

ANNUAL REPORT
2010 - 2011



Leadership through Consolidation

ADITYA BIRLA NUVO LIMITED





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



Dear Shareholder,

The global economy has withstood the recession though its recovery has been rather sluggish. World growth decelerated to nearly 3.8% during the second half of 2010 from 5.3% during the first half. The IMF forecasts a 4.3% global growth in 2011. The US economy grew at 3% last year. Growth in the Euro zone was muted at around 2%. In sharp contrast emerging economies have grown briskly - in excess of 7%. China and India are the clear standouts, peaking at over 10% and 9% growth respectively.

With the global economic growth slowing, growth levels in India are likely to be impacted. Nevertheless, as we know, the fundamentals of the Indian economy remain strong. Over the past few years India's track record has been impressive. The country recorded almost twice the global growth rate. Whilst the country does face roadblocks in the short term, the medium to long term growth prospects for India are bright. These have a bearing on your Company's growth and performance. Your Company's inherent strength is in the diversified nature of its businesses, which mirrors the economy of India.

Your Company has truly excelled. Its consolidated revenue at US \$ 4 billion (₹ 18,168 Crores), EBITDA at US \$ 600 million (₹ 2,702 Crores) and Net Profit at US \$ 183 million (₹ 822 Crores) have all been the highest ever. Your Company's performance is the culmination of a tremendous focus on profitable growth across businesses.

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I must say that this year has been all about leadership through consolidation, employee engagement, performance management and customer focus.

Leadership through consolidation

It is gratifying to see that at our **Financial Services business**, the pace of growth across all verticals, has been sustained. The team is managing assets of US \$ 20.5 billion with a customer base of about 5.5 million. We are one of the two non-bank players in India ranking among the top-7 Life Insurance as well as Asset Management companies.

Financial Services attained a number of milestones. Specifically these include - maiden profits in the Life Insurance business, scaling up of the NBFC business, consistent growth in its Asset Management arm and widening of its geographical footprint with the setting up of its overseas offices. It posted a revenue of US \$ 1.4 billion.

I believe, that the Indian financial services sector offers enormous growth potential. Our Financial Services arm will capitalize on it, through scaling its efforts for better distribution, greater capital efficiency and enhanced profitability.

The **Telecom sector** is characterized by over capacity, hyper competition and severe price cutting. Regardless, Idea is growing from strength to strength. It is one of the few companies in the world that is able to provide superior quality telecom services at the lowest price point. It is able to post stable cash profits, driven by cost efficiencies. With total minutes of usage of more than 1 billion per day, Idea is amongst the top-10 cellular operators in the world. With revenues of around US\$ 3.5 billion, Idea ranks 3rd in terms of wireless revenue market share at 13.6%. We have a large base of 95 million subscribers. Idea continues to be among the biggest net gainers in India post the

launch of the mobile number portability reflecting its brand power. Idea also has the highest active subscribers' ratio in the industry. Currently, Idea offers 3G services in 19 out of total 22 services areas.

I believe, consolidation in the telecom sector, sooner than later, is bound to happen. This will inevitably end the current over capacity phase. Idea is indeed poised to benefit from the long term sector opportunities.

Focusing on **Madura Fashion & Lifestyle**, I must say that their success story is fascinating. The business' revenue grew by 45% to cross US \$ 400 million. It has outpaced market growth by an impressive margin. What is heartening is that it has achieved a swing of about ₹150 crores in profitability. Madura Fashion & Lifestyle sells one branded apparel every two seconds at its over 2,000 exclusive brand boutiques, multi brand outlets and departmental stores. In the **Textiles business**, the linen segment is gaining momentum. The business achieved its highest ever revenue and EBITDA.

Let me now briefly dwell on **IT-ITeS business**. Aditya Birla Minacs' performance has been noteworthy. Its revenue grew by 11% to US \$ 375 million while its EBITDA soared by 75%. It has sold total contract value of more than US \$ 775 million. So it should come as no surprise that Minacs has been named among the top-5 emerging outsourcing companies to watch out in North America, in this domain.

In the **Carbon Black business**, your Company's **revenues grew by 37% led by the recent capacity expansion at Patalganga**. Plans to expand your Company's Carbon Black Capacity by an additional 170,000 tons per annum, are on the anvil.

As a Group, taking Columbian Chemicals into our fold has been game changing. It catapults our Group to the world's top carbon black producer. At one stroke, it doubles our capacity from 1 million tons to 2 million tons. It creates a business that has the advantage of cutting edge technology, and low costs, with a truly global footprint. **Expansion plans in India, South East Asia, South America and China will significantly extend our capacities**. The carbon black business is at an inflection point and is all set to move into a higher orbit.

I believe, consolidation in the telecom sector, sooner than later, is bound to happen. This will inevitably end the current over capacity phase. Idea is indeed poised to benefit from the long term sector opportunities.

Across the businesses, given your Company's strong fundamentals and leadership position in the sectors, in which it operates, we envisage superior growth in revenues and earnings. Your Company will leverage its conglomerate structure to scale the next level of growth. The outlook is positive.

In the **Agri-business**, Indo Gulf achieved its highest ever production – in excess of 1.1 million tons. Our strategy is to move up the value chain from urea to seeds to being crop protection agents. Once the sector frees up from regulatory controls, the growth potential is huge. So we are exploring a Brownfield expansion. Our plans are hinged on policy clarity on the allocation of natural gas and of course pricing.

To lift the performance of **Viscose Filament Yarn**, we are planning to expand its presence in the fine and superfine segment using the spool based technology from ENKA, Germany. The **Caustic Soda** Plant capacity expansion by 45,625 tons per annum is on track.

The **Insulator business** has achieved its highest ever volumes, way ahead of its peers. We will be adding a 2,000 tons capacity to enable us manufacture high rating insulators for the power sector.

Outlook

Across the businesses, given your Company's strong fundamentals and leadership position in the sectors, in which it operates, we envisage superior growth in revenues and earnings. Your Company will leverage its conglomerate structure to scale the next level of growth. The outlook is positive.

To our teams

I would like to say a big thank you to all of our teams for their consistent high performance. I take great pride in the performance of our people.

The Aditya Birla Group in perspective

Today, we are a multi ethnic, multi dimensional Group with a bench strength of 133,000 passionate and committed people, belonging to 42 nationalities across 6 continents. For the year 2010-11, our consolidated revenues stand at US \$ 35 billion, compared to US \$ 29 billion in the preceding year, recording a 22% growth. Our leadership, regardless of levels, has a penchant for collaborative and innovative solutions, for new ways of working that keep our Companies and our products on our clients and customers radar all the time. This is what drives our performance.

I believe that purposive actions in the people area can be huge differentiators to our growth plans. For us, it is very important to know what our people think of us. So we recourse to a biannual Organizational Health Survey (OHS) conducted by Gallup as the barometer of the engagement at work index in our Group. Over 28,000 executives spanning 31 countries participated in OHS 7 (2010). The participation level at 97%, in Gallup's opinion, sets a new benchmark. Given its objectivity and rigor of its process, there is immense value in its findings.

It is a matter of great satisfaction for me that the key strength of the Group, as identified in the OHS, continues to be the great sense of pride that our employees experience and express in working for the Aditya Birla Group. More importantly, this pride stems from our employees' belief and conviction that we are a good corporate citizen. Given the decline in ethics we see in business today, that is a huge validation of our insistence on value-based leadership. Pride, in turn is a great driver of positive energy and performance.

To capitalize on this positivity and to grow and hone the talent resident in the Group, we have launched several initiatives that further our Employee Value Proposition – a World of Opportunities. We have launched the 'Career Management Services' – a pioneering effort which is an integrated end-to-end career service aimed at all employees. This is already afoot in the cement business. Over the coming years it will be extended across other businesses in the Group.

On the issue of grooming talent, collectively our Business Directors and Business Heads, along with me, have invested over 500 man-hours in discussing, reviewing and working through the development plans of each of our talent pool members at the Group level. Their development plans include engagement with special projects, coaching and mentoring by the top leadership team, besides attending cutting-edge functional and behavioural programmes globally that open the frontiers of their mind and goad them to defy limitations. That 60% of the total leadership positions were filled in from our existing talent in 2010-11 validates the talent honing processes which have laid a robust leadership pipeline within our Group.

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***Our people are our future.
With them and the wind
in our sails, we feel
buoyant about achieving
our stretch goal of
becoming a 65 billion
dollar Company by 2015.
Your Company will play a
important role in reaching
this destination.***

Our commitment to employee learning and development at all levels, is unrelenting. In 2010-11, there were 30,000 touch points with our learners through multiple formats of learning. More than 25,000 employees enlisted in e-learning programmes at Gyanodaya, our Institute of Management Learning. This year, at Gyanodaya, 200 colleagues at very senior levels attended specially designed programmes. They had the opportunity to interact with professors from leading Universities and B-Schools. They were a great faculty, drawn from Universities such as Stanford, RICE, Michigan and Duke at the global level along with professors from the IIMs and ISB (Hyderabad). Our senior managers also derived immense value from training and learning sessions conducted by leading consultancies such as The Centre for Creativity Leadership (CCL), The Hay Group and The Works Partnership (TWP), among others.

Finally, I am delighted to share with you that our employees have given a thumping vote of confidence to our Group as the 'Best Employers' in India and in Asia Pacific. Aditya Birla Group, of which your Company is an integral member, has been declared as one of the 'Best Employers' in India in the Aon Hewitt Survey conducted recently. We ranked 2nd from among 200 other Indian organizations, who participated in the survey. In Asia Pacific, we have been ranked among the top companies as well. Soon we hope to attain this stature in the rest of the world too – wherever we operate.

Our people are our future. With them and the wind in our sails, we feel buoyant about achieving our stretch goal of becoming a 65 billion dollar Company by 2015. Your Company will play a important role in reaching this destination.

Yours sincerely,



Kumar Mangalam Birla



Financial Services

Creating wealth, insuring growth

Aditya Birla Financial Services, a part of Aditya Birla Nuvo, is a large non-bank player, prominent across seven verticals, namely, Life Insurance, Asset Management, Private Equity, NBFC, Broking, Wealth Management and General Insurance Advisory.

- ◆ One of the two non-bank players in India that rank among the top 7 players in both Life Insurance and Asset Management businesses
- ◆ Funds under management of about USD 20.5 billion
- ◆ Revenue size of USD 1.4 billion
- ◆ Trusted by about 5.5 million customers
- ◆ Anchored by around 15,000 employees
- ◆ A nationwide network through more than 1,700 points of presence
- ◆ Supported by about 200,000 agents / channel partners

An idea that spurs growth

Idea Cellular, the telecom business of Aditya Birla Nuvo, is one of the fastest growing Indian telecom majors.

- ◆ A USD 6 billion company by market cap
- ◆ A USD 3.5 billion company by revenue size
- ◆ Ranks among the top 10 cellular operators in the world with more than 1 billion minutes of usage ('MoU') per day
- ◆ The third largest cellular operator in India in terms of revenue market share
- ◆ Serving a massive customer base of more than 95 million subscribers
- ◆ Holds a 16% stake in Indus towers, the world's largest tower company





Fashion & Lifestyle

An aspirational lifestyle that epitomises growth

Madura Fashion & Lifestyle, the branded apparel retailing business of Aditya Birla Nuvo, caters to the varied fashion and lifestyle desires of customers.

- ◆ The largest premium branded apparel player in India
- ◆ Sells one branded apparel every two seconds
- ◆ Revenue size of more than USD 400 million
- ◆ Reaching customers through about 950 exclusive brand outlets spanning across 1.4 million square feet alongside more than 1,250 departmental stores and multi-brand outlets
- ◆ Power Brands: Louis Philippe, Van Heusen, Allen Solly, Peter England
- ◆ Retailing international luxury brands under 'The Collective'

Jaya Shree Textiles, the textiles business of Aditya Birla Nuvo, has witnessed the successful journey of linen from a commodity product to a lifestyle icon

- ◆ A market leader in linen segment
- ◆ One of the largest players in the wool segment in India
- ◆ Retailing linen fabric under the 'Linen Club' brand

Business solutions that partner growth

Aditya Birla Minacs, the IT-ITeS business of Aditya Birla Nuvo, is a global delivery solutions provider that partners with global corporations.

