	81.80	67.25	82.00	66.95
January 2012	95.00	71.50	94.95	71.00
February 2012	98.90	83.25	97.90	83.10
March 2012	88.90	75.10	86.00	75.00

# ADITYA BIRLA CHEMICALS (INDIA) LIMITED

## CORPORATE GOVERNANCE (Contd..)

Company's Share price performance in comparison to broad based indices - BSE Sensex



Registrar and Transfer Agent

**M/s. C. B. Management Services (P) Ltd.**

P-22, Bondel Road, Kolkata - 700 019

Phone No.(s) : 033 - 4011 6728 / 4011 6717 / 2280 6692-93-94 / 2486

Fax No. 033 - 2287 0263

Email : [rta@cbmsl.com](mailto:rta@cbmsl.com)

Distribution of shareholding  
as on 31st March 2012

Category	No. of shares	% of shareholding
Promoters	13,169,987	56.31
Mutual Funds and UTI	1,500	0.01
Banks/Financial Institutions/Central Govt./ State Govt.(s) / Insurance Companies / Trust	2,034,500	8.70
Corporate Bodies	492,787	2.11
Individuals	5,118,055	21.88
NRI/FII / OCB	2,557,387	10.94
Clearing Member	12,284	0.05
<b>TOTAL</b>	<b>23,386,500</b>	<b>100.00</b>

**CORPORATE GOVERNANCE (Contd..)**

Holding of shares as on 31st March 2012	i) NSDL : 9,218,651 ii) CDSL : 13,806,454 iii) Physical : 361,395 (1.55 % of Company's Equity Shares in physical form)
Plant location	● Garhwa Road, P.O. Rehla - 822 124 District – Palamau (Jharkhand) ● Renukoot Chemical Division, P.O. Renukoot – 231 217 District – Sonebhadra (Uttar Pradesh)
Address for correspondence	Garhwa Road, P.O. Rehla - 822 124 Distt. Palamau (Jharkhand) Email : <a href="mailto:abcil.investors@adityabirla.com">abcil.investors@adityabirla.com</a> <a href="mailto:akash.mishra@adityabirla.com">akash.mishra@adityabirla.com</a> <a href="mailto:murari.prasad@adityabirla.com">murari.prasad@adityabirla.com</a>

**ANNUAL GENERAL MEETINGS**

Particulars	F.Y. 2008-2009	F.Y. 2009-2010	F.Y. 2010-2011
Date and Time	29.06.2009 at 10:30 A.M.	06.08.2010 at 10:00 A.M.	08.08.2011 at 10:00 A.M.
Venue	Garhwa Road, P.O. Rehla - 822 124 Distt. Palamau (Jharkhand)	Garhwa Road, P.O. Rehla - 822 124 Distt. Palamau (Jharkhand)	Garhwa Road, P.O. Rehla - 822 124 Distt. Palamau (Jharkhand)

- No Special Resolution was passed in the previous 3 Annual General Meetings of the Company.
- No Special Resolution was passed through postal ballot at the last Annual General Meeting.
- No Special Resolution is proposed through postal ballot at the forthcoming Annual General Meeting.

**DISCLOSURES**

- (i) There have been no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Directors, management, relatives except for those disclosed in the Annual Report for the year ended 31st March 2012.
- (ii) The Company has complied with the requirements of regulatory authorities on capital markets and no penalty/stricture has been imposed against it in the last 3 years.
- (iii) The Company has complied with mandatory requirements, as reflected in this report and has adopted the non-mandatory requirement of constitution of Remuneration Committee.
- (iv) The Directors' Responsibility Statement has been stated in the Directors' Report.
- (v) Management Discussion and Analysis Report is enclosed separately and forms part of Directors' Report.
- (vi) The Company does not have any Subsidiary Company.
- (vii) CEO / CFO Certificate : The Managing Director and Finance Head has certified to the Board the particulars as stipulated vide Clause 49(V) and the said certificate is appended to this report.
- (viii) Notes on the Statement of Accounts referred to in the Auditors' Report are self explanatory, and therefore, do not call for any further comments under Section 217(3) of the Companies Act, 1956.

## ADITYA BIRLA CHEMICALS (INDIA) LIMITED

### MEANS OF COMMUNICATION

The quarterly/half yearly/yearly financial results were published in Business Standard / Financial Express (all editions) and Ranchi Express.

The Annual Report containing all of its required and important information is circulated to Members of the Company and others entitled thereto.

Annual Report, Quarterly Results, Shareholding Patterns etc. of the Company are also posted on the website : [www.corpfiling.co.in](http://www.corpfiling.co.in)

Website of the Company : [www.adityabirlachemicalsindia.com](http://www.adityabirlachemicalsindia.com)

### CAUTIONARY STATEMENT

Details given here in above relating to various activities and future plans may be 'forward looking statements' within the meaning of applicable laws and regulations. The actual performance may differ from that expressed or implied.

### COMPLIANCE CERTIFICATE OF THE AUDITORS

The Company has obtained Certificate from the Statutory Auditors regarding compliance with conditions of Corporate Governance as stipulated in Clause 49 and the same is annexed herewith.

Place : Mumbai  
Dated : May 11, 2012

For and on behalf of the Board of Directors

A.K. Agarwala  
Director

L. S. Naik  
Director

**DECLARATION FOR CODE OF CONDUCT IN TERMS OF CLAUSE 49 OF THE LISTING AGREEMENT WITH STOCK EXCHANGES**

The Board of Directors of Aditya Birla Chemicals ( India ) Limited has laid down a Code of Conduct for all Board Members and Senior Management of the Company, which is posted on the website of the Company. The Board Members and Senior Management have affirmed compliance with the Code of Conduct of the Company during the financial year ended 31st March 2012.

For **ADITYA BIRLA CHEMICALS (INDIA) LIMITED**

**V. R. AGRAWAL**  
[ Managing Director ]

★ ★ ★ ★ ★ ★ ★

**CERTIFICATION IN TERMS OF CLAUSE 49 (V) OF THE LISTING AGREEMENT WITH STOCK EXCHANGES**

We hereby certify that :

- a) we have reviewed financial statements and the cash flow statement for the year ending 31st March 2012 and that to the best of our knowledge and belief;
  - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) there are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) we accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) we have indicated to the Auditors and the Audit Committee;
  - i) significant changes in internal control over financial reporting during the year;
  - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the Management or an Employee having a significant role in the Company's internal control system over financial reporting.

**H. K. Panda**  
[AVP (F & C)]

**V. R. Agrawal**  
[Managing Director]

AUDITORS' CERTIFICATE

**AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE AS STIPULATED IN CLAUSE - 49 OF THE LISTING AGREEMENT**

To

The Members of **Aditya Birla Chemicals (India) Limited**

1. We have examined the compliance of conditions of Corporate Governance by Aditya Birla Chemical (India) Limited ('the Company') for the year ended March 31, 2012 , as stipulated in clause 49 of the Listing Agreement of the Company with Stock Exchanges.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For and on behalf of  
**Khimji Kunverji & Co.**  
Chartered Accountants  
Firm Registration No. 105146W

Dated : May 11, 2012  
Place : Mumbai

**Hasmukh B Dedhia**  
Partner (F-033494)

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### INDUSTRY DEVELOPMENTS AND OUTLOOK AND SEGMENTWISE PERFORMANCE

Globally, the Caustic Soda Industry had a challenging year, with Global GDP growth declining. The Euro Zone Crisis continued to have an impact on global growth. The demand for chlorine and chlorine derivatives decreased considerably in Q3 and Q4 of F.Y. 2011-12. At the same time, caustic demand growth remained steady, leading to a global shortage of caustic. However, growth in caustic capacity in China had a negative impact on operating rates.

Global demand for caustic increased by 5.6% in 2012, reaching 62.2 Million Tons. Global capacity stood at 89 Million Tons with an average operating rate of around 71%.

Caustic Soda production in India increased by 3.3% and touched 2.53 Million Tons in F.Y. 2011-12. Chlorine consumption growth in India was low, at 2.5% in F.Y. 2011-12. This impacted the production of Caustic soda, where the industry average operating rate has been around 85%. High raw material prices, rising energy costs and lack of environmental friendly technology affected chlorine growth.

Caustic Soda consumption in India is expected to grow in line with growth of user industries such as Alumina and Textiles. Our Company is poised to capitalize on the growing caustic demand by expanding capacity at the Renukoot unit by 145 TPD. The expanded capacity would be commissioned in the third quarter of F.Y. 2012-13.

Management is hopeful the leadership position of your Company will be reinforced by the organic and inorganic measures under way.

### RISKS AND CONCERNS

1. Logistics cost increase and lack of infrastructure growth in the region
2. Increase in coal prices
3. Frequent movement disturbances due to Bandhs etc. in Jharkhand
4. Slower growth in chlorine, chlorine derivatives and HCl demand

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has a strong internal control system to ensure protection of its resources, to provide accurate and speedy financial statements and reports and to ensure compliance with policies, procedures and legal obligations.

The prime objective of the system of internal control is the management of business risks so as to safeguard assets of the Company and long term interest of all the stakeholders and to provide reasonable assurance against any misstatement or loss.

The Company has a balanced organization structure, well-defined authority levels and set guidelines and rules for conducting business transactions. The Company's internal auditors periodically conduct audits to ensure adequacy of internal control systems, adherence to management instructions and policies and compliance with the laws and regulations in force. The internal audit reports are circulated to the Management who initiate actions as required.

The Audit Committee, whose Chairman is an independent Director, meets periodically with the Management and the Auditors of the Company to review the process of internal audit, statutory audit, risk management and internal control systems.

### FINANCIAL AND OPERATIONAL PERFORMANCE

#### Financial Performance Highlights

The financial data of the Company for the year under review is inclusive of the financial data of the Renukoot Chemical Division, hence is not comparable with previous year's financial data. The gross turnover for the year under review was ₹ 665.18 crores as compared to ₹ 261.07 crores in the previous year, an increase of 155%. The profit before interest, depreciation and tax was ₹ 151.37 crores. After providing ₹ 80.70 crores for interest, ₹ 54.02 crores for depreciation and ₹ 12.35 crores for taxes, net profit for the year was ₹ 4.29 crores.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd..)**

Earnings per share was ₹ 1.84 compared, with ₹ 26.64 in last year and return on shareholders' funds was 1.19% vis-à-vis 17.70% last year.

**Operational Performance Highlights**

The average production of Caustic and Chlorine for the year 2011-12 was 467 TPD of Caustic Soda. During the year under review, average power generation was 62.43 MWH, with a Plant Load factor of 78.03%. The net turnover, at ₹ 609.08 crores as compared to ₹ 236.25 crores in the previous year, reflects a strong rise of 158%. The Company achieved various milestones including highest ever production of Aluminium Chloride at 38 TPD, highest ever production of Stable Bleaching Powder at 29 TPD and longest ever un-interrupted operation (294 days) of the Power Plant at the Rehla unit. The Company's good performance is due to optimum utilization of plant capacity, optimization of process parameters and various cost reduction initiatives.

Interest cost was high at ₹ 80.70 crores, as compared to ₹ 2.64 crores in the previous year, due to interest on term borrowings of ₹ 750 crores.

The Company continues to pay MAT under Section 115 JB of the IT Act on account of the Tax incentive under Section 80-IA and higher depreciation under Income Tax Act.

**HUMAN RESOURCES / INDUSTRIAL RELATIONS**

In the current industrial scenario, Human Resources plays a pivotal strategic role in transforming the business and achieving new milestones. By adopting best practices, the Aditya Birla Group has been benchmarked among the top companies. Our Company is committed to capitalizing on the potential of human capital through structured processes in areas such as acquiring nurturing, developing and retaining talent.

Over the past few decades, the Company has implemented new HR initiatives and adopted best practices in areas such as employees' welfare, organization effectiveness, online HRMS and compliance under the SA 8000 standard, which cover all employees and processes, including employees family's quality of life. The Company had a committed work force of 342 employees at its Rehla unit and 585 employees at its Renukoot unit as on 31.03.2012.

The Company has a very congenial and healthy Industrial Relations environment and there were no disputes.

**Cautionary Statement**

Statements in this Management Discussion and Analysis Report are based on the data available with the Company and on certain assumptions having regard to the economic conditions, government policies, political developments within and outside the country, factors affecting the selling prices of finished goods etc. The management is not in a position to guarantee the accuracy of the assumptions and projected performance of the Company in future. It is, therefore, cautioned that the actual results may differ from those expressed or implied herein.

For and on behalf of the Board of Directors

Place : Mumbai  
Dated : May 11, 2012

A.K. Agarwala  
Director

L. S. Naik  
Director



**AUDITORS' REPORT**

**THE MEMBERS OF ADITYA BIRLA CHEMICALS (INDIA) LIMITED**

- 1 We have audited the attached Balance Sheet of **Aditya Birla Chemicals (India) Limited** (here-in-after referred to as 'the Company') as at March 31, 2012, and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit
- 2 We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion
- 3 As required by the Companies (Auditor's Report) Order, 2003 (here-in-after referred to as "the Order") issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, (here-in-after referred to as "the Act") we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order
- 4 Further to our comments in the Annexure referred to above, we report that:
  - i We have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - iii The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - iv In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the applicable accounting standards referred to in section 211 (3C) of the Act;
  - v On the basis of the written representations received from the directors as on March 31, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of section 274 (1)(g) the Act;
  - vi In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
    - a in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012 ;
    - b in the case of the Statement of Profit and Loss of the profit of the Company for the year ended on that date; and
    - c in the case of Cash Flow statement, of the cash flows of the Company for the year ended on that date

For and on behalf of  
**Khimji Kunverji & Co.**  
Chartered Accountants  
Firm Registration No. 105146W

Dated : May 11, 2012  
Place : Mumbai

Hasmukh B Dedhia  
Partner (F-033494)

**AUDITORS' REPORT (Contd..)**

**Annexure referred to in paragraph 3 of our Auditor's Report of Aditya Birla Chemicals (India) Limited of even date**

- (i) (a) The Company has generally maintained proper records showing full particulars, including quantitative details and situation of fixed assets
- (b) The Company has a program for phased physical verification of all its fixed assets which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification
- (c) The Company has not disposed off substantial part of its fixed assets during the year
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year
- (b) The procedure of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification
- (iii) The Company has neither taken nor granted any Loans, secured or unsecured from/ to companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, clause (iii)(b) to (iii)(g) of paragraph 4 of the order are not applicable to company for the year
- (iv) In our opinion and according to the information and explanations given, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. Further on the basis of examination of the books and records of the Company and according to the information and explanations given, and as per checking carried out in accordance with the auditing standards generally accepted in India, neither we have observed nor have we been reported of any continuing failure to correct major weakness in the internal control system relating to these areas
- (v) Based on the audit procedures applied and according to the information and explanations given, there are no contracts or arrangements referred to in section 301 of the Act that need to be entered in the register maintained under that section. Hence clause (v)(b) of para 4 of the Order is not applicable
- (vi) The Company has not accepted any deposits from public to which the provisions of sections 58A, 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the Public applies
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business
- (viii) We have broadly reviewed the accounts and records maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Act and are of the opinion that, prima facie, the prescribed accounts and records have been maintained
- (ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Wealth-Tax, Service Tax, Custom Duty, Excise Duty, Cess, and other material statutory dues applicable to it. There were no arrears as at March 31, 2012 for a period exceeding six months from the date they became payable
- (b) According to the information and explanations given, there are no dues of sales-tax, income-tax, wealth-tax, service tax, custom duty, excise duty and cess, which have not been deposited on account of any dispute except as follows:

AUDITORS' REPORT (Contd..)