- ◆ Ranks among the top 10 Indian BPO companies
- ◆ Named among the 'Top 5 emerging outsourcers to watch for in North America' by Frost & Sullivan
- ◆ Revenue size of USD 375 million
- ◆ Serving more than 100 clients (including several Fortune 500 clients)
- ◆ Supported by about 20,000 employees
- ◆ Global delivery capabilities with 35 centres across US, Canada, Europe, India and the Philippines





Carbon Black

Reinforcing strength; driving growth

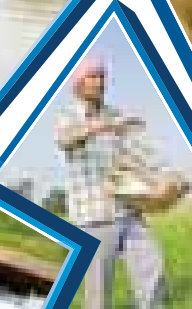
Hi-Tech Carbon, a part of Aditya Birla Nuvo, produces carbon black which is used to provide tensile strength and abrasion resistance to rubber. It is used in the tyre industry as well as in the printing inks and paints industry.

- ◆ The second largest manufacturer of carbon black in India
- ◆ Enjoys a 40% domestic production share
- ◆ Carbon black manufacturing capacity of 315,000 tons per annum
- ◆ Power plant capacity of 73 MW

Reaping a rich harvest

Indo Gulf Fertilisers, a part of Aditya Birla Nuvo, makes the dreams of thousands of farmers come true with a rich harvest of crops and its total agri-solutions.

- ◆ Markets urea, agricultural seeds and agrochemicals to provide complete agri solutions to farmers
- ◆ Among the top 10 fertiliser manufacturers in India in terms of production
- ◆ Birla Shaktiman - Indo-Gulf's flagship brand - enjoys a leadership position in the Indo-Gangetic plains
- ◆ One of the best energy efficient plants in India





Rayon

Adding colours; the path to growth

Indian Rayon, a part of Aditya Birla Nuvo, manufactures Viscose Filament Yarn (VFY), a man-made natural filament yarn. It is used in georgette and crepe saris, home textiles, etc. VFY is made from 100% natural soft wood pulp and offers the comfort of cotton and luster of silk.

- ◆ The second largest manufacturer of VFY in India
- ◆ Enjoys a 38% domestic production share
- ◆ Largest exporter of VFY from India for six years consecutively

Insulators

Lighting up the world for growth

Aditya Birla Insulators, a part of Aditya Birla Nuvo, manufactures insulators. These are used in power generation, transmission & distribution and by original equipment manufacturers.

- ◆ India's largest and World's fourth largest manufacturer
- ◆ Enjoys the highest domestic market share
- ◆ Its insulators are up and running in 58 countries across the world



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BOARD OF DIRECTORS

Mr. Kumar Mangalam Birla, Chairman
 Mrs. Rajashree Birla
 Mr. B. L. Shah
 Mr. P. Murari
 Mr. B. R. Gupta
 Ms. Tarjani Vakil
 Mr. S. C. Bhargava
 Mr. G. P. Gupta
 Dr. Rakesh Jain
 Mr. Pranab Barua
 Mr. Tapasendra Chattopadhyay
 Mr. Sushil Agarwal

MANAGING DIRECTOR

Dr. Rakesh Jain

WHOLE-TIME DIRECTOR & CHIEF FINANCIAL OFFICER

Mr. Sushil Agarwal

DY. CHIEF FINANCIAL OFFICER

Mr. Manoj Kedia

COMPANY SECRETARY

Mr. Devendra Bhandari

AUDITORS

Khimji Kunverji & Co.
 S.R. Batliboi & Co.

OTHER BRANCH AUDITORS

K. S. Aiyar & Co.
 Deloitte Haskins & Sells

SOLICITORS

Amarchand & Mangaldas & Suresh A. Shroff & Co
 Mulla & Mulla and Craigie, Blunt & Caroe

EXECUTIVES/ SENIOR MANAGEMENT**ADITYA BIRLA FINANCIAL SERVICES**

Mr. Ajay Srinivasan Chief Executive Officer
 Mr. Pankaj Razdan Dy. Chief Executive Officer

TELECOM

Mr. Himanshu Kapania Managing Director

IT-ITeS

Dr. Rakesh Jain Business Director
 Mr. Deepak Patel Chief Executive Officer

FASHION & LIFESTYLE AND TEXTILES

Mr. Pranab Barua Chief Executive Officer
 Mr. S. Krishnamurthy President - Jaya Shree Textiles
 Mr. Ashish Dikshit President - Madura Garments

CARBON BLACK

Dr. Sanrupt Misra Business Head
 Mr. S. S. Rathi President

AGRI- BUSINESS

Dr. Rakesh Jain Business Director
 Mr. J. C Laddha Chief Executive Officer

RAYON

Mr. Lalit Naik Business Head
 Dr. Bir Kapoor President

INSULATORS

Dr. Rakesh Jain Business Director
 Mr. J. C Laddha Chief Executive Officer
 Mr. Ravi Sinha President



Among the top 6 private life insurers in India



Among the top 5 asset management companies in India



Aditya Birla Finance

A leading player in the capital market and corporate finance sector in India



A super premium lifestyle brand

VAN HEUSEN

Redefined corporate attire through continuous product innovation



Famous for creating the concept of "Friday Dressing" and premium casual wear



Among the top 3 cellular operators in India



Among the top 10 BPO companies in India



The second largest producer of carbon black in India

Taking growth to a new high

Brandscape



Aditya Birla Private Equity

Private equity investment advisor and manager



Aditya Birla Money

A leading broking & wealth management company in India



Aditya Birla Insurance Brokers

A leading general insurance advisory and broking services company in India



Has evolved from an honest shirt into a lifestyle brand in the mid price segment



'Expect The Unexpected'
India's first fashion lifestyle concept store for men



Largest producer of linen fabric in India



Total agri solutions provider



Largest exporter and second largest manufacturer of viscose filament yarn in India



India's largest and world's 4th largest producer of Insulators

Our Vision

**To become a premium conglomerate
with market leadership across businesses
delivering superior value to shareholders
on a sustained basis**

Our Values

Integrity

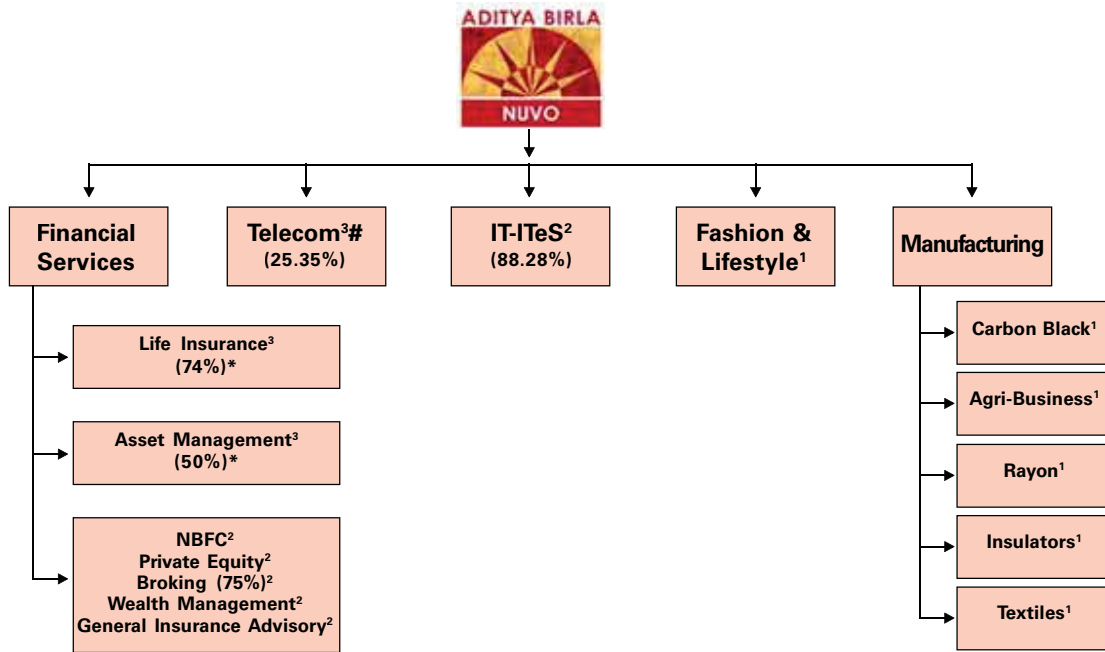
Commitment

Passion

Seamlessness

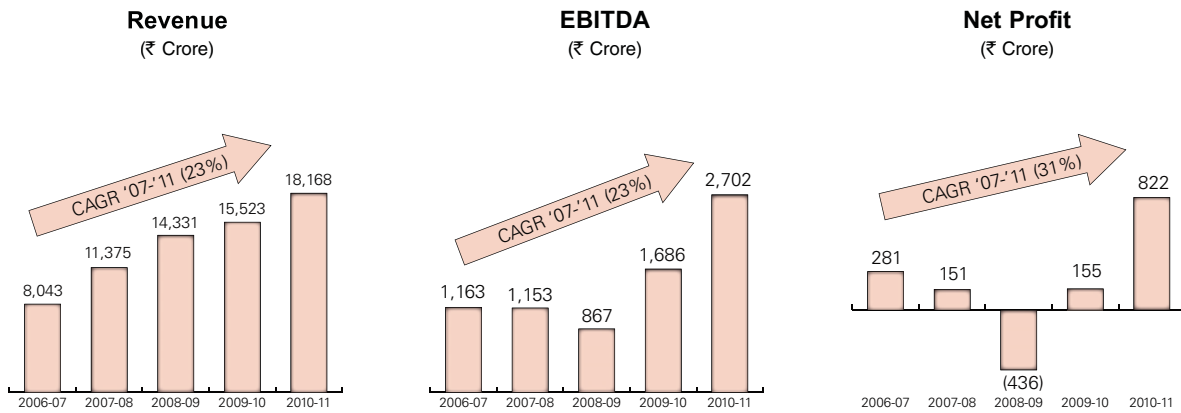
Speed

A USD 4 BILLION CONGLOMERATE GUIDED BY VISION



¹Represent Divisions ²Represent Subsidiaries ³Represent Joint Ventures *JV with Sun Life Financial, Canada #Listed, Aditya Birla Group holds 46.03%
 Note: Percentage figures indicated above represent ABNL's shareholding in its subsidiaries / JVs

CONSOLIDATED FINANCIAL SNAPSHOT



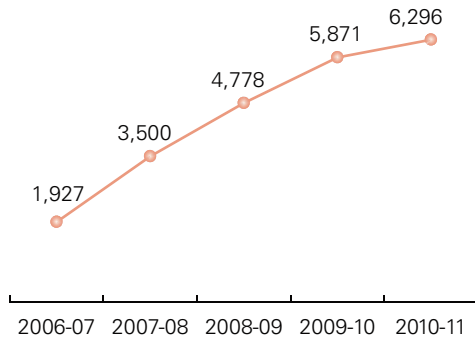
Note: 1 USD = ₹ 45; 1 billion = 100 Crore

ROBUST REVENUE GROWTH ACROSS THE BUSINESSES

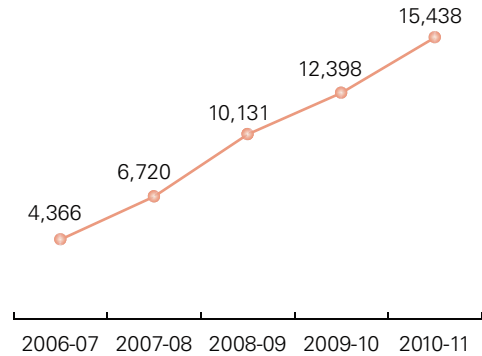
Revenue

(₹ Crore)

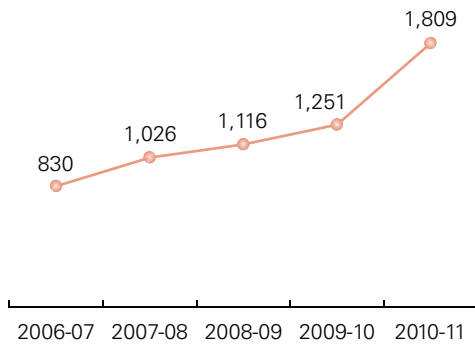
Financial Services¹



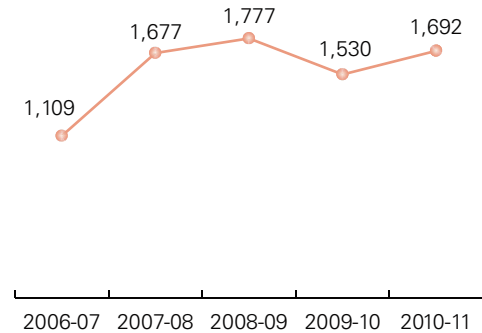
Telecom²



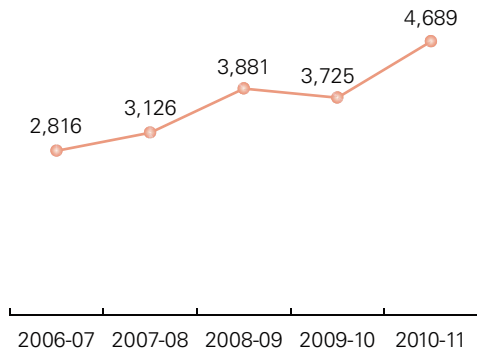
Fashion & Lifestyle



IT-ITeS



Manufacturing



Note¹ : Include full figures of Asset Management business. Being a JV, Asset Management business has been consolidated at 50% in the consolidated financials of ABNL as per AS 27.

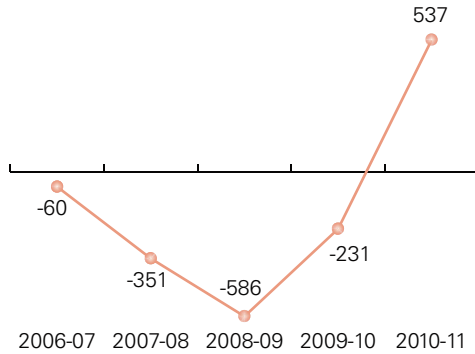
Note² : Full figures of Idea Cellular. Being a JV, Idea Cellular has been consolidated at 20.74% upto 19th June 2006, at 35.74% upto 9th March 2007, at 31.78% upto 12th August 2008, at 27.02% upto 1st March 2010 and at 25.4% thereafter, as per AS27.

AUGMENTED PROFITABILITY ACROSS THE BUSINESSES

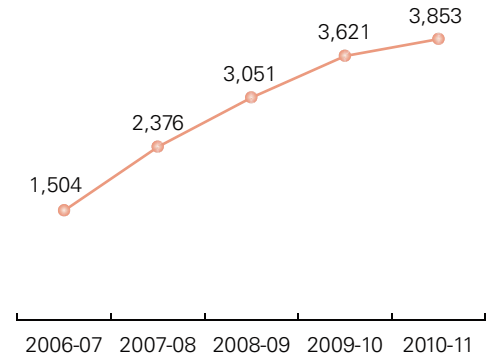
EBITDA

(₹ Crore)

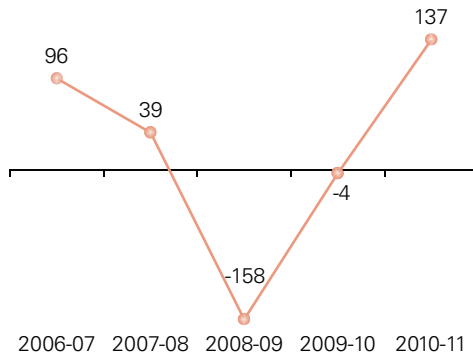
Financial Services¹



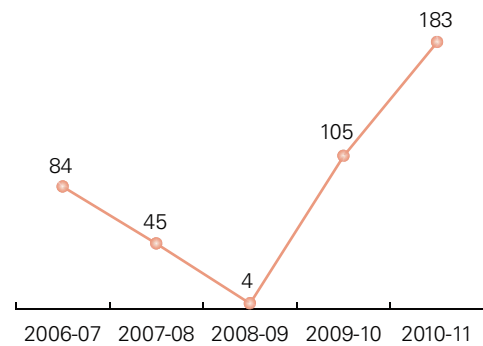
Telecom²



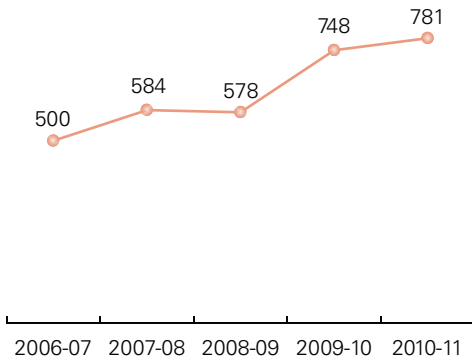
Fashion & Lifestyle



IT-ITeS



Manufacturing

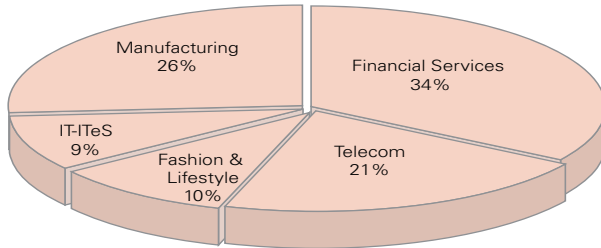


Note¹ : Include full figures of Asset Management business. Being a JV, Asset Management business has been consolidated at 50% in the consolidated financials of ABNL as per AS 27. Interest cost of NBFC business, being an operating expense as per AS17, is deducted from segmental EBITDA.

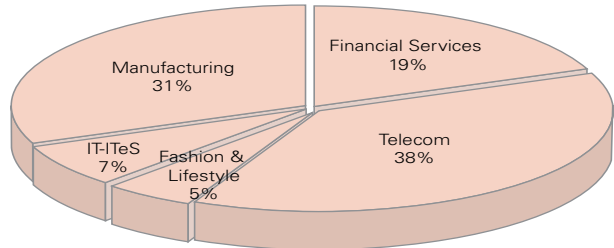
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CONSOLIDATED MIX — 2010-11

Revenue



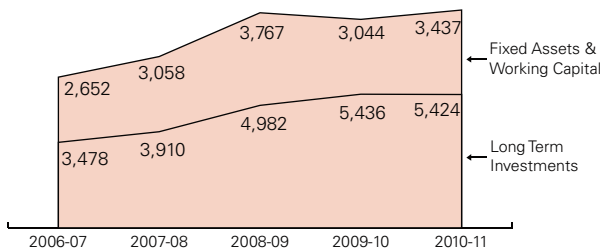
EBITDA



GROWTH SUPPORTED BY STRONG STANDALONE BALANCE SHEET

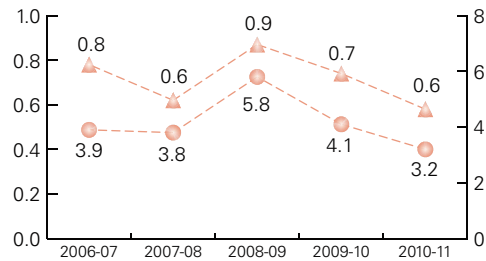
Standalone Capital Employed

(₹ Crore)



Standalone Ratios

● Net Debt/EBITDA (RHS) ▲ Net Debt/Equity (LHS)



- More than 60% of standalone capital employed is deployed in long term investments.
- Leveraging at comfortable level supported by strong cash flows generated by manufacturing businesses.

PROFIT AND LOSS ACCOUNT

	2010-11		2009-10	2008-09	2007-08	2006-07
	USD Million ⁴	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Life Insurance	1,229.9	5,534.4	5,308.9	4,429.4	3,224.5	1,737.7
Other Financial Services ¹	128.6	578.9	415.6	249.6	197.5	137.5
Telecom ²	870.7	3,917.9	3,330.8	2,891.8	2,135.6	1,421.8
Fashion & Lifestyle (Branded Apparels & Accessories)	401.9	1,808.5	1,250.6	1,115.8	1,025.8	830.4
IT-ITeS	376.0	1,691.8	1,530.3	1,777.2	1,677.5	1,109.1
Carbon Black	353.0	1,588.5	1,160.9	1,095.6	863.8	738.9
Agri-business	276.3	1,243.5	1,021.6	1,249.8	787.5	785.4
Rayon Yarn (Including Caustic Soda & Allied Chemicals)	125.5	565.0	537.7	537.1	476.0	441.5
Insulators	115.1	518.0	428.4	424.8	398.9	225.3
Textiles (Spun Yarn & Fabrics)	172.0	774.1	576.5	573.2	600.3	625.0
Others / Inter-segment Elimination	(11.7)	(52.9)	(38.0)	(13.8)	(12.2)	(10.0)
Revenue	4,037.3	18,167.8	15,523.3	14,330.6	11,375.3	8,042.7
EBITDA	600.4	2,701.6	1,686.2	867.4	1,152.9	1,163.3
Less: Depreciation & Amortisation	209.0	940.6	866.5	695.6	524.9	422.8
EBIT	391.3	1,761.0	819.7	171.8	628.0	740.5
Less: Interest and Finance Charges	125.8	566.1	662.1	721.0	476.0	386.5
Earnings before Tax	265.5	1,194.9	157.6	(549.3)	152.0	354.0
Exceptional Gain / (Loss) ³	(23.1)	(103.8)	-	-	-	-
Less: Provision for Taxation (Net)	40.7	183.1	114.0	81.1	125.9	111.9
Net Profit / (Loss) before Minority Interest	201.8	908.0	43.6	(630.3)	26.2	242.1
Less: Minority Interest & Share in (Profit) / Loss of Associates	19.1	85.9	(111.0)	(194.6)	(124.6)	(38.8)
Net Profit / (Loss)	182.7	822.1	154.6	(435.7)	150.8	280.9

BALANCE SHEET

	2010-11		2009-10	2008-09	2007-08	2006-07
	USD Million ⁴	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Net Fixed Assets	1,975.2	8,888.6	6,988.4	6,672.0	5,447.8	3,777.6
Goodwill on Consolidation	665.6	2,995.1	2,892.3	3,422.6	2,571.0	2,594.9
Life Insurance (Policyholders' & Shareholders') Investments	4,391.1	19,759.8	16,129.9	9,168.4	6,892.7	4,020.0
Other Investments	230.9	1,039.2	826.6	1,914.0	427.4	523.3
Total Investments	4,622.0	20,799.1	16,956.5	11,082.4	7,320.2	4,543.4
Net Current Assets	624.6	2,810.6	2,148.3	2,525.5	2,252.8	1,749.0
Total Funds Utilised	7,887.4	35,493.4	28,985.5	23,702.5	17,591.9	12,664.8
Net Worth	1,484.1	6,678.4	5,474.8	5,742.3	4,032.9	3,119.6
Life Insurance Policyholders' Fund ⁵	4,217.1	18,977.1	15,651.9	8,725.8	6,510.6	3,762.0
Total Loan Funds	2,066.9	9,300.9	7,432.4	8,835.4	6,647.9	5,460.3
Minority Interest	61.9	278.5	185.8	179.2	174.4	143.3
Deferred Tax Liabilities (Net)	57.5	258.6	240.6	219.8	226.2	179.6
Total Funds Employed	7,887.4	35,493.4	28,985.5	23,702.5	17,591.9	12,664.8

RATIOS AND STATISTICS

	Unit	2010-11	2009-10	2008-09	2007-08	2006-07
EBITDA Margin (EBITDA / Revenue)	%	14.9	10.9	6.1	10.1	14.5
Net Margin (Net Profit / Revenue)	%	4.5	1.0	(3.0)	1.3	3.5
Interest Cover (EBITDA / Interest Expenses)	x	4.8	2.5	1.2	2.4	3.0
Net Debt to Equity Ratio (Net Debt ⁶ / Net Worth)	x	0.9	1.0	0.8	1.2	1.2
Net Debt to EBITDA Ratio (Net Debt ⁶ / EBITDA)	x	2.3	3.1	5.5	4.1	3.2
ROACE (EBIT / Average Capital Employed ⁷)	%	11.8	5.8	1.3	6.3	10.9
ROAE (Net Profit / Average Net Worth)	%	13.5	2.8	(8.9)	4.2	10.8
EPS (Weighted Average)	₹	77.6 (USD 1.7)	15.4	(46.3)	16.0	32.0
Book Value per Share	₹	586.1 (USD 13)	529.0	601.7	419.2	334.3
No. of Equity Shareholders	Number	153,896	158,163	155,497	155,028	164,603
Closing Price as on 31st March (NSE)	₹	814.4 (USD 18.1)	906.3	445.0	1,396.2	1,070.9
Market Capitalisation (NSE)	₹ Crore	9,244 (USD 2.1 billion)	9,336	4,227	13,265	9,992

Note¹: Include Asset Management business which has been consolidated at 50% as per AS-27, being a joint venture.