Name of the Statute	Nature of dues	Period	Amount (Rs. in lacs)	Forum where Dispute is pending
Income Tax Act 1961	Income tax and Interest	AY 1998-99 & 2000-01	3.83	Referred to AO by ITAT Ranchi
		AY 2002-03 & 2006-07	5.10	CIT (Appeal), Ranchi
		AY 2005-06	19.80	ITAT, Ranchi
		AY 2007-08	197.02	CIT (Appeals) and Petition u/s 154
		AY 2008-09 & 2009-10	360.66	CIT(Appeal), Ranchi
Sales Tax / Trade Tax	Sales Tax	FY 1989-90, 1990-91 & 2003-04	13.79	Allahabad High Court
		AY 2005-06	26.69	Office of the Joint Commissioner(A), Mirzapur
UP Tax on Entry of Goods into Local Area Tax, 2007	Entry Tax	FY 2006-07 to FY 2011-12	217.52	Supreme court
Central Excise Act 1944	Cenvat and Penalty	FY 1995-96, 1999-2000, 2005-06 & 2007-08	58.64	CESTAT, New Delhi
		FY 1996-97 to FY 2000-01	4.53	High Court, Allahabad
		FY 2000-01 to FY 2006-07	561.00	CESTAT, New Delhi
		FY 2006-07	7.38	AC, Central Excise, Mirzapur
Sec 94 of Finance act 1994	Service Tax and Penalty	FY 2005-06 & 2006-07	164.32	CESTAT, New Delhi

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year
- (xi) Based on our audit procedures and as per the information and explanations given, we are of the opinion that the Company has not defaulted in repayment of dues to financial institution or bank
- (xii) According to the information and explanations given, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of para 4 of the Order are not applicable to the Company
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of para 4 of the Order are not applicable to the Company

## ADITYA BIRLA CHEMICALS (INDIA) LIMITED

### AUDITORS' REPORT (Contd..)

- (xv) According to the information and explanations given, the Company has not given any guarantee for loans taken by others from banks or financial institutions
- (xvi) Based on information and explanations given to us, the term loans were applied by the Company during the year for the purposes for which the loans were obtained
- (xvii) According to the information and explanations given and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment
- (xviii) During the year the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act
- (xix) The Company has not issued any debentures during the year
- (xx) The Company has not raised any money through a public issue during the year
- (xxi) During the course of our examination of the books and records of the company, carried in accordance with the auditing standards generally accepted in India, we have neither come across any instance of fraud on or by the Company noticed or reported during the course of our audit nor have been informed of any such instance by the Management

For and on behalf of  
**Khimji Kunverji & Co.**  
Chartered Accountants  
Firm Registration No. 105146W

Dated : May 11, 2012  
Place : Mumbai

Hasmukh B Dedhia  
Partner (F-033494)

**ADITYA BIRLA CHEMICALS (INDIA) LIMITED**

**BALANCE SHEET AS AT MARCH 31, 2012**

(₹ in Lacs)

	<u>Note No.</u>	<u>As at March 31, 2012</u>	<u>As at March 31, 2011</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	B.1	2,338.65	2,338.65
Reserves and Surplus	B.2	33,684.61	32,866.11
		<u>36,023.26</u>	<u>35,204.76</u>
<b>Non-Current Liabilities</b>			
Long-term Borrowings	B.3	68,228.75	1,380.00
Deferred Tax Liabilities (Net)	B.4	4,754.42	3,593.57
Long-term Provisions	B.5	930.60	146.66
		<u>73,913.77</u>	<u>5,120.23</u>
<b>Current Liabilities</b>			
Short-term Borrowings	B.6	2,527.54	105.06
Trade Payables	B.7	805.99	151.84
Other Current Liabilities	B.8	15,420.26	2,752.35
Short-term Provisions	B.9	416.89	363.93
		<u>19,170.68</u>	<u>3,373.18</u>
	Total	<u>129,107.71</u>	<u>43,698.17</u>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets			
Tangible Assets	B.10	93,143.35	24,058.15
Intangible Assets	B.11	2,097.06	13.60
Capital Work-in-Progress	B.11A	3,620.67	879.41
Non-Current Investments	B.12	1,714.67	2,048.29
Long-term Loans and Advances	B.13	1,023.44	533.30
Other Non-Current Assets	B.14	5,114.61	3,076.35
		<u>106,713.80</u>	<u>30,609.10</u>
<b>Current Assets</b>			
Current Investments	B.15	169.29	2,554.07
Inventories	B.16	6,641.11	1,955.56
Trade Receivables	B.17	7,544.05	2,536.38
Cash and Bank Balances	B.18	3,575.61	4,662.39
Short-Term Loans and Advances	B.19	2,486.09	941.57
Other Current Assets	B.20	1,977.76	439.10
		<u>22,393.91</u>	<u>13,089.07</u>
	Total	<u>129,107.71</u>	<u>43,698.17</u>
Significant accounting policies	A		
Significant Accounting Policies and other Notes on Accounts form an integral part of Financial Statements			
As per our attached report of even date			
<b>For Khimji Kunverji &amp; Co</b>			
Chartered Accountants			
Firm Registration No. 105146W			
Hasmukh B. Dedhia	Akash Mishra	A. K. Agarwala	Director
Partner (Membership No. F-33494)	Company Secretary	Biswajit Choudhuri	Director
		J. C. Chopra	Director
		G. M. Dave	Director
		L. S. Naik	Director
Place : Mumbai		K. C. Jhanwar	Director
Dated : May 11, 2012		V. R. Agrawal	Managing Director

# ADITYA BIRLA CHEMICALS (INDIA) LIMITED

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in Lacs)

	<u>Note No.</u>	<u>For the year ended March 31, 2012</u>	<u>For the year ended March 31, 2011</u>
<b>REVENUES</b>			
Gross Revenue from Operations	B.21	67,064.06	26,265.21
Less: Excise Duty Paid		5,609.98	2,482.08
Net Revenue from Operations		61,454.08	23,783.13
Other Income	B.22	1,123.07	1,519.59
Total Revenues	Total -A	62,577.15	25,302.72
<b>EXPENSES</b>			
Cost of Raw Materials Consumed	B.23	31,645.76	10,154.36
Purchases of Stock-in-Trade	B.24	113.45	10.27
Changes in Inventories	B.25	(321.39)	(4.93)
Employee Benefits Expenses	B.26	3,494.14	1,391.96
Power and Fuel	B.27	3,734.46	1,950.37
Finance Costs	B.28	8,069.90	263.87
Depreciation and Amortization Expenses	B.29	5,401.94	2,036.26
Other Expenses	B.30	6,500.23	2,357.11
Total Expenses	Total-B	58,638.49	18,159.27
Profit before Exceptional and Extraordinary items and Tax	Total A-B	3,938.66	7,143.45
Exceptional items : Loss on discarded assets	B.31	2,273.98	-
Profit before Extraordinary items and tax		1,664.68	7,143.45
Extraordinary Items		-	-
Profit before tax		1,664.68	7,143.45
Tax Expenses	B.32		
Current tax		74.43	881.25
Deferred tax		1,160.85	32.24
Profit/ (Loss) for the period		429.40	6,229.96
<b>Earnings per Share of ₹ 10/- each (EPS)</b>			
Basic EPS (₹)	B.34	1.84	26.64
Diluted EPS (₹)		1.84	26.64
Significant accounting policies	A		
Significant Accounting Policies and other Notes on Accounts form an integral part of Financial Statements			
As per our attached report of even date For Khimji Kunverji & Co. Chartered Accountants Firm Registration No. 105146W			
Hasmukh B. Dedhia Partner (Membership No. F-33494)	Akash Mishra Company Secretary	A. K. Agarwala Biswajit Choudhuri J. C. Chopra G. M. Dave L. S. Naik K. C. Jhanwar V. R. Agrawal	Director Director Director Director Director Director Managing Director
Place : Mumbai Dated : May 11, 2012			

**ADITYA BIRLA CHEMICALS (INDIA) LIMITED**

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012**

(₹ in Lacs)

	<u>For the Year ended March 31, 2012</u>	<u>For the Year ended March 31, 2011</u>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit before Tax</b>	<b>1,664.68</b>	7,143.45
Adjustment for :		
Finance Costs	8,069.90	258.90
Depreciation and Amortization Expenses	5,401.94	2,036.26
(Profit)/Loss on sale of Assets (Net)	19.28	(20.40)
Write-off and amortization of fair value adjustments	2,273.98	-
(Gain) / Loss from Investing Activities (Net)	(149.91)	(143.20)
Interest / Dividend Received	(648.26)	(349.47)
<b>Operating profit before working capital changes</b>	<b>16,631.61</b>	8,925.54
Changes in working Capital:		
Change in Inventories	(4,685.55)	125.55
Change in Trade and other Receivables	(5,007.67)	(2,536.38)
Change in Trade and other Payables	654.15	151.84
Change in long term loans & advances	(1,023.44)	-
Change in other current assets	(2,405.19)	2,188.61
Change in long term provisions	783.94	146.66
Change in Other Balances with Banks	212.28	(3,666.09)
Change in Other Current Liabilities	5,377.17	(922.92)
Change in Non Current Assets	(1,553.23)	(1,639.40)
<b>Cash generation from Operation</b>	<b>8,984.06</b>	2,773.41
Payment of Direct Taxes	(571.69)	(1,606.02)
<b>Net Cash Generated/ (Used) - Operating Activities</b>	<b>8,412.37</b>	1,167.39
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Purchase of Fixed Assets	(83,365.97)	(1,396.43)
Sale of Fixed Assets	1,760.82	63.46
Sale / (Purchase) of Long Term Investments (Net)	814.32	(1,365.42)
Sale / (Purchase) of other Investments (Net)	2,050.01	-
Interest Received	429.23	294.55
Dividend Received	-	5.78
<b>Net Cash Generated/ (Used) - Investing Activities</b>	<b>(78,311.59)</b>	(2,398.06)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from State Capital Subsidy	525.00	175.00
Proceeds from Long-term Borrowings	75,000.00	-
Repayment of Long-term Borrowings	(1,130.40)	(1,855.40)
Proceeds from Short-term Borrowings (Net)	2,422.47	65.42
Finance Cost Paid	(7,656.46)	(261.30)
Dividend Paid (including Dividend Tax)	(135.90)	(409.06)
<b>Net Cash Generated/ (Used) - Financing Activities</b>	<b>69,024.71</b>	(2,285.34)
<b>Net Increase/ (Decrease) in Cash and Cash Equivalents</b>	<b>(874.50)</b>	(3,516.01)
Add : Opening Cash and Cash Equivalents	996.30	4,512.31
<b>Closing Cash and Cash Equivalents</b>	<b>121.80</b>	996.30

**Notes:**

- 1 "Proceeds from long term borrowings" includes current maturities of long term debt borrowed during the year (Note B.8).
- 2 Cash and Cash equivalents include cheques/drafts in hands and remittance in transit and balance with Banks.
- 3 Previous years figures have been regrouped/rearranged wherever necessary.

As per our attached report of even date

**For Khimji Kunverji & Co.**

Chartered Accountants

Firm Registration No. 105146W

Hasmukh B. Dedhia  
Partner (Membership No. F-33494)

Akash Mishra  
Company Secretary

A. K. Agarwala  
Biswajit Choudhuri  
J. C. Chopra  
G. M. Dave  
L. S. Naik  
K. C. Jhanwar  
V. R. Agrawal

Director  
Director  
Director  
Director  
Director  
Director  
Managing Director

Place : Mumbai  
Dated : May 11, 2012

**SIGNIFICANT ACCOUNTING POLICIES**

**A) BACKGROUND AND SIGNIFICANT ACCOUNTING POLICIES**

**BACKGROUND**

Aditya Birla Chemicals Limited ('the Company') is subsidiary company of Hindalco Limited - a leading aluminium company of India having global operations. The company is engaged in the business of chloro chemicals having plant and registered office at Ghanshyam Kunj, Garhwa Road, Rehla, Dist: Palamau, Jharkhand

During the year under report, the company acquired chloro chemical division and salt works of Kanoria Chemicals & Industries Limited situated respectively at Renukoot (Uttar Pradesh) and Jhangi (Gujarat) (articulated as 'Renukoot Chemical Division' or 'RCD') with effect from May 24, 2011 ('the effective date'). The assets, liabilities, revenue, expenses and other details in the financial statements for the year under report include numbers/details of RCD from the effective date. The corresponding figures and details of previous year, are therefore, not comparable with those for the year under report.

**SIGNIFICANT ACCOUNTING POLICIES**

**(i) BASIS OF PREPARATION**

The financial statements have been prepared under the historical cost convention on an accrual basis in compliance with all material aspect of the applicable Accounting Standards notified by Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 1956 (the Act). The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

**(ii) USE OF ESTIMATES**

The preparation of financial statements is in conformity with Indian Generally Accepted Accounting Principles, which require the management to make estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates and differences between actual results and estimates are recognized in the periods in which the results are known / materialize.

**(iii) FIXED ASSETS**

Fixed Assets are stated at cost, less accumulated depreciation and impairment loss, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use and is net of cenvat credit.

Machinery spares which can be used only in connection with an item of fixed assets and whose use is expected to be irregular (Insurance Spares) are Capitalized during the year as an addition to the parent assets and written off over the remaining estimated useful life of the parent assets.

Capital Work in Progress is stated at cost and other relevant overheads incurred during construction period.

**(iv) DEPRECIATION/ AMORTISATION**

- a) Depreciation on Fixed Assets up to March 31, 1987 has been provided at the then prevailing rates on Straight Line Method pursuant to Circular No. 1/86 dated May 21, 1986 issued by the Department of Company Affairs, Government of India.
- b) For Fixed Assets added from April 1, 1987 onwards, the specified period has been recomputed according to the revised rates of depreciation as specified in schedule XIV to the Act as amended by Notification dated December 16, 1993 and the amount of depreciation has been calculated by allocating the unamortized value over the remaining part of the recomputed specified period.
- c) For Fixed Assets added from April 1, 1993 onwards, depreciation is provided on Straight Line Method at the rates, specified in Schedule XIV, as amended by Notification dated December 16, 1993 of the Act except in the case of the following assets, where depreciation is charged over the estimated useful lives of such assets:



## SIGNIFICANT ACCOUNTING POLICIES

Assets	Estimated useful life (Years)
Condensers (Plant & Machinery)	3
Heat Sealing Machine (Plant & Machinery)	1
Weighing Machine (Plant & Machinery)	1
Leasehold Land	Over the primary period of the lease
Insurance Machinery Spares	Over the remaining estimated useful life of the related parent assets
Computer Software	3 years from the date of their acquisition/ purchase

- d) Depreciation on the Fixed Assets added/disposed off/ discarded during the year is provided on pro- rata basis with reference to the date of addition/ disposal/ discarding.

**(v) INVESTMENTS**

Current Investments are stated at lower of cost and fair value. Long term investments are stated at cost after deducting provisions made, if any, for other than temporary diminution in the value. Investments which are readily realisable and intended to be held for period less than one year are current investments. Other Investments are considered as long term investments. Long term debt securities are carried at amortized cost.

**(vi) IMPAIRMENT OF ASSETS**

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An asset is treated as impaired when the carrying cost of the assets exceeds its recoverable value. An impairment loss, if any, is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the assets no longer exist or have decreased.