Note²: Represents ABNL's share. Being a joint venture, Idea has been consolidated at 20.74% upto 19th June, 2006, at 35.74% upto 9th March, 2007, at 31.78% upto 12th August, 2008, at 27.02% upto 1st March, 2010 and at 25.4% thereafter, as per AS-27.

Note³: Aditya Birla Money Ltd. and Aditya Birla Money Mart Ltd., the broking and wealth management subsidiaries, have borne one time exceptional loss of ₹ 103.8 Crore in 2010-11.

Note⁴: 1 USD = ₹ 45; 10 Million = 1 Crore.

Note⁵: Including Fund for Future Appropriation.

Note⁶: Total Loan Funds less NBFC Borrowings less Cash Surplus.

Note⁷: Excluding Life Insurance Policyholders' Fund.

	Unit of Measurement	2010-11	2009-10	2008-09	2007-08	2006-07
PRODUCTION (Quantity)						
Carbon Black	MT	275,560	233,371	202,076	215,103	182,668
Urea	MT	1,100,111	1,097,705	1,069,691	880,991	1,028,064
Viscose Filament Rayon Yarn	MT	15,389	16,759	16,625	17,000	17,669
Caustic Soda	MT	87,932	88,250	78,574	74,468	67,663
Spun Yarns	MT	10,769	9,611	9,185	11,261	17,720
Fabrics	'000 Mtrs.	6,614	4,375	3,646	4,792	5,088
Insulators ¹	MT	43,498	37,151	33,178	33,169	-
SALES (Quantity)						
Branded Apparels	'000 Nos.	15,924	12,421	11,754	10,966	10,709
Carbon Black	MT	274,920	230,195	203,827	214,617	180,893
Urea	MT	1,099,428	1,105,715	1,072,891	870,305	1,043,565
Viscose Filament Rayon Yarn	MT	15,592	16,616	16,792	17,923	17,039
Caustic Soda	MT	88,246	88,897	77,590	74,441	67,226
Spun Yarns	MT	10,841	9,474	9,271	11,349	18,357
Fabrics	'000 Mtrs.	6,081	4,194	4,049	4,710	4,645
Insulators (Only Domestic Sales in 2006-07) ¹	MT	44,281	37,050	32,561	32,304	7,776

Note¹: Insulators manufacturing unit earlier demerged w.e.f. 1st August, 2002, merged with Aditya Birla Nuvo Limited w.e.f. 1st April, 2007.

PROFIT AND LOSS ACCOUNT

	2010-11	2009-10	2008-09	2007-08	2006-07
	USD Million ²	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Revenue	1,432.1	6,444.5	4,827.5	4,786.2	3,953.1
Less: Operating Expenses	1,229.4	5,532.4	4,063.8	4,232.5	3,331.9
Operating Profit	202.7	912.1	763.7	553.7	621.2
Add: Other Income	12.9	58.0	70.8	65.3	38.9
EBITDA	215.6	970.1	834.5	618.9	660.1
Less: Interest and Finance Charges	62.5	281.1	334.1	290.6	204.5
Earnings before Depreciation and Tax	153.1	689.0	500.4	328.3	455.7
Less: Depreciation and Amortisation	43.1	193.9	180.1	166.0	141.1
Earnings before Tax	110.0	495.1	320.3	162.3	314.6
Less: Provision for Taxation (Net)	25.6	115.4	36.9	24.9	71.5
Net Profit	84.4	379.7	283.4	137.4	225.0
Less: Dividend (Including Corporate Tax on Dividend)	16.1	72.6	59.5	42.4	63.9
Retained Profit	68.2	307.1	223.9	95.0	166.5

Note²: 1 USD = ₹ 45; 10 Million = 1 Crore.

BALANCE SHEET

	2010-11		2009-10	2008-09	2007-08	2006-07
	USD Million ³	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Net Fixed Assets	412.9	1,858.0	1,815.3	1,605.0	1,501.6	1,308.1
Long term Investments	1,205.4	5,424.4	5,435.9	4,982.4	3,909.8	3,477.6
Current Investments	11.8	53.0	–	730.0	97.5	371.8
Total Investments	1,217.2	5,477.4	5,435.9	5,712.4	4,007.3	3,849.4
Net Current Assets	339.1	1,526.1	1,228.9	1,432.4	1,458.5	971.7
Total Funds Utilised	1,969.2	8,861.6	8,480.0	8,749.8	6,967.5	6,129.2
Share Capital ¹	25.2	113.6	103.1	95.0	95.0	93.3
Share Warrants ²	–	–	142.1	377.4	377.4	–
Reserves and Surplus	1,174.9	5,287.1	4,416.3	3,649.2	3,551.3	3,031.2
Net Worth	1,200.2	5,400.8	4,661.5	4,121.7	4,023.7	3,124.5
Long Term Loans	485.7	2,185.5	2,699.4	2,651.2	1,841.2	1,869.2
Short Term Loans	244.8	1,101.7	940.7	1,796.7	902.2	961.4
Total Loan Funds	730.5	3,287.2	3,640.0	4,447.9	2,743.4	2,830.6
Deferred Tax Liabilities	38.6	173.6	178.5	180.2	200.3	174.1
Total Funds Employed	1,969.2	8,861.6	8,480.0	8,749.8	6,967.5	6,129.2

Note¹: Capital raised through (a) conversion of 10.5 million warrants in December 2010 and conversion of 8 million warrants in October 2009 out of 18.5 million warrants issued to promoters in May 2009; (b) conversion of 1.7 million warrants in March 2008 out of 20.5 million warrants issued to promoters in February 2008 and (c) rights issue in February 2007.

Note²: Represents (a) 25% application money of ₹ 142.1 Crore received in 2009-10 on remaining 10.5 million warrants and (b) 10% application money of ₹ 377.4 Crore received in 2007-08 on remaining 18.8 million warrants.

RATIOS AND STATISTICS

	Unit	2010-11	2009-10	2008-09	2007-08	2006-07
Operating Margin	%	14.2	15.8	11.6	15.7	16.5
Net Profit Margin	%	5.9	5.9	2.9	6.1	6.6
Interest Cover (EBITDA / Interest Expenses)	x	3.5	2.5	2.1	3.2	3.2
ROACE (EBIT/ Average Capital Employed)	%	9.0	7.6	5.8	7.9	10.1
ROAE (Net Profit/ Average Net Worth)	%	7.5	6.5	3.4	6.8	8.4
Current Ratio	x	2.1	2.2	2.8	3.1	3.1
Total Debt to Equity Ratio (Total Debt / Net Worth)	x	0.6	0.8	1.1	0.7	0.9
Net Debt to Equity Ratio (Net Debt ⁴ / Net Worth)	x	0.6	0.7	0.9	0.6	0.8
Net Debt to EBITDA Ratio (Net Debt ⁴ / EBITDA)	x	3.2	4.1	5.8	3.8	3.9
Dividend per Share	₹	5.5 (12 Cents)	5.0	4.0	5.8	5.5
Dividend Including Tax (as % to Net Profit)	%	19.1	21.0	30.9	26.3	26.0
EPS (Weighted Average)	₹	35.8 (80 Cents)	28.8	14.5	26.1	25.6
Cash EPS (Weighted Average)	₹	53.7 (USD 1.2)	46.5	29.7	43.9	41.0
Book Value per Share	₹	475.8 (USD 10.6)	452.5	433.8	423.5	334.9
Exports (FOB)	₹ Crore	836.4 (USD 186 million)	606.1	636.2	624.3	482.6
Capital Expenditure (Net)	₹ Crore	241.0 (USD 54 million)	256.3	268.8	224.8	293.9

Note³: 1 USD = ₹ 45; 10 Million = 1 Crore

Note⁴: Total Debt less Cash Surplus

Indian economy: Growth outlook moderated amidst Inflation

Indian economy has recorded a strong growth in the financial year 2010-11, with GDP growing by 8.5% (year on year) compared to 8.0% in 2009-10. Agriculture sector grew by a strong 6.6%, aided by the low base in 2009-10 due to poor monsoons. Industrial sector growth at 7.9% was healthy and almost the same as the previous year, while services sector growth moderated to 9.4% from 10.1%. However, the GDP growth had slowed down in the fourth quarter of 2010-11. GDP grew by 7.8% in the fourth quarter compared to 8.3% in the preceding quarter.

The major theme in the Indian economy currently is taming the high inflationary pressure. Wholesale Price Index ("WPI") averaged 9.6% (year on year) in 2010-11. In the first three months of 2011-12, inflationary pressures still remain strong, averaging 9.4%. While food inflation has come down from the highs of 2010, inflation has been facing demand-side pressure. Non-food manufacturing price (also called core inflation) is at almost record highs. High global crude oil prices, as well as government's decision to further deregulate domestic retail prices of fuel, are keeping fuel inflation up.

The RBI has been tightening its monetary policy consistently in order to control inflationary pressure. The RBI's policy rate (repo rate) has been increased by 275 bps since April 2010, in an effort to rein inflation. High inflation, coupled with high interest rates owing to RBI's monetary tightening, has adversely affected growth, especially investment. Lead indicators are pointing towards moderation of growth in the financial year 2011-12.

Globally, there are concerns in the form of high government debt and high unemployment in the developed economies. However, during the year, global environment remained more or less supportive of India's domestic growth. Exports from India have grown by a healthy 34.6% (year on year) in 2010-11 compared to 1.7% in 2009-10. Inflows from foreign institutional investors ("FII")

have remained strong at USD 30.3 billion compared to USD 32.4 billion in 2009-10.

India remains one of the fastest growing economies in the world

Though growth outlook for Indian Economy has been moderated, India still remains one of the fastest growing economies in the world. With huge investment opportunities across the sectors, India remains one of the most preferred investment destinations. Strong fundamentals of the Indian Economy and underlying growth drivers are mentioned below.

A. Savings:

India has one of the highest household savings rate in the world. Household savings as a percentage of GDP have been rising in the past. Going forward too, reducing dependency ratio signals a strong growth in the household financials savings.

B. Consumption:

Domestic private consumption is a significant component of India's GDP. Private final consumption expenditure to GDP ratio at 58% is among the highest in the world. A large and growing young population and rising income levels will continue to drive the consumption growth in India.

C. Infrastructure:

Infrastructure is known to be a key enabler for sustainable development of any economy. Government of India is laying enhanced focus on infrastructural development. This, coupled with high rate of capital formation and increasing participation of private sector in infrastructural development, is expected to lead to growth in infrastructural investments.

D. Outsourcing:

IT-ITeS industry continues to grow as the depth and breadth of services being outsourced expands. Equipped with skilled human capital and being a low cost destination, India will continue to be among the most preferred outsourcing destinations.

Note: USD 1 = ₹ 45; 1 billion = 100 Crore.

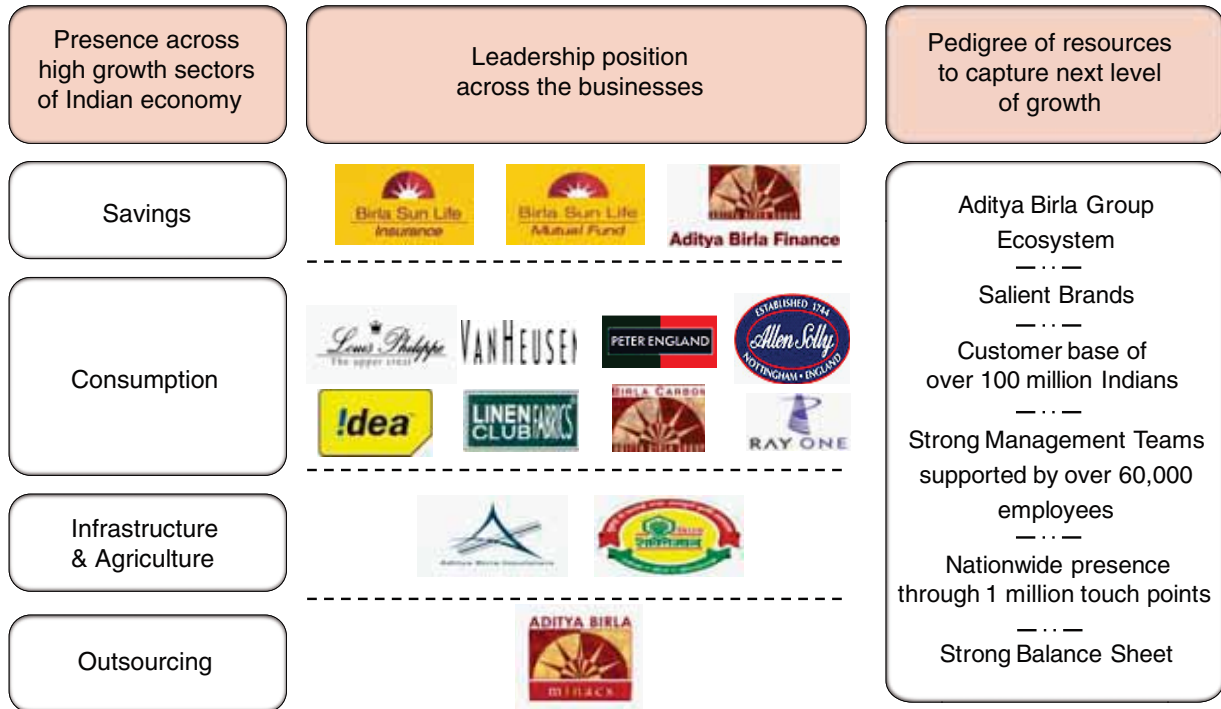
Note: The financial figures in this presentation have been rounded off to the nearest ₹ 1 Crore.

Aditya Birla Nuvo Limited ("ABNL"): Strong foundation energised growth

Aditya Birla Nuvo is a USD 4 billion conglomerate having leadership position across its Financial Services, Telecom, Fashion & Lifestyle, IT-ITeS and Manufacturing businesses. Each of these businesses represents growing sectors of the Indian Economy which are driven by the strong fundamentals of the Indian Economy, namely,

Savings, Consumption, Infrastructure Development, Agriculture and Outsourcing.

Equipped with a pedigree of resources viz., Aditya Birla Group's ecosystem, strong brands, large customer base, nationwide reach, committed human resource and strong balance sheet, ABNL is well positioned to capitalise on growth opportunities available across the wide spectrum of the Indian economy.



Aditya Birla Nuvo: Leadership built by continuous pursuit of strategic objectives

In line with its vision 'to become a premium conglomerate with market leadership across businesses delivering superior value to shareholders on sustainable basis', Aditya Birla Nuvo has built and strengthened leadership position across its businesses. The business-wise strategic objectives and resulting key achievements are stated as under:

➤ **Aditya Birla Financial Services ("ABFS") – Be a leader and role model with a broad based and integrated business:**

- ABFS is a large non bank player with funds under management of ~USD 20.5 billion (as on 30th June, 2011) and revenue size of USD 1.4 billion having presence across seven verticals.

- Trusted by ~5.5 million customers and anchored by ~15,000 employees, ABFS has a nationwide presence through more than 1,700 points of presence and about 200,000 agents / channel partners.
- With entry in two new lines of businesses in past three years, ABFS has expanded its presence to Life Insurance, Asset Management, NBFC, Private Equity, Broking, Wealth Management and General Insurance Advisory.

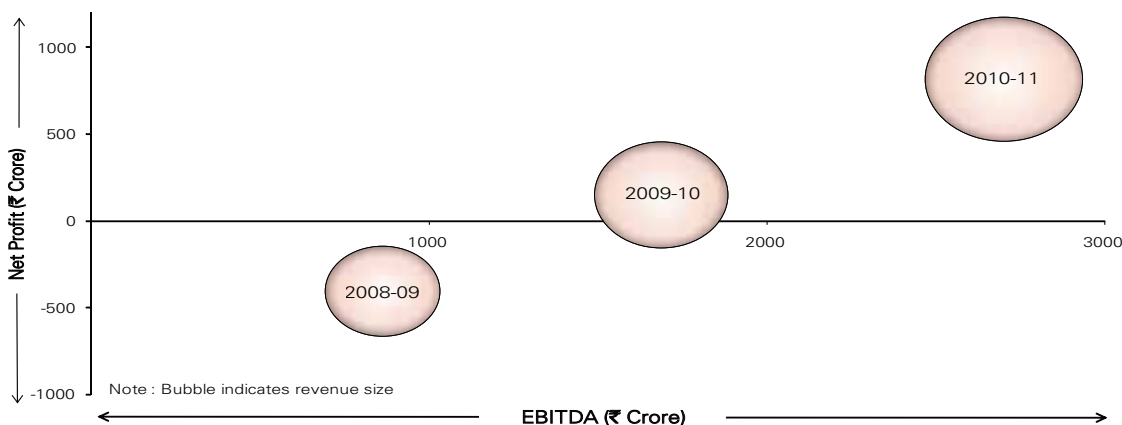
➤ **Telecom (Idea Cellular) – Building sustainable competitiveness while maintaining growth momentum:**

- Idea Cellular, one of the fastest growing Indian telecom majors, ranks among the top 10 cellular operators in the world with more than 1 billion minutes of usage ("MoU") per day.

- Idea is the third largest cellular operator in India in terms of revenue market share¹ at 13.6% up from 12.6% a year ago. Idea has been the highest revenue market share gainer since past two years.
 - Idea is serving a large customer base of more than 95 million subscribers as on 30th June, 2011.
 - Idea is a ~USD 6 billion company by market cap (as on 30th June, 2011) and ~USD 3.5 billion company by revenue size.
 - Idea holds 16% in Indus towers, the world's largest tower company.
- **Madura Fashion & Lifestyle – Capitalising on brand leadership and expanded retail space to achieve profitable growth:**
- Madura Fashion & Lifestyle is the largest premium branded apparel player in India having revenue size of more than USD 400 million.
 - It sells one branded apparel every two seconds serving varied fashion and lifestyle needs of customers through about 950 exclusive brand outlets (“EBOs”) spanning across ~1.4 million square feet besides more than 1,250 departmental stores and multi-brand outlets.
- **IT-ITeS (Aditya Birla Minacs) – Diversifying capabilities and building strong order book with focus on bottom-line:**
- Aditya Birla Minacs is among the top ten BPO companies in India with revenue size of more than USD 375 million.
- Minacs has global delivery capacities serving more than 100 clients (including several Fortune - 500 clients) through 35 centres and about 20,000 employees.
 - It has been named among 'top five emerging outsourcers to watch for in North America' by Frost & Sullivan.
- **Manufacturing Businesses – Capturing sector growth and realising full potential:**
- Having a combined revenue size of over USD 1 billion, manufacturing businesses yielded ROACE of 26% and EBITDA margin of 16% in 2010-11.
 - These businesses are well positioned to tap growth opportunities arising from investment and consumption across Agriculture, Power, Automobiles and Textiles sectors.
 - Each of these businesses enjoys top position in the respective industry, as mentioned below:
 - Second largest carbon black manufacturer in India (Aditya Birla Group is the largest player in the world in terms of capacity).
 - Among the best energy efficient fertiliser plants in India.
 - Second largest manufacturer of viscose filament yarn in India.
 - India's largest and the world's fourth largest manufacturer of insulators.
 - Largest manufacturer of linen fabric in India.

Journey towards profitable growth

During its voyage towards profitable growth, Aditya Birla Nuvo has achieved a significant turnaround in consolidated earnings during the past two years.



Note¹: Based on gross revenue for UAS & Mobile licenses only, for March quarters, as released by Telecom Regulatory Authority of India (“TRAI”)

Financial Year 2008-09: Investment phase amidst global slowdown

Life Insurance business was in the investment phase. Fashion & Lifestyle and IT-ITeS businesses were impacted by global economic slowdown.

Financial Year 2009-10: Turnaround and recovery phase

Cost rationalisation led to turnaround in the Fashion & Lifestyle and IT-ITeS businesses. Manufacturing businesses posted strong growth in profitability. Promoter infusion supported balance sheet.

Financial Year 2010-11: Profitable growth phase

Life Insurance business posted maiden profit. Fashion & Lifestyle and IT-ITeS businesses registered strong growth in top-line and bottom-line. Balance Promoter infusion and strong cash

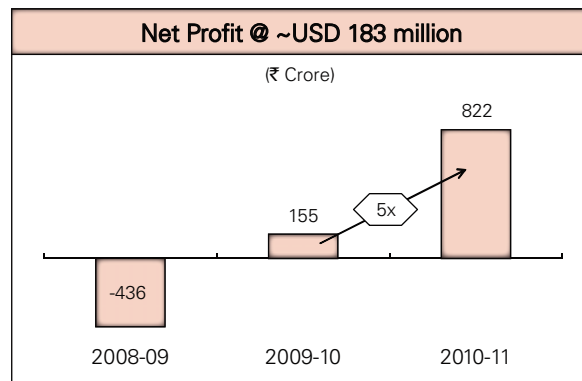
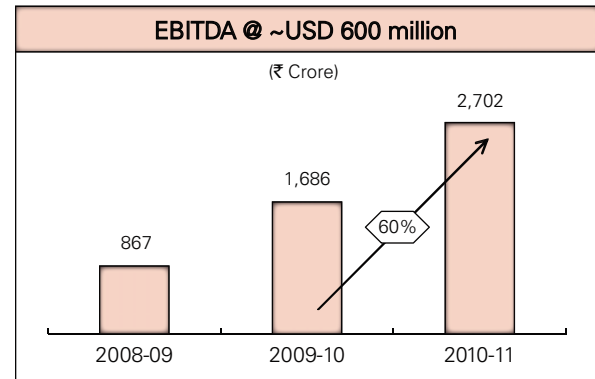
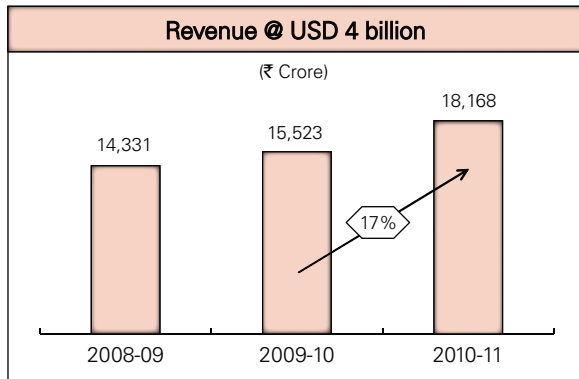
flows from manufacturing businesses further strengthened balance sheet.