**(vii) INVENTORIES**

- Finished Goods (including goods in transit), work-in-progress are valued at cost or net realizable value whichever is lower.
- Raw materials, components, stores and spares are valued at lower of weighted Average cost or net realisable value. However, these items are considered to be realisable at cost if the finished products in which they will be used are expected to be sold at or above cost. Obsolete, defective and unserviceable inventory is duly provided for. Scrapped items of stock are valued at net realisable value.
- Cost comprises of all costs of purchases, costs of conversions and other costs incurred in bringing the inventory to their present location and conditions.
- The value of closing stock of finished goods lying at depot is inclusive of freight charges and excise duty paid.

**(viii) TRANSACTION OF FOREIGN CURRENCY ITEMS**

Transactions in foreign currency are recorded at the rate of exchange prevailing on the date of transaction. Foreign currency monetary items (except forward contract transactions) are reported using closing rate of exchange at the end of the year. The resulting exchange gain/ loss is reflected in the Profit and Loss Account. Other non-monetary items, like fixed assets are carried in terms of historical cost using the exchange rate at the date of transaction. Exchange rate difference arising on account of conversion/ translation of liabilities for acquisition of Fixed Assets is recognised in the Profit & Loss account.

**(ix) RETIREMENT AND OTHER EMPLOYEE BENEFITS**

Employee benefits of short term nature are recognized as expense as and when accrued.

**Defined Contribution Plan**

The Company makes defined contribution to Provident Fund and Superannuation schemes which are recognized in the Profit and Loss Account on accrual basis.

**SIGNIFICANT ACCOUNTING POLICIES**

**Defined Benefit Plan**

The Company's liabilities under Payment of Gratuity Act (funded/non-funded), and long term compensated absences (non-funded) are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method except for short term compensated absences which are provided for based on estimates. Actuarial gains and losses are recognised immediately in the statement of Profit and Loss Account as income or expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the Balance Sheet date on Government bonds where the currency and tenure of the Government bonds are consistent with the currency and estimated tenure of the defined benefit obligation.

**(x) RECOGNITION OF INCOME & EXPENDITURE**

Sales are recorded net of trade discounts, Sales Tax, VAT and include excise duty. Revenue from sale of products is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

Income and Expenditure are recognised on accrual basis but Sales claims under escalation clause, insurance and other claims are accounted on acceptance basis.

**(xi) BORROWING COST**

Borrowing Costs, attributable to acquisition and construction of qualifying assets, are capitalised as a part of the cost of such asset up to the date when such assets are ready for its intended use. Long term Finance cost ancillary to arrangement of long-term borrowings are amortised over period of borrowings or 5 years whichever is less. Other borrowing costs are charged to the Profit and Loss Account.

**(xii) TAXATION**

- a) Tax expense comprises of current and deferred tax.
- b) Provision for current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the provisions of Income Tax Act, 1961.
- c) The deferred tax for timing differences is accounted for, using the tax rates and laws that have been substantively enacted as of the Balance Sheet date. Deferred tax assets arising from timing differences are recognised to the extent there is reasonable certainty that these would be realised in future.
- d) Deferred tax assets in case of unabsorbed losses and unabsorbed depreciation are recognised only if there is virtual certainty that such deferred tax asset can be realised against future taxable profits.
- e) Credit for entitlement of Minimum Alternate Tax (MAT) is recognized only if the same can be utilized within statutorily permissible time.

**(xiii) INTANGIBLE ASSETS**

Intangible Assets are recognized by the Company only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the same can be measured reliably.

Intangible Assets are amortized on a systematic basis over its useful life and the amortization for each period will be recognized as an expense.

**(xiv) GOVERNMENT GRANTS/ CAPITAL SUBSIDY**

- a) Capital subsidy/ Government grants are recognised when there is reasonable assurance that the same will be received. Revenue grants are recognised in the Profit & Loss Account.
- b) Capital subsidy/ Government grants relating to specific non depreciable fixed assets and in the nature of Promoter's Contribution are credited to capital reserve account.
- c) Capital subsidy/ Government grants related to specific depreciable assets are credited to capital reserve account and are recognized as income in profit and loss statement on a systematic and rational basis over the useful life of assets.

**(xv) CONTINGENT LIABILITIES AND PROVISIONS**

Contingent Liabilities are possible but not probable obligations as on Balance Sheet date, based on the available evidence. Contingent Liabilities are not provided for in the accounts. These are disclosed by way of Notes to the Accounts.

Provisions are recognised when there is a present obligation as a result of past event, and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on best estimate required to settle the obligation at the Balance Sheet date.

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in Lacs)

**B) NOTES ON FINANCIAL STATEMENTS****B.1 SHARE CAPITAL****AUTHORIZED, ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL**

	As at March 31, 2012	As at March 31, 2011
<b>Authorized</b>		
24,500,000 (Previous year 24,500,000) Equity Shares of ₹ 10/- each.	2,450.00	2,450.00
50,000 (Previous year 50,000) Redeemable Cumulative Preference Shares of ₹ 100/- each 11% Redeemable Cumulative Preference Shares of ₹ 100/- each (Free of Company's Tax but subject to deduction of tax at source at the prescribed rates and redeemable at par between 7 to 10 years from the date of allotment by giving three months notice in writing).	50.00	50.00
	<u>2,500.00</u>	<u>2,500.00</u>
<b>Issued, Subscribed and Fully Paid-up</b>		
23,386,500 (Previous year 23,386,500) Equity Shares of ₹ 10/- each	2,338.65	2,338.65
	<u>2,338.65</u>	<u>2,338.65</u>

12,004,987 Equity Shares (Previous year 12,004,987) of the Company are held by Hindalco Industries Limited, the holding Company 775,000 shares (Previous year 775,000) are held by Renuka Investment & Finance Limited (Subsidiary of Hindalco Industries Limited).

The Company has only one class of share referred as equity share having a par value of ₹ 10/-. Each holder of equity share is entitled to same right in all respect.

**Reconciliation of the number of Shares outstanding:**

Particulars	As at March 31, 2012		As at March 31, 2011	
	No.	Amount	No.	Amount
Equity shares outstanding at the beginning of the year	23,386,500	2,338.65	23,386,500	2,338.65
Add : during the year	-	-	-	-
Equity shares outstanding at the end of the year	23,386,500	2,338.65	23,386,500	2,338.65

**Shareholder holding more than 5 percent shares of the Company:**

Name of Shareholder	As at March 31, 2012		As at March 31, 2011	
	Number of Shares held	Percentage of Holding	Number of Shares held	Percentage of Holding
Hindalco Industries Limited	12,004,987	51.33	12,004,987	51.33
Renuka Investment and Finance Limited (Subsidiary of Hindalco Industries Ltd)	775,000	3.31	775,000	3.31
Fidelity Puritan Trust-Fidelity Low - Priced Stock Fund	2,338,600	10.00	2,338,600	10.00
Bihar State Industrial Development Corporation Ltd	2,028,000	8.67	2,028,000	8.67

**B.2 Reserves and Surplus**

Capital Reserve	1,700.00	1,175.00
Securities Premium Reserve	1.75	1.75
General Reserve	4,078.04	4,078.04
Surplus in Profit and Loss Account	27,904.82	27,611.32
	<u>33,684.61</u>	<u>32,866.11</u>

# ADITYA BIRLA CHEMICALS (INDIA) LIMITED

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in Lacs)

### Additions and deductions for the year ended 31.03.2012

	<u>Opening</u>	<u>Addition</u>	<u>Deduction</u>	<u>Closing</u>
Capital Reserve*	1,175.00	525.00	-	1,700.00
Securities Premium Reserve	1.75	-	-	1.75
General Reserve	4,078.04	-	-	4,078.04
Surplus in Profit and Loss Account	27,611.32	429.40	(135.90)	27,904.82
	<u>32,866.11</u>	<u>954.40</u>	<u>(135.90)</u>	<u>33,684.61</u>

### Additions and deductions for the year ended 31.03.2011

	<u>Opening</u>	<u>Addition</u>	<u>Deduction</u>	<u>Closing</u>
Capital Reserve*	1,000.00	175.00	-	1,175.00
Securities Premium Reserve	1.75	-	-	1.75
General Reserve	4,078.04	-	-	4,078.04
Surplus in Profit and Loss Account	21,517.26	6,229.96	(135.90)	27,611.32
	<u>26,597.05</u>	<u>6,404.96</u>	<u>(135.90)</u>	<u>32,866.11</u>

\*Grant received from Jharkhand State Government of Rs. 525.00 lacs (Previous Year Rs.175.00 lacs) in the nature of Capital subsidy not related to any specific assets credited to capital reserve during the year.

### Details of allocations and appropriation for balance in statement of Profit and Loss

	<u>As at March 31, 2012</u>	<u>As at March 31, 2011</u>
As per last Balance Sheet	27,611.32	21,517.26
Add: Profit for the period	429.40	6,229.96
	<u>28,040.72</u>	<u>27,747.22</u>
Less: Dividend on Equity Shares	116.93	116.93
Less: Tax on Proposed Dividend	18.97	18.97
Closing Balance	<u>27,904.82</u>	<u>27,611.32</u>

### B.3 Long-term Borrowings

#### Secured

Term Loans  
From Banks

	<u>68,228.75</u>	<u>1,380.00</u>
	<u>68,228.75</u>	<u>1,380.00</u>

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in Lacs)

(i) Security and Terms of Term loan from Banks amounting to ₹ 67,968.75 Lacs (Previous Year ₹ Nil)

(a) Nature of Securities

Secured by way of first charge to the Bank on all the movable plant and machinery both present and future being movable properties, now stored at or being stored installed at Rehla, Jharkhand and Renukoot , Uttar Pradesh and second charge on all the stock in trade both present and future and all the book debts, outstanding money receivables, claims and bills due / to be due to the company.

(b) Term of Repayment

Repayable 32 (Previous year Nil) quarterly instalment of ₹ 2,343.75 lacs each from 31st August, 2012 alongwith interest of 11.5% p.a. (also refer Note B.8.(i))

(ii) Security & Terms of Term loan from Banks amounting to ₹ 260 Lacs (Previous Year ₹ 1,380 Lacs)

(a) Nature of Securities

Term loan way of first exclusive charge to the Bank all the stock in trade both present and future consisting of raw materials, finished goods, goods in process of manufacturing and all the book debts, outstanding moneys receivable, claims and bills etc.& all the movable plant and machinery both present and future stored at or at present installed at Garhwa Road , Rehla, Distt: Palamau.

(b) Term of Repayment

Repayable 4 (Previous year 8) quarterly instalment of ₹ 280 lacs each from 1st April and ended with last instalment of ₹ 260 lacs on 01.04.2013 alongwith interest of 8% p.a.(also refer Note B.8.(i))

#### B.4 Deferred Tax

	<u>As at March 31, 2012</u>	<u>As at March 31, 2011</u>
<b>Deferred Tax Liabilities</b>		
Depreciation and Amortization Expenses	<b>4,828.70</b>	3,617.32
Processing Fee	<b>8.11</b>	-
	<u><b>4,836.81</b></u>	<u>3,617.32</u>
<b>Deferred Tax Assets</b>		
Retirement benefits Expenses	-	9.51
Voluntary Retirement	<b>1.93</b>	10.69
Other 43B of Income Tax Act, Provision for Doubtful Debts/Advance etc	<b>80.46</b>	3.55
	<u><b>82.39</b></u>	<u>23.75</u>
Deferred Tax Liabilities/ (Assets) (Net)	<u><b>4,754.42</b></u>	<u>3,593.57</u>

# ADITYA BIRLA CHEMICALS (INDIA) LIMITED

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in Lacs)

	<u>As at</u> <u>March 31, 2012</u>	<u>As at</u> <u>March 31, 2011</u>
<b>B.5 Long-Term Provisions</b>		
Provision for Employee Benefits (Refer Note B.37)	930.60	146.66
	<u>930.60</u>	<u>146.66</u>
<b>B.6 Short-term Borrowings</b>		
<b>Secured</b>		
Loans repayable on demand		
From Banks	2,527.54	105.06
	<u>2,527.54</u>	<u>105.06</u>
(i) ₹ 115.75 lacs Secured against pledge of Fixed Deposits of the Company.		
(ii) ₹ 2411.79 lacs against exclusive first charge by way of hypothecation on all stock in trade both present & future consisting of raw materials, finished goods, goods in process and all book debts, outstanding money receivables, claims & bills due / to be due to the Company.		
<b>B.7 Trade Payables</b>		
Payable to Micro, Small and Medium Enterprises	71.66	1.96
Payable to Others	734.33	149.88
	<u>805.99</u>	<u>151.84</u>

Based on the available information with the Company, the information related to Micro, Small and Medium Enterprises Development Act, 2006 is as under.

Sl No.	Particulars	Current Year	Previous Year
a)	i) Principal amount remaining unpaid to any supplier at the end of the accounting year	71.66	1.96
	ii) Interest due on above	-	-
b)	Amount of interest paid by the buyer in terms of Section 16 of the Act, along with amount of the payment made beyond the appointed date during the year.	-	-
c)	Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding the interest specified under the Act.	-	-
d)	Amount of interest accrued and remaining unpaid at the end of financial year	3.31	-
e)	Amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid to small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the Act.	0.07	0.07

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in Lacs)

	<u>As at March 31, 2012</u>	<u>As at March 31, 2011</u>
<b>B.8 Other Current Liabilities</b>		
(i) Current maturities of long-term debt (Refer note B.3)	8,151.25	1,120.00
(ii) Current maturities of Interest Free Sales Tax Loan From Bihar State Credit And Investment Corporation Limited	-	10.40
(iii) Interest accrued but not due on borrowings	409.45	-
(iv) Advance from customers	498.13	35.11
(v) Unpaid Dividends	14.89	15.08
(vi) Employee related Liabilities	433.95	6.34
(vii) Other Sundry creditors	3,697.22	1,297.03
(viii) Security & Other Deposits	266.68	178.99
(ix) Statutory Dues Payables (Refer note B.44)	1,748.78	89.40
(x) Book overdraft	199.91	-
	<u>15,420.26</u>	<u>2,752.35</u>
<b>B.9 Short-term Provisions</b>		
(i) Employee Benefits (Refer note B.37)	133.19	37.38
(ii) Current Tax (Net of Advance Tax )	-	42.85
(iii) Provisions for Others (Refer note B.36 B)	147.80	147.80
(iv) Proposed Dividends (Refer note below)	116.93	116.93
(v) Tax on Proposed Dividends (Refer note below)	18.97	18.97
	<u>416.89</u>	<u>363.93</u>
The Board of Director have recommended dividend @ 5% i.e. Rs 0.50 per equity share of the Company for the year.		
<b>B.10 Tangible Assets</b>		
Net Carrying Amount of each class of Tangible Assets are as under :		
Freehold Land	5,447.75	66.70
Leasehold Land*	481.24	118.41
Buildings	11,403.91	2,045.87
Plant and Equipment	73,062.94	20,800.87
Chlorine Tonners	173.19	311.50
Vehicles	727.72	131.26
Railway Siding	1,004.55	423.41
Furniture and Fixtures	712.02	41.79
Office Equipment	130.03	118.34
	<u>93,143.35</u>	<u>24,058.15</u>
*Leasehold land includes land, the lease titles whereof are in process of being transferred in the name of the Company		

ADITYA BIRLA CHEMICALS (INDIA) LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in Lacs)

Reconciliation of the Gross and Net Carrying Amount of each class of tangible Assets during FY 2011-12 :