The turnaround was supported by all the businesses.

Delivered robust earnings growth

As a result of continuous pursuit of strategic objectives as stated earlier coupled with focus on profitable growth across the businesses, Aditya Birla Nuvo has delivered a robust growth in the consolidated earnings.

- Revenue crossed ₹ 18,000 Crore (USD 4 billion) mark.
- Posted highest ever EBITDA – Grew by 60% year on year.
- Achieved highest ever Net Profit – Grew 5 times over the previous year.



Consolidated financial analysis

(₹ Crore)

	2010-11	2009-10
Revenue	18,168	15,523
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)	2,702	1,686
Less: Depreciation and Amortisation	941	866
Earnings before Interest and Tax (EBIT)	1,761	820
Less: Interest and Finance Expenses - NBFC	112	80
Less: Interest and Finance Expenses - Others	454	582
Earnings before Tax	1,195	158
Less: Provision for Taxation (Net)	183	114
Less: Minority Interest / Share of (Profit)/Loss of Associates	86	(111)
Net Profit before Exceptional Gain/(Loss)	926	155
Add: Exceptional Gain/(Loss) ¹	(104)	–
Consolidated Net Profit	822	155

Note¹: Aditya Birla Money Ltd. and Aditya Birla Money Mart Ltd., the broking and wealth management subsidiaries of ABNL have borne one time exceptional loss of ₹ 104 Crore during 2010-11.

Consolidated revenue of ABNL grew year on year by 17% to ₹ 18,168 Crore supported by the top-line growth across the businesses. This is despite the fact that Life Insurance and Telecom businesses, the top two revenue contributors for ABNL, witnessed challenging sector environment.

- While new business premium in the Life Insurance business de-grew post-new ULIP guidelines, a 41% growth in renewal premium supported. ULIP sales were affected across the industry post-new guidelines. However, sales of non-ULIPs gained traction. For Birla Sun Life Insurance, non-ULIPs contributed to 25% of its individual new business vis-à-vis 1% in the preceding year.
- Other financial services achieved 39% revenue growth led by the Asset Management and NBFC businesses. Increase in the average AUM and launch of real estate onshore fund contributed to the 25% revenue growth in the Asset Management business. Revenue

of the NBFC business more than doubled year on year in line with its lending book size.

- In the Telecom business, strong growth in subscribers' base and total minutes on network led to 25% growth in the top-line at ₹ 15,438 Crore (ABNL's share: ₹ 3,918 Crore), while average revenue per minute remained under competitive pressure.
- Fashion & Lifestyle business posted a robust 45% revenue growth driven by market buoyancy, brand leadership and expanded retail space.
- In the IT-ITeS business, strong order book led to 11% revenue growth.
- In the manufacturing businesses, combined revenue grew by 26% – largely driven by expansion in the Carbon Black business and strong volume growth in linen segment of the Textiles business. Rise in feed and fuel (natural gas) prices in the Agri-business also pushed up revenue.

Consolidated Revenue – Segmental

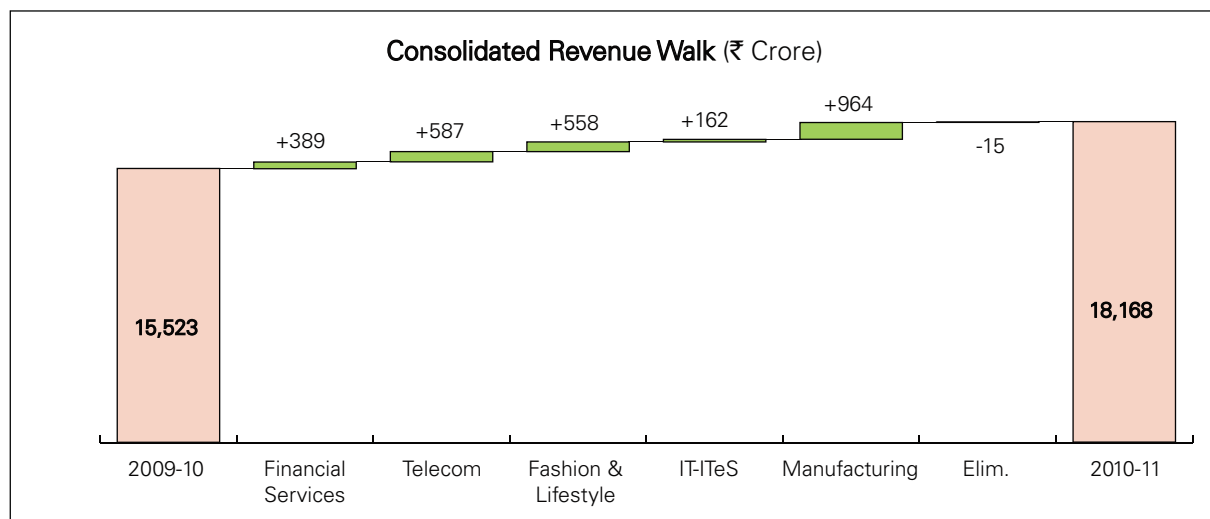
(₹ Crore)

	2010-11	2009-10
Financial Services	6,113	5,725
Life Insurance	5,534	5,309
Other Financial Services ¹	579	416
Telecom²	3,918	3,331
Fashion & Lifestyle	1,809	1,251
IT-ITeS	1,692	1,530
Manufacturing³	4,689	3,725
Inter-segment Elimination	(53)	(38)
Consolidated Revenue	18,168	15,523

Note¹: Other financial services include Asset Management, NBFC, Private Equity, Broking, Wealth Management and General Insurance Advisory businesses. Being a 50:50 joint venture, Asset Management business has been consolidated at 50% as per AS27.

Note²: Represents ABNL's share in Idea's revenue. Being a joint venture, Idea has been consolidated at 27.02% from 1st April, 2009 upto 1st March, 2010, and at 25.4% thereafter, as per AS27.

Note³: Manufacturing businesses include Carbon Black, Agri-Business, Rayon, Insulators and Textiles.



Consolidated EBITDA rose by 60% to ₹ 2,702 Crore driven by improved profitability across the businesses. Life Insurance business turned profitable during the year. Led by cost efficiencies in the Telecom business, EBITDA grew by 6% to ₹ 3,853 Crore and Cash Profit grew by 11% to ₹ 3,407 Crore, even after absorbing about 20% year on year decline in average revenue per minute ("ARPM"). The Fashion & Lifestyle and IT-ITeS businesses posted strong turnaround in

bottom-line in the consecutive second year. While in the previous financial year 2009-10, turnaround in the Fashion & Lifestyle and IT-ITeS businesses was largely driven by cost rationalisation efforts, turnaround in financial year 2010-11 was led by top-line growth. Consolidated depreciation grew by 9% to ₹ 941 Crore largely due to network expansion in the Telecom business and capacity expansion in the Carbon Black business.

Consolidated EBIT more than doubled from ₹ 820 Crore to ₹ 1,761 Crore.

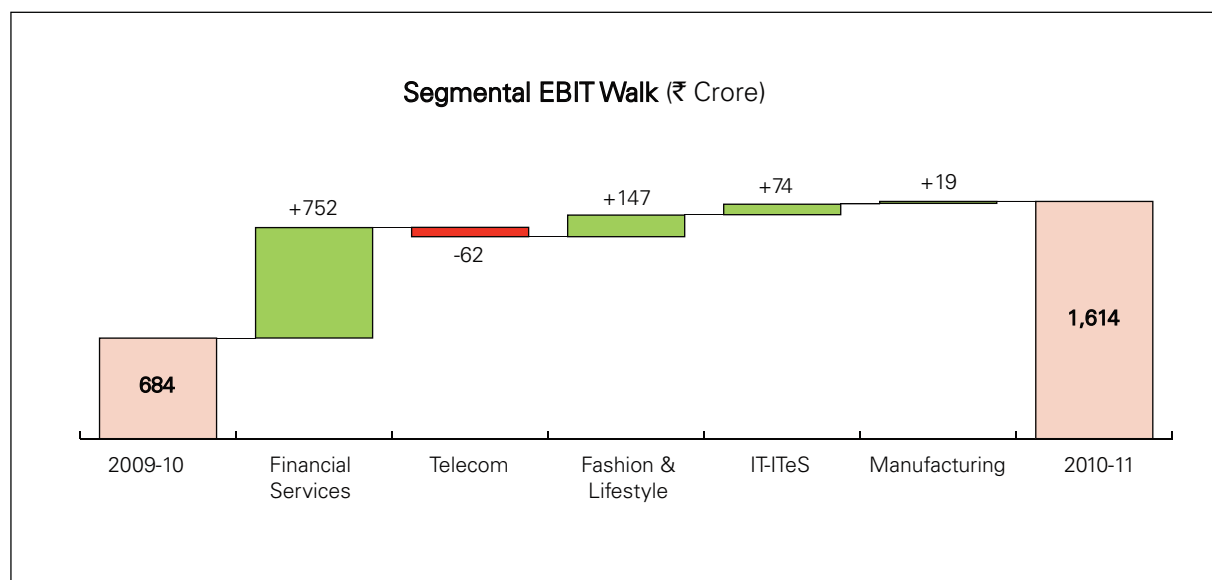
(₹ Crore)

Segmental EBIT as per Accounting Standard ("AS")-17	2010-11	2009-10
Financial Services	415	(337)
Life Insurance	314	(425)
Other Financial Services ¹	101	88
Telecom²	369	431
Fashion & Lifestyle	66	(81)
IT-ITeS	116	42
Manufacturing	648	628
Segmental EBIT as per AS-17	1,614	684
Add: Net Unallocated Income/(Expenses)	(13)	(10)
Add: Interest and Finance Expenses of NBFC ³	112	80
Add: Consolidated Interest Income (Excluding Interest Income of NBFC) ³	48	65
Consolidated EBIT	1,761	820

Note¹: Other financial services include Asset Management, NBFC, Private Equity, Broking, Wealth Management and General Insurance Advisory businesses. Being a 50:50 joint venture, Asset Management business has been consolidated at 50% as per AS27.

Note²: Represents ABNL's share in Idea's revenue. Being a joint venture, Idea has been consolidated at 27.02% from 1st April, 2009 upto 1st March, 2010 and at 25.4% thereafter, as per AS27.

Note³: In accordance with AS-17 on 'Segment Reporting', finance expenses of NBFC are reduced from segment EBIT, hence, added back to arrive at Consolidated EBIT. In accordance with AS-17, interest income (excluding interest income of NBFC) is not included in segment EBIT, hence, added back to arrive at Consolidated EBIT.

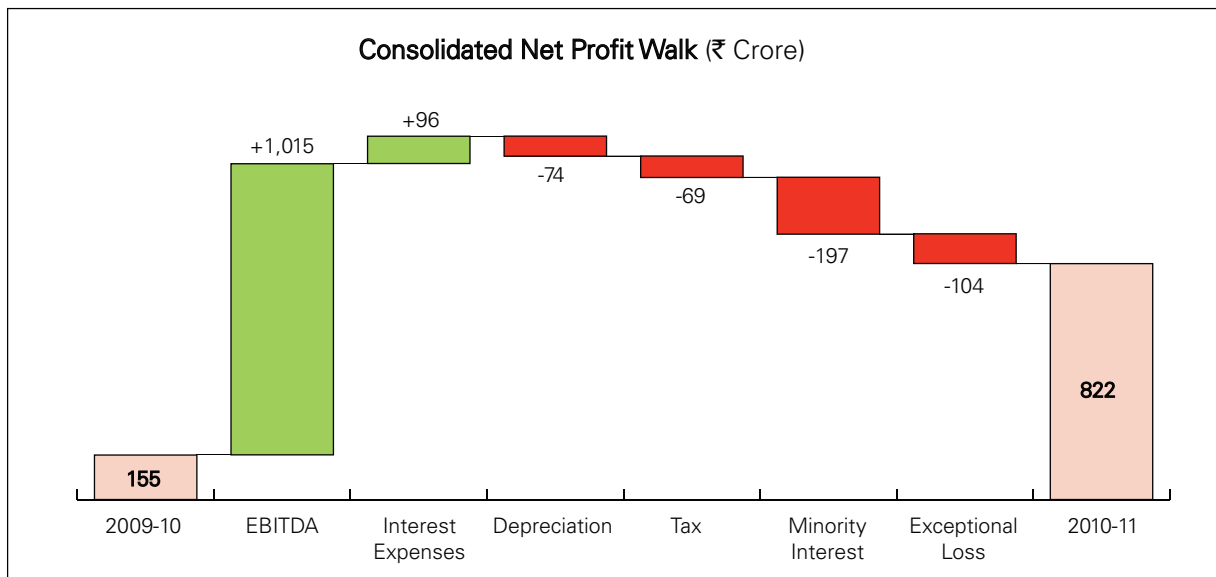


Financial Services, Fashion & Lifestyle and IT-ITeS were the major contributors to the bottom-line growth. The investments made in these businesses are now yielding consistent results.

- Led by growing in-force book size and balanced product mix, coupled with lower new business strain and better expense

management, Life Insurance business posted its maiden profit. Improved AUM mix and cost optimisation augmented profitability in the Asset Management business. Profitable growth in the NBFC businesses was driven by the growing book size.

- In the Telecom business, while EBITDA grew by 6% even after absorbing 20% year on year decline in ARPM, EBIT de-grew by 9% to ₹ 1,456 Crore (ABNL's share: ₹ 369 Crore) due to rise in depreciation cost on network expansion.
- In the Fashion & Lifestyle business, profitability improved considerably led by strong growth in apparel sales across the channels and brands.
- Revenue growth and rationalised cost structure spurred profitability in the IT-ITeS business.
- Collectively, manufacturing businesses posted their highest ever profitability largely contributed by volume growth in the Textiles and Insulators businesses coupled with higher agri-input sales in the agri-business. In the Carbon Black business, gain from expansion led volume growth and higher power sales was partly set off by stabilisation costs of the expanded capacity. Profitability in the Rayon business was strained by a steep rise in the input and fuel costs.



Interest and finance expenses relating to NBFC business increased in line with growth in the business. Other interest and finance expenses decreased largely due to de-leveraging of the standalone balance sheet. In the telecom business, interest expenses of ₹ 409 Crore (ABNL's share ₹ 104 Crore) on funds borrowed for payment of 3G auction fee has been capitalised in 2010-11. Gross standalone debt reduced from ₹ 3,640 Crore as at 31st March, 2010, to ₹ 3,287 Crore as at 31st March, 2011, largely driven by equity infusion by promoters on conversion of remaining share warrants coupled with enhanced earnings in the Manufacturing and Fashion & Lifestyle businesses.

Provision for taxation increased primarily in the standalone financials in line with enhanced earnings.

Minority interest (including share in profit/loss of associates) at ₹ 86 Crore turned positive mainly because Life Insurance business posted net profit at ₹ 305 Crore vis-à-vis loss of ₹ 435 Crore incurred in the preceding financial year. Turnaround in the IT-ITeS business also contributed.

Aditya Birla Money Ltd. and Aditya Birla Money Mart Ltd., the broking and the wealth management subsidiaries of ABNL, have borne one-time exceptional loss of ₹ 104 Crore during the year on account of certain trades of their clients.

ABNL's consolidated net profit grew five times from ₹ 155 Crore to ₹ 822 Crore as an outcome of enhanced focus on profitable growth. This reflects the strength of ABNL's diversified business model and growth strategy, which will continue to be pursued to further strengthen its leadership positions across all the businesses.

Consolidated Balance Sheet

(₹ Crore)

	2010-11	2009-10
Net Worth	6,678	5,475
Total Debts	7,763	6,710
NBFC Borrowings	1,538	722
Minority Interest	278	186
Deferred Tax Liabilities (Net)	259	241
Capital Employed	16,516	13,334
Life Insurance Policyholders' Funds (Including Funds for Future Appropriation)	18,977	15,652
Total Funds Employed	35,493	28,985
Net Block	8,889	6,988
Goodwill	2,995	2,892
Long Term Investments	289	254
Life Insurance (Shareholders' and Policyholders') Investments	19,760	16,130
Net Working Capital	2,080	1,284
Cash Surplus ¹	1,481	1,437
Total Funds Utilised	35,493	28,985
Book Value (₹)	586	529
Net Debt ² /EBITDA (x)	2.3	3.1
Net Debt ² /Equity (x)	0.94	0.96

Note¹: Includes cash, cheques in hand, remittances in transit, balances with banks, fertilisers bonds and current investments.

Note²: Total Debt less Cash Surplus.

At the standalone level, total debt has reduced from ₹ 3,640 Crore to ₹ 3,287 Crore led by improved earnings and promoter infusion. In December 2010, promoter group companies infused a sum of ₹ 426 Crore (being balance 75% amount payable) on conversion of remaining 10.5 million warrants into equity shares. Earlier in 2009-10, promoter group companies had infused a sum of ₹ 575 Crore.

At the consolidated level, total debt has increased from ₹ 6,710 Crore to ₹ 7,763 Crore largely due to

increase in borrowings in books of Idea Cellular for funding 3G spectrum. However, financial ratios have been strengthened. Consolidated net debt to equity improved from 0.96 to 0.94 and net debt to EBITDA improved from 3.1 to 2.3.

The business-wise performance and outlook follows.

Financial Services (Aditya Birla Financial Services)

India has one of the highest household savings rate in the world. Household savings in India as a percentage of GDP have been rising. A large proportion of financial savings is being deployed in Bank deposits, which offers a huge potential market size for non bank financial services and products. Besides this, favourable demographics, viz., a large growing young population, expanding middle class segment and rising per capita income signals robust growth prospects ahead for Indian financial services sector.

In line with its vision to become a leader and role model in the financial services sector with a broad-based and integrated business, Aditya Birla Financial Services ("ABFS") is today a large non bank player having funds under management of more than ₹ 92,250 Crore (about USD 20.5 billion) as on 30th June 2011. It is present across seven business verticals, viz., Life Insurance, Asset Management, NBFC, Private Equity, Broking, Wealth Management and General Insurance Advisory. Anchored by about 15,000 employees and trusted by about 5.5 million customers, ABFS has a nation-wide reach through more than 1,700 branches and about 200,000 agents/channel partners.

The combined revenue of ABFS grew from ₹ 5,871 Crore to ₹ 6,296 Crore (about

USD 1.4 billion). ABFS posted earnings before tax of ₹ 472 Crore vis-à-vis loss of ₹ 309 Crore in the preceding year. Net profit at ₹ 309 Crore vis-à-vis net loss of ₹ 359 Crore in the previous year reflects strong turnaround at the bottom-line.

The key enablers essential for a successful and sustainable financial services business model are:

- Strong distribution
- Talented and skilled people
- Product innovation
- Customer service and investment performance
- Trusted brand
- Scalability and operational efficiencies
- Robust risk management and compliance

Besides being equipped with a nation-wide distribution network, a large customer base, a talented human resource pool, proven track record of product innovation, customer centric approach and superior investment performance, Aditya Birla Financial Services has a strong parent brand. With entry in two new lines of businesses in past three years, ABFS has not only diversified its product offerings but has also scaled its operations to become a large non-bank player with a strong financial performance.

(₹ Crore)

Aditya Birla Financial Services	2010-11	2009-10
<u>Revenue</u>		
Birla Sun Life Insurance	5,534	5,309
Birla Sun Life Asset Management	366	293
Aditya Birla Finance	165	73
Aditya Birla Money	114	113
Aditya Birla Money Mart	73	63
Aditya Birla Insurance Brokers	21	21
Others	22	(0)
Total Revenue	6,296	5,871
EBITDA	537	(231)
Earnings before Tax	472	(309)
Net Profit/(Loss) before exceptional items	412	(359)
Exceptional Gain/(Loss) ¹	(104)	—
Net Profit/(Loss)	309	(359)

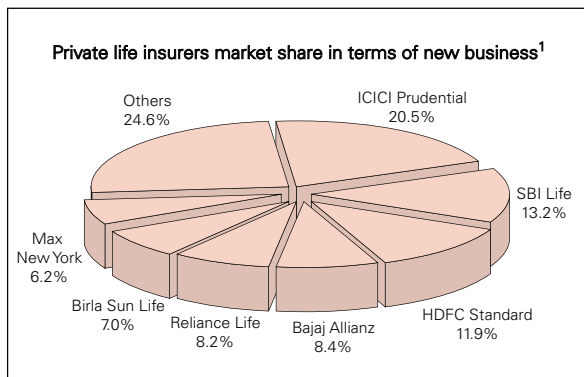
Note¹: Aditya Birla Money Ltd. and Aditya Birla Money Mart Ltd., the broking and wealth management subsidiaries of ABNL, have borne one-time exceptional loss of ₹ 104 Crore.

Aditya Birla Financial Services is well positioned to tap the immense growth opportunity offered by the Indian financial services sector.

Life Insurance (Birla Sun Life Insurance Company Limited)

Industry Overview

The Indian Life Insurance industry currently comprises 22 private life insurers and one public sector insurer – Life Insurance Corporation of India ("LIC"). Indian life insurance industry garnered new business premium¹ of ₹ 69,819 Crore (about USD 15.5 billion) during 2010-11. LIC contributed to 59% of industry's new business while private life insurers contributed remaining 41% [Source: IRDA, www.irda.gov.in]. Top 7 out of 22 private players contributed about 75% of the private sector's new business and 31% of industry's new business. The top 7 private life insurers and LIC combined together, accounted for 90% of industry's new business.



Having more than 11,500 branches and approximately 2.7 million agents, the life insurance industry witnessed major regulatory changes during 2010-11. The Insurance Regulatory and Development Authority ("IRDA") issued new guidelines for Unit Linked Insurance Products (ULIP) effective from 1st September 2010. The major provisions in the new guidelines included

the capping of difference between gross yield and net yield, capping of surrender charges, increasing minimum lock in period and minimum premium payment term from three years to five years, even distribution of charges over lock-in period, etc. IRDA also issued distribution related regulations through tightening of licensing norms for corporate agency and prescribing minimum persistency requirements for individual life insurance agents.

While the life insurance industry experienced strong growth before new guidelines became effective, it witnessed a sharp reduction in new business premium post September 2010. This was primarily on account of:

- Withdrawal of all previous ULIPs by life insurers to comply with the new regulatory framework and transitioning to new ULIPs. Notably, the guidelines were not only unprecedented but were implemented in a short time frame.
- Rationalisation of distributors' compensation in line with ULIP guidelines.
- Sales mix of several players shifting in the favour of Non-ULIPs.
- Several players shifting towards single premium. Hence, the industry had reported relatively higher de-growth on the basis of weighted new business premium.

The new ULIP regulations brought a paradigm shift across the life insurance sector. Industry is moving towards a more balanced product mix thereby increasing share of traditional plans. Other shifts include increased focus on cost rationalisation, productivity metrics and profitability. Several of the top private life insurers have reported statutory profits in 2010-11. Rising in-force business, better expense efficiency and a better product mix has led to profits.

Indian Life Insurance Industry: Growth in New business¹

(₹ Crore)

	April 2010 to August 2010	y-o-y growth (%)	September 2010 to March 2011	y-o-y growth (%)	April 2010 to March 2011	y-o-y growth (%)
Private Life Insurers	11,369	21%	17,464	-32%	28,832	-17%
LIC	18,566	19%	22,420	-29%	40,986	-13%
Life Insurance Industry	29,935	20%	39,884	-30%	69,819	-15%

Note¹: Weighted new business premium = 100% of regular first year premium + 10% of single premium. [Source: IRDA, www.irda.gov.in].

Though ULIP sales were affected across the industry post new guidelines, these changes are expected to have a positive impact on the industry in the long run, in terms of quality of business, long-term orientation, efficiencies in distribution, operations and customer service, etc.