Cost	As at 01.04.2011	RCD	Additions	Deductions /Adjustment	As at 31.03.2012
Freehold Land	66.70	5,381.05	-	-	5,447.75
Leasehold Land	140.96	394.94	-	-	535.90
Buildings	2,780.06	9,612.50	63.76	12.99	12,443.33
Plant and Equipment	32,642.17	60,041.86	1,281.17	4,690.65	89,274.55
Chlorine Tonners	1,291.37	-	-	28.26	1,263.11
Vehicles	189.33	558.96	126.81	28.73	846.37
Railway Siding	736.29	642.21	-	-	1,378.50
Furniture and Fixtures	150.70	765.01	7.47	-	923.18
Office Equipment, Computers	298.30	-	26.71	-	325.01
	<b>38,295.88</b>	<b>77,396.53</b>	<b>1,505.92</b>	<b>4,760.63</b>	<b>112,437.70</b>
<b>Accumulated Depreciation</b>					
Freehold Land	-	-	-	-	-
Leasehold Land	22.55	-	32.11	-	54.66
Buildings	734.20	-	305.38	0.16	1,039.42
Plant and Equipment	11,841.30	-	4,467.19	96.88	16,211.61
Chlorine Tonners	979.87	-	136.91	26.86	1,089.92
Vehicles	58.07	-	71.22	10.64	118.65
Railway Siding	312.88	-	61.07	-	373.95
Furniture and Fixtures	108.91	-	102.25	-	211.16
Office Equipment, Computers	179.96	-	15.03	0.01	194.98
	<b>14,237.74</b>	<b>-</b>	<b>5,191.16</b>	<b>134.55</b>	<b>19,294.35</b>

Reconciliation of the Gross and Net Carrying Amount of each class of tangible Assets during FY 2010-11 :

Cost	As at 01.04.2010	RCD	Additions	Deductions/ Adjustment	As at 31.03.2011
Freehold Land	66.70	-	-	-	66.70
Leasehold Land	140.96	-	-	-	140.96
Buildings	2,702.47	-	77.59	-	2,780.06
Plant and Equipment	32,052.43	-	646.05	56.31	32,642.17
Chlorine Tonners	1,503.36	-	-	212.00	1,291.36
Vehicles	187.78	-	23.37	21.81	189.34
Railway Siding	736.29	-	-	-	736.29
Furniture and Fixtures	130.25	-	21.78	1.33	150.70
Office Equipment	283.33	-	14.97	-	298.30
	<b>37,803.57</b>	<b>-</b>	<b>783.76</b>	<b>291.45</b>	<b>38,295.88</b>
<b>Accumulated Depreciation</b>					
Freehold Land	-	-	-	-	-
Leasehold Land	20.97	-	1.58	-	22.55
Buildings	647.16	-	87.03	-	734.19
Plant and Equipment	10,228.92	-	1,665.89	53.51	11,841.30
Chlorine Tonners	997.29	-	170.95	188.38	979.86
Vehicles	47.51	-	17.06	6.49	58.08
Railway Siding	277.91	-	34.97	-	312.88
Furniture and Fixtures	75.92	-	33.00	0.01	108.91
Office Equipment	160.98	-	18.98	-	179.96
	<b>12,456.66</b>	<b>-</b>	<b>2,029.46</b>	<b>248.39</b>	<b>14,237.73</b>



## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in Lacs)

<b>B.11 Intangible Assets</b>	<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>
Net Carrying Amount of each class of Intangible Assets :		
Value of Licence	2,049.90	-
Computer software	47.16	13.60
	<u>2,097.06</u>	<u>13.60</u>

## Reconciliation of the Gross and Net Carrying Amount of each class of Intangible Assets during FY 2011-12 :

<b>Cost</b>	<b>As at 01.04.2011</b>	<b>RCD</b>	<b>Additions</b>	<b>Deductions /Adjustment</b>	<b>As at 31.03.2012</b>
Value of Licence	-	2,236.26	-	-	2,236.26
Computer software	121.02	57.98	-	-	179.00
	<u>121.02</u>	<u>2,294.24</u>	<u>-</u>	<u>-</u>	<u>2,415.26</u>
<b>Accumulated Amortization</b>					
Value of Licence	-	-	186.36	-	186.36
Computer software	107.42	-	24.42	-	131.84
	<u>107.42</u>	<u>-</u>	<u>210.78</u>	<u>-</u>	<u>318.20</u>

## Reconciliation of the Gross and Net Carrying Amount of each class of Intangible Assets during FY 2010-11 :

<b>Cost</b>	<b>As at 01.04.2010</b>	<b>RCD</b>	<b>Additions</b>	<b>Deductions /Adjustment</b>	<b>As at 31.03.2011</b>
Value of Licence	-	-	-	-	-
Computer software	115.29	-	5.73	-	121.02
	<u>115.29</u>	<u>-</u>	<u>5.73</u>	<u>-</u>	<u>121.02</u>
<b>Accumulated Amortization</b>					
Value of Licence	-	-	-	-	-
Computer software	100.62	-	6.80	-	107.42
	<u>100.62</u>	<u>-</u>	<u>6.80</u>	<u>-</u>	<u>107.42</u>

**B.11A Capital Work-in-Progress**

Capital Work in Progress	<u>3,620.67</u>	<u>879.41</u>
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ADITYA BIRLA CHEMICALS (INDIA) LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in Lacs)

The Above includes Pre-operative expenses pending allocation

	As at March 31, 2012	As at March 31, 2011
Consultancy & Legal Charges	675.34	41.25
Insurance	2.92	2.55
Transportaion Charges	29.89	-
Power and fuel	3.86	-
Administrative & other Expenses	54.05	0.09
Labour & consumables	8.23	0.25
	<u>774.29</u>	<u>44.14</u>
Add: Brought forward from previous year	62.62	18.48
	<u>836.91</u>	<u>62.62</u>
Less: Allocated to Fixed Assets	30.25	-
<b>Total</b>	<u>806.66</u>	<u>62.62</u>

Note: The above noted revenue expenditures capitalized as a preoperative expense relates only up to the period the concerned fixed assets have been put to use.

**B.12 Non-Current Investments**

**Long-Term, Non Trade**

(valued at amortised cost method, unless stated otherwise)

Investments in Debentures and Bonds	1,714.67	2,018.29
Investments in Mutual Funds	-	30.00
	<u>1,714.67</u>	<u>2,048.29</u>
Less: Provision made for diminution in value of Investments	-	-
	<u>1,714.67</u>	<u>2,048.29</u>
<b>Aggregate amount and Market value</b>		
Aggregate amount of Unquoted Investments	42.57	99.48
Aggregate amount of Quoted Investments	1,672.10	1,918.81
Aggregate market value of Quoted Investments	1,645.70	1,876.75

**Investments in Debentures or Bonds**

	Face value per Unit (₹ in Lacs)	As at 31.03.2012		As at 31.03.2011	
		Number	(₹ in Lacs)	Number	(₹ in Lacs)
<b>Quoted (other than trade)</b>					
10.20% TATA STEEL LTD. 2015	10.00	20	206.54	20	208.66
7.35% HUDCO TX SR-SD5 2013	10.00	9	87.35	9	87.35
6.75% IDBI BANK LTD OMNI-1 2013	1.00	40	38.05	40	38.05
8.4% ONGC VIDESH LTD 2014	10.00	-	-	2	20.04
7.25% Andhra Bank 2014	10.00	-	-	4	38.28
9.97% APPFCL 2022	10.00	20	200.00	-	-
7.25% Indian Overseas Bank 2015	10.00	-	-	11	104.26
7.6% Syndicate Bank 2015	10.00	-	-	5	48.25
8.95% Central Bank of India 2016	10.00	-	-	5	50.57
8.15% Central Bank of India 2015	10.00	10	98.20	10	98.20
8% WB Infra Finance Corporation 2015	10.00	-	-	5	48.60
6.5% IDBI Bank Ltd. 2014	0.05	1,000	46.88	1,000	46.88
8% IDBI Bank Ltd. 2016	10.00	10	97.39	10	97.39
7.5% IDBI Bank Ltd. 2015	10.00	5	47.89	5	47.89
7.7% IDBI Bank Ltd. 2016	10.00	5	48.07	5	48.07
9.4% G.E.Shiping 2018	10.00	50	501.73	50	502.03
7.4% HDFC SR-30 2012	1.00	-	-	3	29.25
10% IDBI BANK LTD OMNI-1 2012	1.00	-	-	5	5.09
8.45% Tamilnadu Electricity Board 2015	10.00	-	-	10	99.95
9.05% TATA Capital Ltd. 2020	10.00	30	300.00	30	300.00
			<u>1,672.10</u>		<u>1,918.81</u>

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in Lacs)

	Face value per Unit (₹ in Lacs)	As at 31.03.2012		As at 31.03.2011	
		Numbers	(₹ in Lacs)	Number	(₹ in Lacs)
<b>Unquoted (other than trade)</b>					
6.9% MECON LTD 2013	4.00	11	42.57	11	63.86
10% IDBI BANK LTD 2012	1.00	-	-	35	35.62
			<u>42.57</u>		<u>99.48</u>
<b>(b) Investments in Mutual Funds</b>					
Quoted (other than trade)					
SBI Debt Fund Series (Face Value ₹ 10/unit)	-	-	-	300,000	30.00
			<u>-</u>		<u>30.00</u>

	<u>As at 31st March 31, 2012</u>	<u>As at 31st March 31, 2011</u>
<b>B.13 Long-term Loans and Advances</b>		
(i) Capital Advances		
Unsecured, Considered Good	1,022.00	533.30
(ii) Security Deposits		
Unsecured, Considered Good	1.44	-
	<u>1,023.44</u>	<u>533.30</u>
<b>B.14 Other Non-Current Assets</b>		
(i) Balance with Banks:		
Deposits with more than 12 months maturity	2,400.00	1,205.00
Earmarked deposit with bank held as margin money	317.63	434.40
(ii) Unamortized Expenses	475.00	-
(iii) Current Tax Assets (Net of Provisions)	226.69	-
(iv) MAT Credit Entitlement	1,695.29	1,436.95
	<u>5,114.61</u>	<u>3,076.35</u>

ADITYA BIRLA CHEMICALS (INDIA) LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in Lacs)

	<u>As at March 31, 2012</u>	As at March 31, 2011
<b>B.15 Current Investments</b> (Valued at cost or market price whichever is lower unless stated otherwise)		
Investments in Debentures and Bonds	169.29	574.04
Investments in Certificate of Deposits	-	1,980.03
	<u>169.29</u>	<u>2,554.07</u>
<b>Aggregate amount and Market value</b>		
Aggregate amount of Unquoted Investments	35.06	10.19
Aggregate amount of Quoted Investments	134.23	2,543.88
Market value of Quoted Investments	133.38	2,592.99

	Face value per Unit (₹ in Lacs)	As at 31.03.2012		As at 31.03.2011	
		Number	(₹ in Lacs)	Number	(₹ in Lacs)
<b>Investments in Certificate of Deposits</b>					
<b>Quoted (other than trade)</b>					
CD STATE BANK OF HYDERABAD	1.00	-	-	2,000	1,930.64
CD CANARA BANK	1.00	-	-	50	49.39
			-		<u>1,980.03</u>
<b>Current Maturities of Long Term Investments</b> (valued at amortised cost method)					
<b>i) Quoted (Other than trade)</b>					
7.2% Rural Electrification Corporation 2015	10.00	-	-	3	29.51
7.5% AP Power Finance Corporation 2012	10.00	-	-	5	49.15
7.7% AP Power Finance Corporation 2015	10.00	-	-	13	128.74
8.4% AP Power Generation Corporation 2014	10.00	-	-	15	149.55
7.8% AP Power Generation Corporation 2014	10.00	-	-	20	198.76
11% IDBI BANK LTD OMNI S1-T2 2011	1.00	-	-	8	8.14
8.45% Tamilnadu Electricity Board 2015	10.00	10	99.95	-	-
10% IDBI BANK LTD OMNI-1 2012	1.00	5	5.03	-	-
7.4% HDFC SR-30 2012	1.00	3	29.25	-	-
<b>ii) Unquoted (Other than trade)</b>					
10.75% IDBI BANK LTD 2011	1.00	-	-	10	10.19
10% IDBI BANK LTD 2012	1.00	35	35.06	-	-
			<u>169.29</u>		<u>574.04</u>

<b>B.16 Inventories</b> (Valued at cost and net realisable value, whichever is less)		
(i) In Hand :		
Finished Goods	1,314.14	165.87
Work-in-Progress	277.80	109.78
Raw Materials	3,485.15	1,455.57
Packing Materils	166.54	66.30
Waste / Scrap	10.56	6.20
Stores and Spares	809.60	151.84
(ii) In Transit :		
Raw Materials	577.32	-
	<u>6,641.11</u>	<u>1,955.56</u>

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in Lacs)

	<u>As at March 31, 2012</u>	<u>As at March 31, 2011</u>
<b>B.17 Trade Receivables</b>		
(i) Outstanding for a period exceeding six months (from the due date)		
Unsecured, Considered Good	322.68	28.60
Doubtful	5.91	9.01
(ii) Outstanding for a period less than six months (from the due date)		
Unsecured, Considered Good	7,221.37	2,507.78
	<u>7,549.96</u>	<u>2,545.39</u>
Less: Allowance for bad and doubtful debts	5.91	9.01
	<u>7,544.05</u>	<u>2,536.38</u>
Trade Receivables include dues from Holding Company, Hindalco Industries Limited, ₹ 1,507.92 lacs (Previous year ₹ 132.66 lacs) maximum due at any time during the year ₹ 1,966.12 lacs (Previous year ₹ 1,011.22 Lacs)		
<b>B.18 Cash and Bank Balances:</b>		
(i) <b>Cash and Cash Equivalents</b>		
Balance with Banks:		
Deposits with less than 3 months maturity	6.26	798.00
Current Accounts	99.84	191.01
Cheques and Drafts on hand	7.76	-
Cash in hand	7.94	7.29
	<u>121.80</u>	<u>996.30</u>
(ii) <b>Others</b>		
Balance with Banks:		
Earmarked Balances	14.89	15.08
Earmarked deposit with bank held as margin money	1,020.34	804.19
Deposits between 3 and 12 months maturity	2,418.58	2,846.82
	<u>3,453.81</u>	<u>3,666.09</u>
	<u>3,575.61</u>	<u>4,662.39</u>
<b>B.19 Short-term Loans and Advances</b>		
<b>Unsecured, Considered Good</b>		
Loan and Advance to Employees	17.21	9.83
Loan and Advance for Trade (Goods and Services)	1,770.12	357.04
Other loans and advances	29.16	-
Security Deposits	669.60	574.70
	<u>2,486.09</u>	<u>941.57</u>
Less: Allowance for bad and doubtful loans and advances	-	-
	<u>2,486.09</u>	<u>941.57</u>

ADITYA BIRLA CHEMICALS (INDIA) LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in Lacs)

	<u>As at March 31, 2012</u>	<u>As at March 31, 2011</u>
<b>B.20 Other Current Assets</b>		
(i) Accrued Interest	465.15	246.13
(ii) Accrued Export and Other Incentives	122.25	-
(iii) Prepaid Expenses	52.55	13.60
(iv) Unamortized Expenses	150.00	-
(v) Fixed Assets held for sale (Refer note B.31)	572.00	-
(vi) Claims and Other Receivables	615.81	179.37
	<u>1,977.76</u>	<u>439.10</u>
	<b>For the year ended March 31, 2012</b>	<b>For the year ended March 31, 2011</b>
<b>B.21 Revenue from Operations</b>		
Sale of Products	66,518.02	26,107.05
Other Operating Revenues		
Export and Other Incentives	145.78	-
Insurance Claims (Net)	110.00	0.31
Recovery from Hydrolic Testing	4.20	3.55
Rent on Hydrogen cylinders/Property at Veraval	0.17	14.19
Sale of Scrap	285.89	140.11
Gross Revenue from Operations	<u>67,064.06</u>	<u>26,265.21</u>
Less: Excise Duty Paid	5,609.98	2,482.08
Net Revenue from Operations	<u>61,454.08</u>	<u>23,783.13</u>
<b>Details of sale of product</b>		
Caustic Soda	42,598.47	17,018.75
Liquid Chlorine	1,356.41	2,606.70
Hydrochloric Acid (33%)	1,062.12	1,153.60
Sodium Hypo Chlorite (Lye)	305.01	313.45
Aluminium Chloride	9,939.84	3,932.44
Power	1,730.15	63.57
Compressed Hydrogen	45.30	1.18
Stable Bleaching Powder	3,000.50	929.89
Chlorinated Parafinn	4,640.20	-
Poly-Aluminum Chloride	1,539.64	-
Others	300.38	87.47
	<u>66,518.02</u>	<u>26,107.05</u>

ADITYA BIRLA CHEMICALS (INDIA) LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in Lacs)

	<b>For the year ended March 31, 2012</b>	<b>For the year ended March 31, 2011</b>
<b>B.22 Other Income</b>		
(i) Interest Income		
On Long Term Investments	148.34	261.73
On Fixed Deposits	468.36	325.10
Others	31.56	18.59
(ii) Dividend Income		
On Current Investments	-	5.78
Gain/ (Loss) on sale of Investments (Net)		
On Long Term Investments	79.93	143.20
On Current Investments	69.98	-
(iii) Rent Income	4.48	-
(iv) Liabilities No Longer Required, written back	276.40	638.44
(v) Miscellaneous Income	41.18	99.47
(vi) Profit/(Loss) on Sale of Fixed Assets	-	20.40
(vii) Previous Year Adjustment	2.84	-
(viii) Gain on foreign currency transactions and translation (Net)	-	6.88
	<b>1,123.07</b>	<b>1,519.59</b>
<b>B.23 Cost of Raw Materials Consumed</b>		
Salt	6,782.62	3,353.28
Alumina Hydrate	628.61	-
Aluminium Ingots	6,092.45	2,399.60
Barium Carbonate	623.24	307.32
Coal	10,986.02	3,000.39
Lime	728.56	469.82
Packing Materials	883.60	219.78
High - Normal Parafinn	1,980.54	-
Normal Parafinn	1,381.56	-
Others	1,558.56	404.17
	<b>31,645.76</b>	<b>10,154.36</b>
<b>B.24 Purchases of Stock-in-Trade</b>		
Finished Goods Purchased	113.45	10.27
	<b>113.45</b>	<b>10.27</b>

ADITYA BIRLA CHEMICALS (INDIA) LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in Lacs)

	<b>For the year ended March 31, 2012</b>	For the year ended March 31, 2011
<b>B.25 Changes in Inventories</b>		
<b>Opening Stocks</b>		
Finished Goods	165.87	146.91
Work-in-Progress	109.78	114.05
Waste / Scrap	6.20	9.96
	<u>281.85</u>	<u>270.92</u>
<b>Stocks acquired from RCD</b>		
Finished Goods	707.22	-
Work-in-Progress	173.35	-
	<u>880.57</u>	<u>-</u>
	<u>1,162.42</u>	<u>270.92</u>
<b>Less: Closing Stocks</b>		
Finished Goods	1,314.14	165.87
Work-in-Progress	277.80	109.78
Waste / Scrap	10.56	6.20
	<u>1,602.50</u>	<u>281.85</u>
	<u>(440.08)</u>	<u>(10.93)</u>
Change in Excise Duty on Stock (Net)	<u>118.69</u>	<u>6.00</u>
	<u>(321.39)</u>	<u>(4.93)</u>

Details of Work-in-Progress under broad heads are given below:

	For the year ended March 31, 2012			For the year ended March 31, 2011	
	Opening	RCD	Closing	Opening	Closing
Aluminium	81.31	88.77	177.32	80.11	81.31
Caustic Soda	0	20.96	20.16	-	-
Brine	22.26	-	28.67	25.83	22.26
Others	6.21	63.62	51.65	8.11	6.21
	<u>109.78</u>	<u>173.35</u>	<u>277.80</u>	<u>114.05</u>	<u>109.78</u>

**B.26 Employee Benefits Expenses**

Salaries, Wages and Bonus (Refer note B.37)	2,849.25	1,071.44
Contractors' PF and Bonus	79.49	19.73
Contribution to Provident and other Funds	285.30	161.49
Employee Welfare	280.10	139.30
	<u>3,494.14</u>	<u>1,391.96</u>

**B.27 Power and Fuel**

Power and Fuel*	3,619.33	1,926.97
Electricity Duty	115.13	23.40
	<u>3,734.46</u>	<u>1,950.37</u>

\*Power and Fuel cost includes liability of Rs 691.50 Lacs towards Renewable Purchase Obligation which is being contested



ADITYA BIRLA CHEMICALS (INDIA) LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in Lacs)

	<b>For the year ended March, 2012</b>	<b>For the year ended March, 2011</b>
<b>B.28 Finance Costs</b>		
Interest Expenses	7,695.90	258.90
Other Borrowing Costs	264.48	4.97
(Gain) / Loss on foreign currency transactions and translation (Net)	<u>109.52</u>	<u>-</u>
	<b>8,069.90</b>	<b>263.87</b>
<b>B.29 Depreciation and Amortization Expenses</b>		
Depreciation Expenses	5,191.16	2,029.46
Amortization Expenses	210.78	6.80
	<u>5,401.94</u>	<u>2,036.26</u>
<b>B.30 Other Expenses</b>		
Consumption of Stores and Spare parts	2,342.74	1,095.00
Legal & Professional Charges	189.97	61.24
Rent	39.55	4.70
Contractual Labour-Packing	93.84	87.27
Repairs to Buildings	82.00	9.00
Repairs to Machinery	391.52	244.59
Repairs to Others	153.00	79.42
Insurance	180.99	46.99
Rates and Taxes	36.99	18.39
Business Head Office Expenses*	44.64	128.33
Auditors' Remuneration (See Note Below)	16.26	10.05
Freight and Forwarding (Net)	1,908.36	164.87
Bad and doubtful debts, loans and advances written off	7.40	-
Donation	1.97	3.54
Directors' Sitting Fees	11.10	9.20
Prior Period Items (Net)	-	1.31
(Profit)/ Loss on Fixed Assets sold (Net)	19.28	-
(Gain)/ Loss on foreign currency transactions and translation (Net)	22.63	-
Job Work Expenses	9.89	40.12
Raw Water charges and Cess	47.19	24.74
Travelling & Conveyance	110.39	60.51
Commission on Sales	184.37	22.22
Advertisement	7.81	4.96
Rebate & Claims	13.83	8.48
Brokerage/Demat Charges on Investment	1.06	0.28
Premium / Discount Written Off	3.98	4.82
Miscellaneous Expenditure written off	-	3.62
Miscellaneous Expenses	<u>579.47</u>	<u>223.46</u>
	<b>6,500.23</b>	<b>2,357.11</b>

# ADITYA BIRLA CHEMICALS (INDIA) LIMITED

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in Lacs)

\*With a view to optimise the benefits of specialisation and minimise cost to the Company, its share of expenses towards business operations of ₹ Nil (Previous year ₹ 15.73 lacs) contributed to Aditya Birla Nuvo Limited and ₹ 44.64 Lacs (Previous year ₹ 112.60 lacs) contributed to Grasim Industries Limited the same has been accounted under 'Business Head Office expenses in Notes B.30

	<b>For the year ended March 31, 2012</b>	For the year ended March 31, 2011
Details of Auditors' Remuneration are as follows:		
Statutory Auditors:		
Audit Fees	5.75	4.50
Tax Audit Fees	1.50	1.00
Certification work (Including Quarterly Limited Reviews)	8.10	4.10
Reimbursement of expenses	0.63	0.23
<b>Total (A)</b>	<b>15.98</b>	<b>9.83</b>
Cost Auditors:		
Statutory/ Cost Audit Fees	0.20	0.20
Reimbursement of expenses	0.08	0.02
<b>Total (B)</b>	<b>0.28</b>	<b>0.22</b>
<b>Total (A+B)</b>	<b>16.26</b>	<b>10.05</b>
<b>B.31 Exceptional Items</b>		
Loss on Discard of Fixed Assets	2,273.98	-
	<b>2,273.98</b>	<b>-</b>
Out of the Assets acquired of RCD (Refer note under title Background), the Company has identified Lindane BHC plants (which have been shut down for past few years) and Mercury Plant which are classified as 'assets held for disposal'. The resultant loss of Rs. 2273.98 Lacs has been booked and classified as exceptional item during the year.		
<b>B.32 Tax Expenses</b>		
<b>Current Tax Expenses</b>		
Current Tax for the year	333.29	1,428.48
MAT Credit Entitlement	(333.29)	(588.08)
Current Tax adjustments for earlier years (Net)	74.43	40.85
	<b>74.43</b>	<b>881.25</b>
<b>Deferred Tax Expenses</b>		
Deferred Tax for the year	1,160.85	32.24
	<b>1,160.85</b>	<b>32.24</b>
<b>B.33 Segment information</b>		
The Company is primarily engaged in Chlor Alkali Chemicals. Since the inherent nature of entire business activities is governed by the same act of risk and returns, there is no reportable segment. Company does not have reportable secondary segment.		

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in Lacs)

	<b>For the year ended March 31, 2012</b>	For the year ended March 31, 2011
<b>B.34 Earning per Share (EPS)</b>		
Net Profit (₹ in Lacs)	<b>429.40</b>	6,229.96
Weighted average number of shares used in the calculation of EPS:		
Weighted average number of Basic Equity Shares outstanding	<b>23,386,500</b>	23,386,500
Weighted average number of Diluted Equity Shares outstanding	<b>23,386,500</b>	23,386,500
Face value of per share (₹)	<b>10.00</b>	10.00
Basic EPS (₹)	<b>1.84</b>	26.64
Diluted EPS (₹)	<b>1.84</b>	26.64

**B.35 COMMITMENTS**

S. N	Particulars	As at March 31, 2012	As at March 31, 2011
a)	Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances)	<b>6,749.19</b>	166.29
b)	The company has other commitments under fuel supply agreement (FSA) with CIL for lifting of minimum guaranteed quantity of coal every year under that FSA	-	-

**B.36 CONTINGENT LIABILITIES & PROVISIONS**

A)	Contingent Liabilities not provided for in respect of the following:		
a)	Outstanding Bank Guarantees (Against which Rs.406 lacs has been deposited as FDR with Banks, Previous year Rs. 465 lacs)	<b>1,717.01</b>	769.01
b)	Claims/Disputed liabilities against the Company not acknowledged as debt		
i)	a) Annual Minimum Guarantee Electricity charges & delayed payment surcharge thereon against which Rs.100 lacs (previous year Rs.100 lacs) has been deposited ( <i>The order of Consumer Grievance Redressal Forum relating to Annual Minimum Guarantee case was challenged by JSEB before Ranchi High Court. On hearing, the Ranchi High Court directed JSEB to raise the bill in accordance with the Forum's order subject to final adjudication of pending writ. Complying with Forum's order, JSEB has raised bill which involved a refund of Rs 17.80 Lacs to the Company. Since the writ is pending before the Court, contingent liability of Rs.6511.25 lacs has been disclosed in the accounts.</i> )	<b>6,511.25</b>	6,459.65
	b) Delayed payment of surcharge on the amount of fuel surcharge arrears	<b>482.12</b>	480.63
ii)	Amount claimed by the Kandla Port Trust not acknowledge by company, matter is pending before the Court.	<b>382.60</b>	Nil
iii)	Income Tax		
	a) AY 1998-99, 2000-01, ITAT (Appeals) effect Pending with A.O. (Against which ₹ 9.32 lacs paid)	<b>13.15</b>	13.15

**ADITYA BIRLA CHEMICALS (INDIA) LIMITED**

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**

(₹ in Lacs)

**B.36 CONTINGENT LIABILITIES & PROVISIONS**

S. N	Particulars	As at March 31, 2012	As at March 31, 2011
	b) AY 2007-08 for which the Company has filed appeal with CIT (Appeals) and Petition u/s 154 has been filed for considering correct amount of TDS & Advance Tax	197.02	197.02
	c) AY 2008-09 for which the Company has filed appeal with CIT (Appeals) and Petition u/s 154 has been filed for considering correct amount of TDS	357.32	357.32
	d) Various other cases for which the Company has filed appeal with CIT (Appeals)	8.44	2.27
iv)	Liquidated damage and interest claimed by BSIDC not acknowledged by the Company	143.18	129.16
v)	Compensation payable against various labour cases pending with various Courts	156.00	156.00
vi)	Land revenue and Maintenance charges payable to Ranchi Industrial Area Development Authority (RIADA), Ranchi	10.50	10.50
	Sales Tax		
vii)	AY 2003-04 for which the Company has filed writ no.1811/2007 before Allahabad High Court against Dy Commissioner(A), Sonebhadra Order (due to non submission of certificate of Trade tax check post at Nepal Border Rs.1.63 lac was deposited)	10.86	Nil
viii)	Excise		
	a) For the Period (2000-01 to 2006-07): Demand of Excise duty on clearance of SBP to M/s UNICEF without payment of Excise duty under Notification No. 108/95 C.E. Case is pending before CESTAT, New Delhi	60.42	Nil
	b) For the Period (June'03- March' 07): Case against demand raised for excise duty is pending before CESTAT, New Delhi	533.46	Nil
	c) Various other cases pending before excise department, high Court & CESTAT	14.76	Nil
ix)	Service tax		
	a) Demand of Service Tax for the period April' 05- June' 06. Cases were pending before CESTAT, New Delhi.	141.21	Nil
	b) Demand of penalty on service tax on banking and other financial services availed by company for issue of FCCB. Cases were pending before CESTAT, New Delhi.	25.11	Nil

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in Lacs)

**B) Provisions**

Nature	Opening Balance	Addition	Utilisation	Closing Balance
Various pending labour cases with court	147.80	0.00	0.00	147.80

**B.37 RETIREMENT BENEFITS**

The details of the Company's defined benefit plans for its employees are as under:

**AMOUNT RECOGNISED IN THE BALANCE SHEET IN RESPECT OF GRATUITY (FUNDED BY THE COMPANY)****Present value of the funded defined benefit obligation**

	As on March 31, 2012	As on March 31, 2011
<b>A Status</b>		
a) at the end of the period	670.67	614.26
b) Fair value of plan assets	(663.83)	(544.38)
c) Net Liability / (Asset)	6.84	69.88

**Amount recognised in Salary, Wages and Employee Benefits in the Profit and Loss Account in respect of gratuity**

	Current Year	Previous Year
<b>A Components of Employer Expenses</b>		
a) Current Service Cost	36.34	33.51
b) Interest on Defined Benefit Obligations	51.40	46.35
c) Expected Return on Plan Assets	(48.33)	(38.38)
d) Actuarial Losses / (Gains) defined benefit obligation	74.06	32.31
e) Actuarial losses / (gains) on Plan assets	(19.27)	(3.90)
f) Net Gratuity Cost	94.20	69.89

**Actual Return on Plan Assets**

	As on March 31, 2012	As on March 31, 2011
a) Expected Return on Plan Assets	48.33	38.38
b) Actuarial Gain / (Loss) on Plan Assets	19.27	3.90
c) Actual Return on Plan Assets	67.60	42.28

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in Lacs)

## Reconciliation of present value of the obligation and the fair value of the Plan Assets

	As on March 31, 2012	As on March 31, 2011
<b>A Change in Defined Benefit Obligation</b>		
a) Opening Present Value of Defined Benefit Obligation	614.26	544.44
b) Current Service Cost	36.34	33.51
c) Interest Cost	51.40	46.35
d) Actual (Gains)/ losses	74.06	32.31
e) Benefits Paid	(105.39)	(42.35)
f) Closing Present Value of Defined Benefit Obligation	670.67	614.26
<b>B Change in Fair Value of Assets</b>		
a) Opening Plan assets	544.38	415.20
b) Expected Return on plan assets	48.33	38.38
c) Actual Company contributions	157.24	129.24
d) Employee Contributions	-	-
e) Acturial gains/ (losses) on Plan Assets	19.27	3.90
f) Benefits paid	(105.39)	(42.34)
g) Closing Plan assets	663.83	544.38

There are no amount included in the fair value of Plan Assets for:

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

Expected rate of return on assets is based on the average long term rate of return (assumed rate on return) expected on investments of the funds during the estimated term of the obligations.

**AMOUNT RECOGNISED IN THE BALANCE SHEET IN RESPECT OF GRATUITY (NON FUNDED BY THE COMPANY)****Present value of the defined benefit obligation**

(₹ in Lacs)

	As on March 31, 2012	As on March 31, 2011
A Status		
a) At the end of the period	829.93	-
b) Fair value of plan assets	-	-
c) Net Liability/ (Asset)	829.93	-

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in Lacs)

**Amount recognised in Salary, Wages and Employee Benefits in the Profit and Loss Account in respect of gratuity**

	Current Year	Previous Year
<b>A Components of Employer Expenses</b>		
a) Current Service Cost	40.36	-
b) Interest on Defined Benefit Obligations	67.43	-
c) Expected Return on Plan Assets	-	-
d) Actuarial Losses/(Gains)	(31.00)	-
e) Actuarial Losses/(gains) on Plan assets	-	-
f) Net Gratuity Cost	76.79	-

**Reconciliation of present value of the obligation and the fair value of the Plan Assets**

	As on March 31, 2012	As on March 31, 2011
<b>A Change in Defined Benefit Obligation</b>		
a) Opening Present Value of Defined Benefit Obligation	855.86	-
b) Current Service Cost	40.36	-
c) Interest Cost	67.43	-
d) Actual (Gains)/ Losses	(31.00)	-
e) Benefits Paid	(102.72)	-
f) Closing Present Value of Defined Benefit Obligation	829.93	-
<b>B Change in Fair Value of Assets</b>		
a) Opening Plan assets	-	-
b) Expected Return on plan assets	-	-
c) Actual Company contributions	102.72	-
d) Employee Contributions	-	-
e) Actuarial gains/ (losses) on Plan Assets	-	-
f) Benefits paid	(102.72)	-
g) Closing Plan assets	-	-

There are no amount included in the fair value of Plan Assets for:

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

Expected rate of return on assets is based on the average long term rate of return expected on investments of the funds during the estimated term of the obligations.

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in Lacs)

**AMOUNT RECOGNISED IN THE BALANCE SHEET IN RESPECT OF LEAVE ENCASHMENT (ACCRUED BUT NOT FUNDED)****Present value of the defined benefit obligation**

	As on March 31, 2012	As on March 31, 2011
<b>A Status</b>		
a) At the end of the period	227.01	114.16
b) Fair value of plan assets	-	-
c) Net Liability/ (Asset)	227.01	114.16

**Amount recognised in Salary, Wages and Employee Benefits in the Profit and Loss Account in respect of leave encashment**

(₹ in Lacs)

	Current Year	Previous Year
<b>A Components of Employer Expenses</b>		
a) Current Service Cost	3.67	10.62
b) Interest on Defined Benefit Obligations	18.05	9.04
c) Expected Return on Plan Assets	-	-
d) Actuarial Losses/(Gains)	47.00	28.16
e) Net Leave encashment Cost	68.72	47.82

**Reconciliation of present value of the obligation and the fair value of the Plan Assets**

	As on March 31, 2012	As on March 31, 2011
<b>A Change in Defined Benefit Obligation</b>		
a) Opening Present Value of Defined Benefit Obligation	224.13	111.77
b) Current Service Cost	3.67	10.62
c) Interest Cost	18.05	9.04
d) Actuarial (Gains)/ Losses	47.00	28.16
e) Benefits Paid	(65.84)	(45.43)
f) Closing Present Value of Defined Benefit Obligation	227.01	114.16
<b>B Change in Fair Value of Assets</b>		
a) Opening Plan assets	-	-
b) Expected Return on plan assets	-	-
c) Actual Company contributions	65.84	45.43
d) Employee Contributions	-	-
e) Actuarial gains/ (losses) on Plan Assets	-	-
f) Benefits paid	(65.84)	(45.43)
g) Closing Plan assets	-	-



## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in Lacs)

**Principal Actuarial Assumptions at the Balance Sheet date (Rehla unit)**

	As on March 31, 2012	As on March 31, 2011
Discount Rate	8.00%	8.00%
Rate of return on plan Assets (only in case of Gratuity)	8.00%	8.00%
Rate of increase salaries	5.00%	5.00%
Expected Average remaining working lives of employees (years)	12.65	12.99
Withdrawal Rates	Varying between 2% per annum and 1% per annum depending on duration and age of the employees	

**Principal Actuarial Assumptions at the Balance Sheet date (RCD)**

	As on March 31, 2012	As on March 31, 2011
Discount Rate	8.00%	-
Rate of increase salaries	5.00%	-
Expected Average remaining working lives of employees (years)	13.08	-
Withdrawal Rates	Varying between 2% per annum and 1% per annum depending on duration and age of the employees	

The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors.

**In respect of Defined contribution schemes-**

The company contributes 12% of salary for all eligible employees towards Provident Fund managed by Approved Trust. The company also contributes a 15% of salary for eligible employees as per scheme towards Superannuation Funds managed by Approved Trusts.

The Company has recognised the following amount as an expense and included in the Notes B.26 "Contribution to Provident Fund and other Funds":

	Current Year	Previous Year
Contribution to Employee Provident Fund	205.13	63.57
Contribution to Superannuation Fund	25.31	23.85

The shortfall of interest on Trust Managed Funds compared to statutory rates (presently Nil), if any, arising in future is not recognized as the Guidance Note from Actuarial Society of India is yet to be issued in relation to this.

**B.38 LOANS AND ADVANCES INCLUDES**

Amount Receivable from	Balance as on March 31, 2012	Balance as on March 31, 2011	Maximum amount due at any time during the year ended March 31, 2012	Maximum amount due at any time during the year ended March 31, 2011
Managing Director	NIL	NIL	NIL	NIL
Dues from Employees	17.21	9.83	32.45	16.38

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

**B.39 RELATED PARTY DISCLOSURE**

Disclosure in respect of Related Parties pursuant to Accounting Standard 18

**A. List of Related Parties**

(i) **Holding Company**

Hindalco Industries Limited

(ii) **Fellow Subsidiaries Company**

1. Aditya Birla Minerals Limited
2. Al Dotcom Sdn. BHD.
3. Albrasilis - Alumínio do Brasil Industriae Comercia Ltda
4. Alcom Nikkei Specialty Coatings Sdn Berhad
5. Aluminum Company of Malaysia Berhad
6. Aluminum Upstream Holdings LLC
7. Aluminium Norf GmbH
8. 4260848 Canada Inc.
9. AV Metals Inc, Canada
10. AV Minerals BV, Netherland
11. Birla Maroochydore Pty Limited
12. Birla Mt Gordon Pty Limited
13. Birla Nifty Pty Limited
14. Birla Resources Pty Limited
15. Consórcio Candonga (Unincorporated Joint venture)
16. Dahej Harbour and Infrastructure Limited
17. Deutsche Aluminium Verpackung Recycling GmbH(J-V)
18. East Coast Bauxite Mining Company Private Ltd.
19. Eurofoil, Inc.
20. Evermore Recycling LLC
21. France Aluminium Recyclage SA
22. Hindalco – Almex Aerospace Limited
23. HAAL (USA) Inc
24. 4260856 Canada Inc.
25. Logan Aluminium Inc.
26. Lucknow Finance Company Limited
27. Mauda Energy Limited
28. Minerals and Minerals Limited
29. MiniMRF LLC (J-V)
30. Novelis Acquisitions LLC
31. Novelis North America Holdings Inc.
32. Novelis (India) Infotech Ltd.
33. Novelis AG
34. Novelis Aluminium Beteiligungsgesellschaft mbH
35. Novelis Aluminium Holding Company
36. 8018227 Canada Inc.
37. Novelis Brand LLC
38. 8018243 Canada Limited
39. Novelis Corporation (Texas)
40. Novelis Cast House Technology Ltd.
41. Novelis Deutschland GmbH
42. Novelis de Mexico SA de CV
43. Novelis Europe Holdings Limited
44. Novelis do Brasil Ltd.
45. Novelis Inc.
46. Novelis Foil France SAS
47. Novelis Korea Ltd.
48. Novelis Italia SpA
49. Novelis Luxembourg SA
50. Novelis Lamines France SAS
51. Novelis No. 1 Limited Partnership
52. Novelis Madeira, Unipessoal, Lda
53. Novelis PAE SAS
54. Novelis PAE Corporation
55. Novelis South America Holdings LLC
56. Novelis Services Limited
57. Novelis Technology AG
58. Novelis Switzerland SA
59. Novelis UK Ltd.
60. Renuka Investments & Finance Limited
61. Renukeshwar Investments & Finance Ltd.
62. Suvas Holdings Limited
63. Tubed Coal Mines Ltd.
64. Utkal Alumina International Limited

(iii) **Key Managerial Personnel**

Mr. S.S. Gupta upto 23/10/2011

Mr. V.R.Agrawal from 24/10/2011

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in Lacs)

**B. During the year following transactions were carried out with the related parties in the ordinary course of business**

Sl. No.	Nature of relationship/ Transactions	Holding Company	Fellow Subsidiary	KMP	Total
1.	Managing Director Remuneration	- -	- -	96.62* (69.82)	96.62 (69.82)
2.	Purchase of goods/ licence	6,444.09 (2,518.49)	- -	- -	6,444.09 (2,518.49)
3.	Sale of goods	25,146.67 (11,696.68)	- -	- -	25,146.67 (11,696.68)
4.	Sale of Assets & Services	1.03 (3.53)	-- --	-- --	1.03 (3.53)
5.	Dividend paid	60.02 (180.08)	3.88** (11.63)**	--	63.90 (191.71)
6.	Sundry Debtors	1,507.92 (132.66)	- -	- -	1,507.92 (132.66)
7.	Sundry Creditors	306.76 (50.88)	- -	- -	306.76 (50.88)

\* (Mr. S.S.Gupta Rs.75.57 lac and Mr. V.R.Agrawal 21.05 lac)

\*\*Paid to Renuka Investments & Finance Limited

✓ Amounts in brackets represent corresponding amount of previous year.

✓ There have been no write off/ write back in respect of the related parties during the year.

✓ Related party relationship have been identified by the management and relied upon by the auditors.

**B.40** Power (electricity) purchase as well as sale (supply) to UPPCL & JSEB has been accounted for in the accounts as sale/ purchase of power.

**B.41** In the opinion of the management, Current Assets, Loan and Advances would realize, at least, at the value stated in the Balance Sheet, in the normal course of business.

**B.42 REMUNERATION TO MANAGING DIRECTOR**

	Current Year			Previous Year
	S.S.Gupta up to 23.10.2011	V.R.Agrawal from 24.10.2011	Total	S.S.Gupta
Basic Salary	15.18	8.62	23.80	24.76
Special allowance	13.23	7.66	20.89	19.80
Variable Pay	13.47	-	13.47	13.65
Contribution to Provident and Other Funds*	4.00	2.33	6.33	7.45
Medical expenses	1.34	0.11	1.45	2.08
Other Perquisites **	28.35	2.33	30.68	2.08
Total	75.57	21.05	96.62	69.82

# ADITYA BIRLA CHEMICALS (INDIA) LIMITED

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in Lacs)

\* Expenses towards gratuity and leave encashment provisions are determined actuarially on an overall company basis at the end of each year and accordingly have not been considered in the above information.

\*\* In the determination of Manager's remuneration, certain perquisites have been valued in accordance with the Income Tax Rules, 1962.

The Computation of net profit under section 349 of the Companies Act, 1956 has not been given as no commission is payable to the Managing Director and/or Whole Time Director(s) under Section 309 of the Companies Act, 1956 ("the Act") and the remuneration has been paid to the Managing Director in accordance with the provisions of clause (C) of section II of part II of Schedule XIII to the Act.

**B.43** Stores & Spares consumed includes replacement of Spare parts of Plant & Machinery, as per consistent policy followed by the company.

**B.44** Statutory dues include provision of ₹ 510.26 lacs is made for liability towards Entry Tax of Goods Act, 2007 (U.P) which is disputed.

### **B.45 OTHER ADDITIONAL INFORMATION**

#### **(A) DETAILS OF IMPORTED AND INDIGENOUS MATERIALS CONSUMED**

	2011-12		2010-11	
	Amount	%	Amount	%
<b>i) Consumption of Raw Materials</b>				
Imported	1,921.19	6.07	Nil	Nil
Indigenous	29,724.57	93.93	10,154.36	100.00
<b>Total</b>	<b>31,645.76</b>	<b>100.00</b>	<b>10,154.36</b>	<b>100.00</b>
<b>ii) Consumption of Stores &amp; Spares</b>				
Imported	400.90	17.11	378.07	34.53
Indigenous	1,941.84	82.89	716.93	65.47
<b>Total</b>	<b>2,342.74</b>	<b>100.00</b>	<b>1,095.00</b>	<b>100.00</b>

#### **(B) DETAILS OF FOREIGN CURRENCY TRANSACTIONS**

	2011-12	2010-11
<b>CIF Value of Imports</b>		
i) Raw materials	801.14	-
ii) Capital Goods & Components	442.52	429.00
<b>Expenditure in Foreign Currency (Payment against purchase orders)</b>	<b>1,281.10</b>	<b>526.62</b>
<b>Earnings in Foreign Currency</b>		
Export of goods on FOB basis	4,907.05	47.78

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(₹ in Lacs)

## (C) DIVIDEND TO NON-RESIDENT SHAREHOLDERS

Year	No. of Shareholders	No. of Shares held	Amount of dividend remitted
For F Y 09-10	6	1,400	0.02
For F Y 10-11	6	1,400	0.01

**B.46 Figures of previous year have been regrouped/ rearranged wherever necessary**

As per our attached report of even date

For **Khimji Kunverji & Co**

Chartered Accountants

Firm Registration No. : 105146W

Hasmukh B. Dedhia

Partner (Membership No. F-33494)

Place : Mumbai

Dated : May11, 2012

Akash Mishra

Company Secretary

A. K. Agarwala

Biswajit Choudhuri

J. C. Chopra

G. M. Dave

L. S. Naik

K. C. Jhanwar

V.R. Agrawal

Director

Director

Director

Director

Director

Director

Managing Director

## COMPANY SECRETARY'S RESPONSIBILITY STATEMENT

The Company Secretary confirms that, for the financial year 2011-12, the Company has :

1. maintained all the books of accounts and statutory registers,
2. filed all forms and returns and furnished all necessary particulars to the Registrar of Companies and/or Authorities as required under the Companies Act, 1956,
3. registered all the charges, if any, created in favour of financial institutions, banks and others with the Registrar of Companies and/or Authorities as required under the Companies Act, 1956,
4. issued all Notices required to be given for Board Meetings and General Meetings within the time limit prescribed by law,
5. conducted the Board Meetings and Annual General Meeting as per the Companies Act, 1956,
6. effected share transfers and dispatched the certificates within the time limit prescribed by various authorities,
7. transferred unpaid dividend to the Investor Education and Protection Fund, constituted by the Central Government accordingly.

The Company has complied with the rules and regulations prescribed by the Stock Exchanges, SEBI and other Statutory Authorities and the statutory requirements under the Companies Act, 1956 and other applicable statutes in force.

**Akash Mishra**  
**Company Secretary**

Place : Mumbai

Dated : May 11, 2012

## ADITYA BIRLA CHEMICALS (INDIA) LIMITED

Parameters	Unit	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12
<b>Financial Results</b>											
Gross Turnover	Rs. in crores	104.27	107.84	124.83	129.05	166.31	202.51	230.91	241.08	261.07	665.18
PBDIT	Rs. in crores	36.82	37.96	50.88	55.31	71.30	85.01	79.90	94.83	94.44	151.37
PBDT	Rs. in crores	21.96	25.78	41.95	47.52	60.58	75.81	74.32	91.26	91.80	70.67
PBT	Rs. in crores	13.95	16.06	29.70	38.12	44.76	58.45	55.60	71.22	71.44	16.65
PAT	Rs. in crores	7.51	8.63	26.45	26.15	33.76	49.27	46.08	60.74	62.30	4.29
Net Worth	Rs. in crores	36.86	56.64*	81.53	108.56	146.13	195.79	239.34	289.36	352.05	360.23
Current Ratio	Numbers	1.04	1.42	1.34	0.98	1.66	1.56	2.13	3.44	4.14	1.61
Debt Equity Ratio	Numbers	2.64	1.37	0.73	1.02	0.76	0.40	0.19	0.15	0.04	1.96
Earning per share	Rs. /Share	9.63	4.84*	11.31	11.18	14.43	21.07	19.70	25.97	26.64	1.84
Return on Capital Employed	%	21.46	21.07	27.39	32.00	21.25	23.04	19.62	20.52	19.07	8.86
Book Value/Share	Rs. /Share	47.26	24.21*	34.84	46.42	62.49	83.72	102.34	123.73	150.53	154.03
Return on Net worth	%	20.37	15.24*	32.44	27.51	23.10	25.16	19.25	20.99	17.70	1.19
Dividend	%	Nil	5%	8%	10%	15%	15%	15%	15%	5%	5%

\*Due to increase in equity capital on account of rights-issue @ 2:1





## ELECTRONIC CLEARING SERVICES (ECS) MANDATE FORMAT

**C B MANAGEMENT SERVICES (P) LIMITED,**  
 A/C: ADITYA BIRLA CHEMICALS (INDIA) LIMITED,  
 P-22, BONDEL ROAD,  
KOLKATA - 700 019

Dear Sirs,

**FORM FOR ELECTRONIC CLEARING SERVICES FOR PAYMENT OF DIVIDEND.**  
**Please fill-in the information in CAPITAL LETTERS in ENGLISH ONLY.**

Please TICK  Wherever applicable.

For shares held in physical form

For Office use only
ECS Ref. No. :

Master Folio No.

For shares held in electronic form

DP ID	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
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Client ID	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
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Name of First holder	<input type="text"/>					
Bank Name	<input type="text"/>					
Branch Name	<input type="text"/>					
MICR Code	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	
	(9 Digits Code Number appearing on the MICR Band of the cheque supplied by the Bank) Please attach a photocopy of a cheque or a blank cheque of your bank duly cancelled for ensuring accuracy of the Bank's name, branch and code number.					
Account Type	Saving	<input type="checkbox"/>	Current	<input type="checkbox"/>	Cash Credit	<input type="checkbox"/>
A/c No. (as appearing in the cheque book)	<input type="text"/>					
Effective date of this mandate	<input type="text"/>					

I hereby declare that the particulars given above are correct and complete. If any transaction is delayed or not effected at all for reasons of incompleteness or incorrectness of information supplied as above, Aditya Birla Chemicals ( India ) Limited will not be held responsible. I agree to avail the ECS facility provided by RBI.

I further undertake to inform the Company any change in my Bank/branch and account number.

Place \_\_\_\_\_

\_\_\_\_\_  
(Signature of First Holder)

Date \_\_\_\_\_

\_\_\_\_\_  
Name of First Holder

Tear Here



## ADITYA BIRLA CHEMICALS (INDIA) LIMITED

"Ghanshyam Kunj", Garhwa Road, P.O. Rehla - 822 124, Distt. Palamau (Jharkhand)

### ATTENDANCE SLIP

#### 36th Annual General Meeting

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

I/We hereby record my/our presence at the Annual General Meeting of the Company being held on Wednesday, the 8th August 2012 at 10:00 A.M. at the Registered Office of the Company.

Folio No.			Signature
DP ID*			
Client ID *		Full Name of the shareholder (In Block Letter)	Signature
Full Name of Proxy (In Block Letter)			

\*Applicable for investors holding shares in electronic form

----- Tear here -----

## ADITYA BIRLA CHEMICALS (INDIA) LIMITED

"Ghanshyam Kunj", Garhwa Road, P.O. Rehla - 822 124, Distt. Palamau (Jharkhand)

### PROXY FORM

DP ID*		Regd. Folio No.	
Client ID*			

Folio No./Client ID No....., DP ID No.....

I/We.....  
of.....being a Member/ Members of Aditya Birla Chemicals (India) Limited hereby appoint.....  
of .....or failing him.....  
of.....as my/our Proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 36th Annual General Meeting of the Company, to be held on Wednesday, the 8th August 2012 at 10:00 A.M. and at any adjournment thereof.

As Witness my/our hand/hands this.....day of.....2012.

Signature (s).....

Revenue  
Stamp

\*Applicable for investors holding shares in electronic form

**Note :** The Proxy Form must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the meeting. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.



"Chairman's WCM Gold Award"



Shri K. C. Jhanwar, Director and Shri B. B. Dixit,  
Unit Head (Rehla) receiving "Chairman's WCM Gold Award"



**REGISTERED OFFICE**

**Ghanshyam Kunj, Garhwa Road, P.O. Rehla - 822 124  
Distt. Palamau (Jharkhand)**

Ph. (06584) 262 211, 262 221, 262 488 Fax : (06584) 262 205

Email : [abcil.investors@adityabirla.com](mailto:abcil.investors@adityabirla.com)

**NOTICE**

**Notice** is hereby given that the 36th Annual General Meeting of members of Aditya Birla Chemicals ( India) Limited ( "the Company" ) will be held at the Registered Office of the Company at "Ghanshyam Kunj", Garhwa Road, P.O. Rehla – 822 124, Distt. Palamau (Jharkhand) on Wednesday 8th August 2012 at 10:00 A.M. to transact the following business with or without modification(s) :

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2012 and the Statement of Profit & Loss for the year ended on that date together with the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity Shares for the year ended 31st March 2012.
3. To appoint a Director in place of Shri Biswajit Choudhuri, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Prem Prakash Sharma, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

**SPECIAL BUSINESS**

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as Ordinary Resolution :

"Resolved that in accordance with provisions of Section 255, 256 and 257 and all other applicable provisions of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, Shri Vijaykumar Ramratan Agrawal, who was co-opted as an Additional Director of the Company under provisions of Section 260 of the Companies Act, 1956 and Article 103 of the Articles of Association of the Company, be and is hereby appointed as a Director of the Company, not liable to retire by rotation."

7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as Special Resolution :

"Resolved that in accordance with the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 ( including any statutory modifications or re-enactment thereof, for the time being in force) and provisions of Articles of Association of Company, the approval of the Company be and is hereby accorded to the appointment of Shri Vijaykumar Ramratan Agrawal as Managing Director of the Company, for a period of 3 (three) years effective from 24th October 2011, on the terms and conditions including remuneration as set out in Explanatory Statement annexed to the Notice convening this meeting, with the liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or remuneration, subject to the provisions of the Schedule XIII and other applicable provisions of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof."

"Resolved further that the Board of Directors be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this resolution".

**Registered Office:**

Ghanshyam Kunj, Garhwa Road,  
P.O. Rehla - 822 124  
Distt. Palamau (Jharkhand)

**By Order of the Board,  
For ADITYA BIRLA CHEMICALS (INDIA) LIMITED**

**Akash Mishra  
Company Secretary**

Place : Mumbai  
Dated : May 11, 2012

NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend the meeting and the Proxy need not be a member of the Company. A Proxy may not vote except in a poll. Proxies in order to be effective must be received at the Company's Registered Office at Garhwa Road, P.O. Rehla, Distt. Palamau not less than forty eight hours before the commencement of the meeting.
2. Corporate Members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
3. Brief resume of Directors seeking appointment/re-appointment including nature of their expertise in specific functional areas and names of Companies in which they hold directorship and membership / chairmanship of Board Committees, as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges in India, are provided in this notice. The Board of Directors of the Company commends the respective appointment/re-appointment of the aforesaid Directors.
4. An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed hereto.
5. Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. Relevant documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days between 10:30 A.M. and 12:30 P.M. upto the date of the Meeting.
8. The Register of Members and Share Transfer Books of the Company will remain closed from 30th July 2012 to 8th August 2012 (both days inclusive) for the purpose of payment of dividend.
9. The Company's shares are listed at the Bombay Stock Exchange Ltd., and National Stock Exchange of India Ltd., Mumbai.
10. The dividend, as recommended by the Board, if sanctioned at the meeting, will be paid within 30 days from the date of this Annual General Meeting to those members or their mandates whose names stand registered on the Company's Register of Members :
  - i) as Beneficial Owners as at the end of the business on 29th July 2012, as per the lists to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form, and
  - ii) as Members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company on or before 29th July 2012.
11. Pursuant to the provisions of Section 205-A(5) of the Companies Act, 1956, the amount of dividend which remains unpaid or unclaimed for a period of 7 years would be transferred to the Investor Education and Protection Fund, constituted by the Central Government and the Shareholders would not be able to claim any amount of dividend transferred to the fund. As such, shareholders who have not encashed their dividend warrants are requested in their own interest to write to the Company immediately for claiming outstanding dividends. The due date for transfer of Unpaid Dividend are given herein below :

Dividend For F.Y.	Date of Annual General Meeting	Date due for transfer to "Investor Education & Protection Fund"
2004-05	02.09.2005	01.10.2012
2005-06	11.08.2006	10.09.2013
2006-07	11.08.2007	10.09.2014
2007-08	21.08.2008	20.09.2015
2008-09	29.06.2009	28.07.2016
2009-10	06.08.2010	05.09.2017
2010-11	08.08.2011	07.09.2018

12. Members are requested to notify immediately any change of address :
- i) to the their Depository Participants(DPs) in respect of their electronic share accounts, and
  - ii) to the Company to its Share Department at the Registered Office at Garhwa Road or to our Registrars, M/s. C.B. Management Services (P) Ltd., Kolkata.
13. a) To avoid the incidence of fraudulent encashment of the warrants, Members are requested to intimate the Company/Registrars, M/s.C. B. Management Services (P) Ltd., under the signature of the Sole/First Joint holder, the following information, so that the Bank Account Number and Name and Address of the Bank can be printed on the Dividend Warrants.
- 1) Name of Sole/first Joint holder and Folio No.
  - 2) Particulars of Bank Account, viz.
    - i) Name of the Bank
    - ii) Name of Branch
    - iii) Complete address of the Bank with Pin code Number
    - iv) Account Type, whether Savings(SB) or Current Account (CA)
    - v) Bank Account Number
    - vi) Bank MICR Code Number.
  - b) Shareholders desirous of availing the facility of Electronic Credit of dividend are requested to fill up the ECS form attached to this Annual Report and mail the same to the Registrars so as to reach them before 30th July 2012.
  - c) Members who hold shares in the dematerialized form and want to change/correct the Bank account details, should send the same immediately to their concerned Depository Participant and not to the Company or the Registrar. Members are also requested to give the MICR Code of their Bank to their Depository Participant. The Company will not entertain any direct request from such members for change of address, transposition of names, deletion of name of deceased joint holder and change in the Bank account details.
14. In terms of Section 109(A) of the Companies Act,1956, the Shareholder may nominate a person to whom the shares held by him shall vest in the event of his/her death.
- In case you wish to avail the nomination facility in respect of the shares held by you, please write to the Company/Registrars to obtain the nomination form.



15. Members, who hold shares in physical form in multiple folios in identical names or joint accounts in the same order of names, are requested to send the share certificates to the Company's Registrar and Transfer Agents, M/s. C. B. Management Services (P) Limited, Kolkata, for consolidation into a single folio.
16. Non-resident Indian Shareholders are requested to inform M/s. C. B. Management Services (P) Ltd., Kolkata immediately about :-
  - a) the change in the Residential status on return to India for permanent settlement.
  - b) the particulars of NRE Bank Account maintained in India with complete name and address of the Bank, if not furnished earlier.
17. Pursuant to the Circulars No. 17/2011 and No. 18/2011 dated 21st April 2011 and 29th April 2011 respectively, issued by the Ministry of Corporate Affairs, Shareholders are requested to register their e-mail address with the Company/Registrars & Share Transfer Agent of the Company, M/s. C. B. Management Services (P) Limited, and/or with the concerned depository participant, as applicable, and changes therein from time to time, to enable the Company to serve notice/documents/ Annual Report etc. through e-mail, in compliance with Section 53 of the Companies Act, 1956.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956**

**Item No. 6.**

The Board of Directors of the Company, in its meeting held on 21st October 2011, appointed Shri Vijaykumar Ramratan Agrawal as an Additional Director of the Company w.e.f. 24th October 2011 pursuant to the provisions of Article 103 of the Association of the Company and Section 260 of the Companies Act, 1956. According to the provisions of the said Article and the Section, he will hold Office upto the date of ensuing Annual General Meeting. As required under Section 257 of the said Act, notice has been received from a member along with a deposit of ₹ 500/- (Rupees five hundred only) signifying his intention to propose Shri Vijaykumar Ramratan Agrawal as a candidate for the Office of Director. Shri Agrawal is a Chemical Engineer and having high professional and management expertise. It is in the interest of the Company to continue him as a member of the Board.

Save and except Shri Vijaykumar Ramratan Agrawal, none of the other Directors of the Company is in any way concerned or interested in the Resolution.

The Board recommends the Resolution for appointment of Shri Agrawal as a Director for your Approval.

**Item No. 7.**

In view of the retirement of Shri S. S. Gupta from the services of the Managing Director of the Company w.e.f. 24th October 2011, the Board of Directors of the Company, in its meeting held on 21st October 2011, has, subject to approval of Shareholders and pursuant to the provisions of the Companies Act, 1956 and the relevant provisions of the Articles of Association of the Company, appointed Shri Vijaykumar Ramratan Agrawal ("Shri Agrawal") as Managing Director of the Company w.e.f. 24th October 2011 for a period of 3 (three) years. An Agreement has been entered into between the Company and Shri Agrawal signifying the terms, responsibility, authorities, remuneration payable etc.

The terms of appointment are contained in the Agreement, which is open for inspection and will be placed before the meeting.

The material terms of appointment and remuneration payable to Shri Vijaykumar Ramratan Agrawal, as mentioned in the Agreement, are as under :

• **REMUNERATION**

- Basic Salary : ₹ 19,79,441/- (Rupees Nineteen Lacs Seventy Nine Thousand Four Hundred Forty One only) per annum with such increment as may be decided by the Board of Directors of the Company from time to time, subject however to a ceiling of ₹ 35,00,000/- (Rupees Thirty five Lacs only) per annum as basic Salary
- Special allowance : ₹ 17,59,459/- (Rupees Seventeen Lacs Fifty Nine Thousand Four Hundred Fifty Nine only) per annum with such increment as may be decided by the Board of Directors of the Company from time to time, subject however to a ceiling of ₹ 35,00,000/- (Rupees Thirty five Lacs only) per annum as Special Allowance
- Medical Allowance/ Reimbursement : ₹ 25,000/- (Rupees Twenty Five Thousand only) per annum with such increment as may be decided by the Board of Directors of the Company from time to time, subject however to a ceiling of one month's basic salary per annum as per the applicable Rules of the Company
- Performance Bonus linked to the achievement of targets / Variable Pay : as may be decided by the Board of Directors of the Company from time to time, subject however to a maximum of ₹ 20,00,000/- (Rupees Twenty Lacs only) per annum

• **PERQUISITES**

- Company's contribution towards Provident Fund and Superannuation Fund : as per the Rules of the Company.
- Gratuity : as per the applicable Rules of the Company.
- Personal Medical/ Accident Insurance Premium for self and family : as per the Rules of the Company.
- Reimbursement of Leave Travel Expenses/ Leave Travel Allowance : for self and family, equivalent to one month's basic salary per annum in accordance with the applicable Rules of the Company.
- Benefits/Facilities regarding Vehicles : as per the Rules & Schemes of the Company.
- Facility regarding Telephones/Mobiles : as per the Rules of the Company.
- Leave and encashment of leave : in accordance with the Rules of the Company.
- Entertainment Expenses : Shri Agrawal shall be entitled to reimbursement of entertainment expenses, actually and properly incurred in the course of and for the legitimate business of the Company as and if fixed by the Board of Directors of the Company.
- Housing : Furnished Company's owned/hired/leased accommodation along with benefits of gas, fuel, water, electricity etc. and also upkeep and maintenance of such accommodation in accordance with the Rules of the Company.
- The Other allowances and facilities will be as per the applicable/prevaling rules of the Company. All perquisites and other benefit will be considered on the basis of Annual salary from July to June as per the policy of the Company.
- Subject as aforesaid, the Managing Director shall be governed by Rules of the Company from time to time. For the purpose of Gratuity, Provident Fund, Superannuation and other like benefits, if any, the service of Mr. Agrawal will be considered as continuous service with the Company from the date of his joining the Aditya Birla Group.

## ADITYA BIRLA CHEMICALS (INDIA) LIMITED

- The Managing Director shall not be paid any sitting fee for attending the meeting of the Board of Directors or Committee thereof from the date of his appointment.
- In the event of cessation of employment of Shri Agrawal for reasons attributable to him during his tenure, he shall not be entitled to any remuneration on and from the date of termination of his employment during any financial year.
- Subject to the provisions of Section 318 of the Companies Act, the Company shall, in the event of the termination of the appointment of Shri Agrawal as its Managing Director prior to the expiry of his tenure, by the Company, pay compensation to Shri Agrawal equivalent to six month's basic salary as prevailing immediately preceding the date he ceases to hold office of the Managing Director of the Company.
- The terms and conditions can be altered /enhanced /varied from time to time by the Board subject to limits specified in Schedule XIII to the Companies Act, 1956.
- Apart from the remuneration, he shall be entitled for reimbursement of all expenses incurred in connection with the business of the Company.
- Shri Vijaykumar Ramratan Agrawal is not liable to retire by rotation.
- The other terms, responsibilities, authorities etc. are usual and as per the prevailing practices.

As required under Section 302 of the Companies Act, 1956, abstracts of the appointment and remuneration, as mentioned hereinabove along with the Memorandum signifying the concern of the Directors therein, have already been sent to Members accordingly. Statement under Para (C) of Section II of Part II of Schedule XIII of the Companies Act, 1956 is annexed to and forms part of this Notice.

Save and except Shri Vijaykumar Ramratan Agrawal, none of the other Directors of the Company is in any way concerned or interested in the Resolution.

The Board recommends the Resolution for appointment and remuneration of Shri Agrawal as Managing Director for your Approval.

*Registered Office:*  
Ghanshyam Kunj, Garhwa Road,  
P.O. Rehla - 822 124  
Distt. Palamau (Jharkhand)

Place : Mumbai  
Dated : May 11, 2012

**By Order of the Board,  
For ADITYA BIRLA CHEMICALS (INDIA) LIMITED**

**Akash Mishra  
Company Secretary**

**BRIEF RESUME OF THE DIRECTORS BEING APPOINTED/RE-APPOINTED, NATURE OF THEIR EXPERTISE IN SPECIFIC FUNCTIONAL AREA AND NAMES OF COMPANIES IN WHICH THEY HOLD DIRECTORSHIP AND MEMBERSHIP/CHAIRMANSHIP OF BOARD COMMITTEES, AS STIPULATED UNDER CLAUSE 49 OF LISTING AGREEMENT WITH STOCK EXCHANGES IN INDIA**

<b>1. Name of Director</b>	: <b>Shri Vijaykumar Ramratan Agrawal</b>	
Date of Birth	: 25.06.1957	
Educational Qualification	: Bachelor of Chemical Engineering (B. Chem. Engg.)	
Date of Appointment on the Board of the Company	: 24.10.2011	
Category of Director	: Managing Director	
Area of Expertise / Experience	: Experience of three decades in various capacities and enormous contributions in strengthening Plant processes and Operations in various leadership roles.	
Other Directorships (excluding Alternate Directorship and Private Companies)	: Nil	
Chairman/Member of the Committee of the Board of Directors of the Company.	: ● Shareholders' Grievances Committee	Member
Chairman/Member of the Committee of the Board of Directors of other Companies in which he / she is a Director.	: Nil	
<b>2. Name of Director</b>	: <b>Shri Biswajit Choudhuri</b>	
Date of Birth	: 30.04.1942	
Educational Qualification	: B. Tech. (Hons) in Mechanical Engineering from IIT (Kharagpur), Fellow of the Institute of Cost and Works Accountants of India.	
Date of Appointment on the Board of the Company	: 30.01.2002	
Category of Director	: Independent	
Area of Expertise / Experience	: Expertise in Engineering, Banking, Finance and Management with experience of the last 46 years. Former Chairman and Managing Director (1996 to 2001) of United Bank of India and Former Executive Director (1992 to 1996) of UCO Bank.	
Other Directorships (excluding Alternate Directorship and Private Companies)	: ● Hindusthan Engineering & Industries Ltd.	Director
	: ● Ludlow Jute & Specialities Ltd.	Director
	: ● Godawari Power & Ispat Ltd.	Director
	: ● R. V. Investment & Dealers Ltd.	Director
	: ● Maithan Alloys Ltd.	Director
	: ● Khaitan Electricals Ltd.	Director
	: ● NKG Infrastructure Ltd.	Director
	: ● Hira Ferro Alloys Ltd.	Director

## ADITYA BIRLA CHEMICALS (INDIA) LIMITED

	Chairman/Member of the Committee of the Board of Directors of the Company.	: ● Audit Committee ● Shareholders' Grievances Committee ● Remuneration Committee	Chairman Member Member
	Chairman/Member of the Committee of the Board of Directors of other Companies in which he / she is a Director.	: ● <u>Hindusthan Engineering &amp; Industries Ltd.</u> Audit Committee ● <u>Ludlow Jute &amp; Specialities Ltd.</u> Audit Committee Remuneration Committee ● <u>Godawari Power and Ispat Ltd.</u> Audit Committee ● <u>Hira Ferro Alloys Ltd.</u> Audit Committee Remuneration Committee	Chairman Member Member Chairman Chairman Member
<b>3.</b>	<b>Name of Director</b>	<b>: Shri Prem Prakash Sharma</b>	
	Date of Birth	: 18.07.1948	
	Educational Qualification	: I.A.S., M.A. (Economics), L.L.B.	
	Date of Appointment on the Board of the Company	: 30.01.2002	
	Category of Director	: Independent	
	Area of Expertise / Experience	: 38 years of experience in Indian Administrative Services.	
	Other Directorships (excluding Alternate Directorship and Private Companies)	: ● Burnpur Cement Ltd. ● Corporate Power Ltd. ● Abhijeet Power Ltd. ● Rajeshwari Agro Industry Ltd.	Chairman Director Director Director
	Chairman/Member of the Committee of the Board of Directors of the Company	: Nil	
	Chairman/Member of the Committee of the Board of Directors of other Companies in which he / she is a Director.	: Nil	

*Statement under Para (C) of Section II of Part II of Schedule XIII of the Companies Act, 1956*

Shri Vijaykumar Ramratan Agrawal (Shri V. R. Agrawal or Shri Agrawal) has been appointed as Managing Director of the Company w.e.f. 24.10.2011 for a tenure of 3 years; i.e. upto 23.10.2014.

Shri V. R. Agrawal is not having any direct or indirect interest in the capital of the Company or its holding Company, M/s. Hindalco Industries Limited, or through any other statutory structure at any time during last two years before on the date of appointment.

Shri V. R. Agrawal is a graduate Chemical Engineer with expert & specialized knowledge in the field of his profession and is a Professional Director.

The remuneration of Shri V. R. Agrawal, as recommended by Remuneration Committee of Directors of the Company, is recommended for your approval.

Appointment of Shri V. R. Agrawal is made in accordance with the provisions of Schedule XIII to the Companies Act, 1956. The information as desired to be provided to the shareholders in terms of clause (iv) of Para (C) of Section II of Part II of Schedule XIII are as under:

**I. General Information :**

- (1) Nature of Industry : Chemical
- (2) Date or expected date of commencement of Commercial Production : The Company is engaged in manufacturing activities since 1984.
- (3) Financial Performance based on given indicators: The Company's financial performance is one of the top performances in the Chemical industries. A table showing the financial performance of the Company based on given indicators forms part of the attached Annual Report of the Company for financial year 2011-12.
- (4) Export performance and net foreign exchange collaborations: The Company exports Aluminium Chloride, Chlorinated paraffins, Stable Bleaching Powder and Caustic soda flakes to more than ten countries. The Company does not have any foreign collaboration. During the year under review, the foreign exchange earned and used by the Company were ₹ 49.07 crores and ₹ 12.81 crores respectively.
- (5) Foreign Investments or collaborators, if any: N.A.

**II. Information about the appointee :**

- (1) Background details: Shri V. R. Agrawal, aged about 54 years, a Bachelor of Engineering from the Department of Chemical Technology, Mumbai in 1980, has been working with the Group for close to three decades in various capacities. He has made enormous contributions in strengthening Plant processes and Operations in various leadership roles entrusted to him.
- (2) Past Remuneration : ₹ 45.42 lacs p.a. and perquisites as per the prevailing practices of the Industry.
- (3) Recognition or awards : Recipient of National Merit Scholarship (1973 to 1980), 7th Rank in Bachelor of Engineering, Bombay University, Life Time Member of Indian Institute of Chemical Engineers
- (4) Job Profile and his suitability: Shri V. R. Agrawal is acting as the Managing Director of the Company. He is looking after the affairs of the Company, supervising the business and reporting to the Board of Directors of the Company.
- (5) Remuneration proposed: As per the agreement entered with the Company subject to the approval of the shareholders of the Company. The Agreement is available for the inspection of the members on all weekdays during office hours.

- (6) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person: The remuneration of Shri V. R. Agrawal commensurate with the size and business of the Company and is also at par with the industrial practices and norms.
- (7) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial person, if any: Nil.

**III. Other Information :**

- (1) Reasons of loss or inadequate profit: The Company acquired the chloro chemicals division of Kanoria Chemicals & Industries Limited for a cash consideration of ₹ 830 crores in the month of May 2011. With this acquisition, there is significant growth in Net Sales by 158% and in operating profit by 60% over the previous year. The acquisition was funded by Term Loan of ₹ 750 crores and consequently the interest cost arose from ₹ 2.64 crores in financial year 2010-11 to ₹ 80.70 crores in financial year 2011-12. The depreciation expenses also increased from ₹ 20.36 crores in financial year 2010-11 to ₹ 54.02 crores in financial year 2011-12 due to depreciation related to Renukoot division. All this factors lead to a lower profit after tax in spite of a healthy operating profit post acquisition.
- (2) Steps taken or proposed to be taken for improvement: The Company is under process of converting its mercury cell plant with energy efficient and environment friendly membrane cell technology at Renukoot Division. There will also be a marginal increase in the capacity of the plant after conversion.
- (3) Expected increase in productivity and profits in measurable terms: With the conversion of the Mercury Cell plant into membrane cell plant, the Company is poised for higher growth on account of higher production and lower power consumption. Interest cost is also expected to be lower in the next year due to scheduled repayment of term borrowings starting in financial year 2012-13.

**IV. Disclosures :**

- (1) The remuneration package of the Managing Director is given in the Explanatory Statement of the attached Notice under item no. 7 and also in the Agreement, which is available for the inspection of the members on all weekdays during office hours. As required under Section 302 of the Companies Act, 1956, abstracts of the appointment and remuneration, as mentioned hereinabove along with the Memorandum signifying the concern of the Directors therein, have already been sent to members accordingly.
- (2) The other required disclosures are mentioned in the Board of Directors' Report of the Company under the heading "Report on Corporate Governance", attached to the Annual Report for financial year 2011-12.

Save and except Shri Vijaykumar Ramratan Agrawal, none of the other Directors of the Company is in any way concerned or interested in the Resolution.

The Board recommends the Resolution for appointment and remuneration of Shri Agrawal as Managing Director for your Approval.



**ADITYA BIRLA CHEMICALS (INDIA) LIMITED**

*Regd. Office :* "Ghanshyam Kunj" Garhwa Road,  
P.O. Rehla - 822 124  
Distt. Palamau (Jharkhand)

Dated : May 11, 2012

Dear Shareholder,

**1. For Dematerialization of Shares, held in Physical mode :**

Please note that since trading of our shares are permitted in electronic form only, we would earnestly request you to get your shares demated, if not done yet, as it will not only facilitate trading but will help us in remitting dividend to your bank account directly by way of ECS which will, no doubt, avoid the risk of loss of dividend warrant in transit.

You are well aware that Equity Shares of our Company are listed at Bombay Stock Exchange and National Stock Exchange.

We feel dematerialization will help us to serve you better.

**2. For Encashment of Unpaid Dividend Warrants :**

Please note further that if you have not encashed your Dividend warrants, kindly get the warrant validated at the earliest before the unpaid dividend amount is transferred to Investor Education and Protection Fund (IEPF) because no claim shall lie against the Company or IEPF for any moneys transferred to IEPF in accordance with the provisions of Companies Act, 1956.

Thanking you,

For **Aditya Birla Chemicals (India) Limited**

**Akash Mishra**  
**Company Secretary**