Performance Review

Birla Sun Life Insurance ("BSLI") completed its 11th year of successful operations amidst challenging environment. BSLI ranked among top 6 private life insurers in India during 2010-11 with a market share of 7% in terms of new business [Source: IRDA, www.irda.gov.in]. BSLI covers about 2.4 million lives and sell about 2 policies every minute, through a strong nationwide distribution reach of 600 branches, about 150,000 direct selling agents, 5 bancassurance partners and more than 225 corporate agents and brokers.

In 2010-11, new business premium income of BSLI at ₹ 2,080 Crore de-grew year on year by 30%. ULIP sales were impacted across the industry post-new guidelines, which became effective from 1st September, 2010. However, non-ULIP sales gained traction. For BSLI, non-ULIPs contributed 25% of its individual new business vis-à-vis 1% in the previous year.

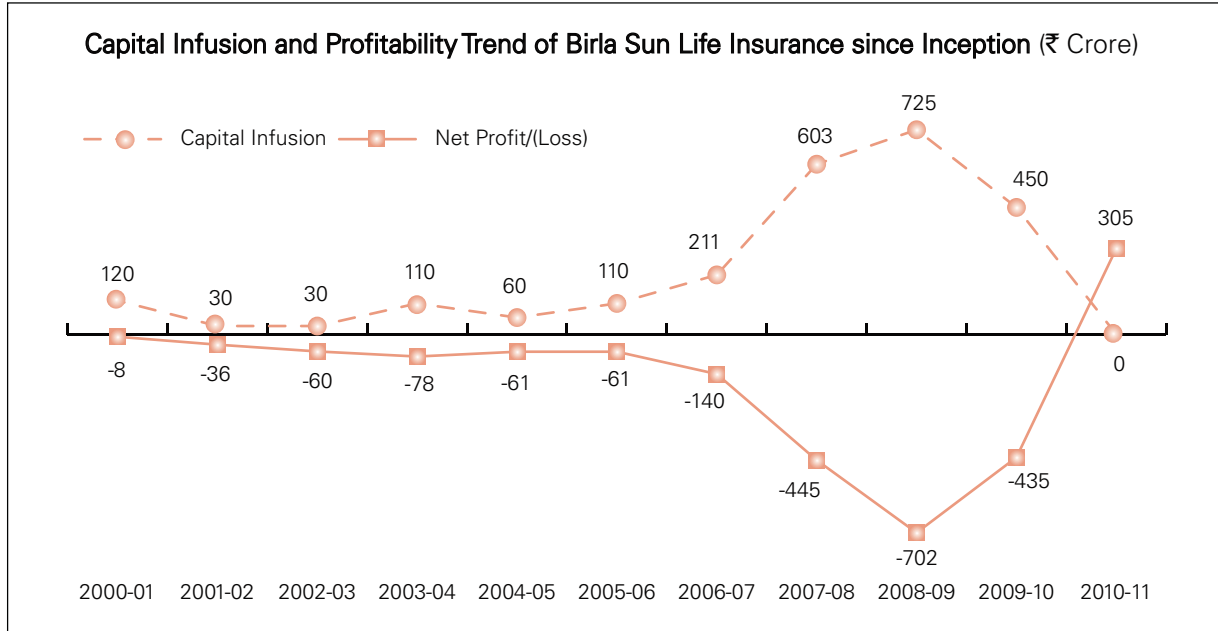
Driven by strong persistency, the renewal premium of BSLI surged by 41% to ₹ 3,597 Crore. The total premium income grew by 3% to ₹ 5,677 Crore. AUM rose by 23% to ₹ 19,760 Crore (about USD 4.4 billion). As a life insurer with a long-established track record, a significant portion of BSLI's business (about 95%) is on regular premium basis, which drives a regular stream of renewal premiums. The 13th month persistency at 83% signifies customer stickiness and is one of the best in the industry.

Various cost rationalisation initiatives were undertaken during the year. As a result, BSLI achieved savings of more than ₹ 120 Crore in operating expenses. The operating expenses to gross premium ratio improved from 24.1% in 2009-10 to 21.2% in 2010-11. Commission ratio reduced from 9.4% in 2009-10 to 6.7% in 2010-11.

Driven by growing in-force book, balanced product mix, lower new business strain and better expense management, BSLI posted its maiden profit in 2010-11. It posted earnings before tax at ₹ 304 Crore vis-à-vis loss of ₹ 435 Crore in the preceding year. No capital infusion was required during 2010-11.

(₹ Crore)

Birla Sun Life Insurance	2010-11	2009-10
Branches (Nos.)	600	632
Direct Selling Agents	~150,000	~170,000
Assets Under Management ("AUM")	19,760	16,130
Individual First Year Premium	1,644	2,288
Group First Year Premium	436	672
First Year Premium	2,080	2,960
Renewal Premium	3,597	2,546
Premium Income (Gross)	5,677	5,506
Less: Reinsurance Ceded and Service Tax	(166)	(213)
Premium Income (Net)	5,511	5,293
Other Operating Income	23	16
Revenue	5,534	5,309
EBITDA	352	(378)
Earnings before Tax	304	(435)
Net Profit/(Loss)	305	(435)
Capital	2,450	2,450
ABNL's Investment	1,814	1,814



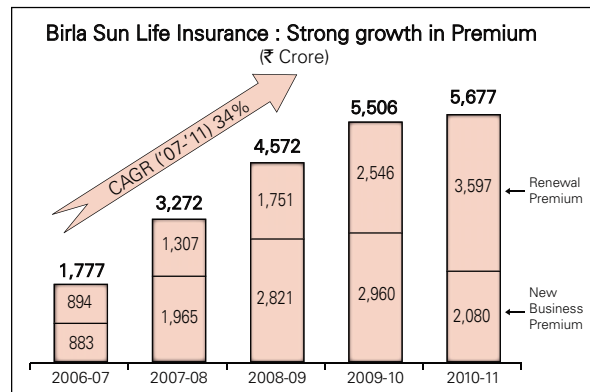
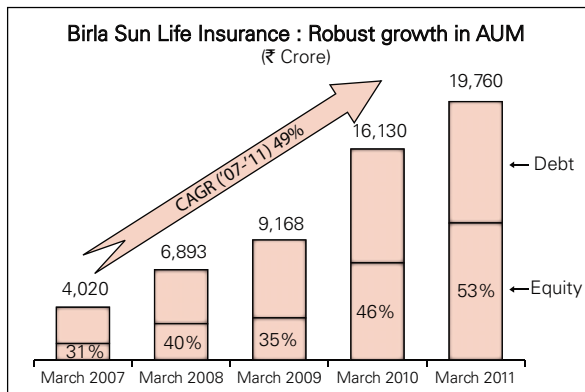
The profitability of a life insurance company, given the Indian accounting and reserving standards and regulations, is better reflected by the Embedded Value ("EV") and Value of New Business ("VNB") generated by the Company. The EV of BSLI has increased from ₹ 3,816 Crore as at 31st March, 2010 to ₹ 4,108 Crore as at 31st March, 2011. EV reflects the value of future profits embedded in the in-force policies written by the life insurance company. The VNB margin, a measure used for gauging profitability of new business has increased to 27.5% for the financial year 2010-11 up from 22.5% reported for previous financial year. Shift towards a balanced product mix and innovative product structure helped BSLI in achieving strong VNB margin.

Birla Sun Life Insurance has achieved robust growth across the parameters.

In the direction of achieving a balanced product portfolio, BSLI launched five traditional plans and eight ULIPs (as per new guidelines) during the year.

Direct Selling Agents channel continues to be the largest distribution channel for BSLI contributing 71% of its individual new business sales during the year. Bancassurance channel contributed 16% and Corporate Agents and Brokers contributed 13% of its individual new business sales. BSLI has taken several initiatives to improve productivity of agency force and enhance distributor engagement across the channels.

BSLI continued to deliver superior investment returns to its policyholders with every fund beating the benchmark. BSLI achieved the



distinction of attaining 'zero per cent' claims outstanding ratio for the second year, meaning, 100% of all the claims intimated during the year have been processed. This is a live example of its 'Customer First' approach and clearly speaks of the strong system and processes it has set in.

Outlook

The financial year 2010-11 was challenging for the life insurance industry. However, the long term growth potential of the life insurance sector remains strong on the back of favorable demographics such as high economic growth, rising income levels and domestic savings, increasing mind-share of life insurance within the financial savings component, etc. The total penetration of insurance (denoted by premium as percentage of GDP) has increased from 2.3% in 2001 to 4.4% in 2010. The level of penetration, particularly in life insurance, tends to rise as the income levels increase. Rising awareness towards the need of life insurance is also a key enabler. In addition to this, the recent regulatory changes, viz., capping of charges, etc., have only made ULIPs more cost competitive for the customers. Tightening of regulations has forced and will continue to drive life insurers towards better expense management, writing long term quality business, enhancing standards of customer retention and service.

With a strong focus on improving persistency, expanding in-force book, driving cost efficiencies, superior investment performance and customer service, BSLI is well positioned to meet the challenges and also tap into the opportunities of the life insurance industry. It is expected to emerge stronger on the back of its wide distribution franchisee, a successful multi-channel strategy, experienced team, a proven track record in product innovation, superior investment performance and a strong brand name.

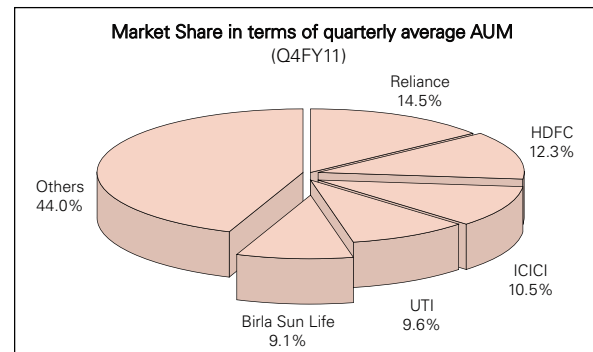
Asset Management (Birla Sun Life Asset Management Company Limited)

Industry Overview

The Indian mutual fund industry currently comprises 43 asset management companies. After continuous growth for the last few years, the industry registered a marginal decline in the average AUM ("AAUM") during 2010-11. The AAUM¹ of the industry de-grew by 8% from about ₹ 763,200 Crore (~USD 170 billion) in 2009-10 to

about ₹ 700,500 Crore (~USD 156 billion) in 2010-11. Liquidity pressure led to decline in liquid assets across the industry. After facing net redemption in liquid schemes during the first nine months, industry witnessed inflows during the fourth quarter.

Top 5 of 43 assets management companies contribute to 56% of industry's AAUM.



Industry's equity AAUM¹ almost remained flat at about ₹ 207,800 Crore (~USD 46 billion). During the first half of 2010-11, profit booking led to net redemption in equity funds to the tune of about ₹ 15,250 Crore. However, during the second half year, Industry witnessed net inflows in equity schemes. Share of equity AAUM in total industry AAUM increased from 28% to 30%. Debt and liquid assets continue to contribute majority proportion of total industry's AAUM dominated by treasury investments of banks and corporates. Share of retail assets in total industry's AAUM increased from ~38% to ~44% supported by market action in equity assets and outflow of liquid assets in institutional segment. [Source: Association of Mutual Funds in India ("AMFI"), www.amfiindia.com]. Meanwhile, the Reserve Bank of India ("RBI") has instructed banks to limit their investments in liquid mutual fund schemes up to 10% of their net worth as on 31st March of the previous year. This may put pressure on funds in the liquid category. In the direction of reducing dependence on inflows from foreign institutional investors ("FIIs"), Finance Ministry has recently allowed foreign individuals to invest up to USD 10 billion in domestic mutual funds. The Securities and Exchange Board of India ("SEBI") has notified the rules vide Circular CIR/IMD/DF/14/2011 dated 9th August 2011. At present, besides resident Indians, only FIIs, sub-accounts registered with SEBI and non-resident Indians, can invest in mutual funds in India.

Note¹: Average AUM for the fourth quarter ended 31st March of the respective year.

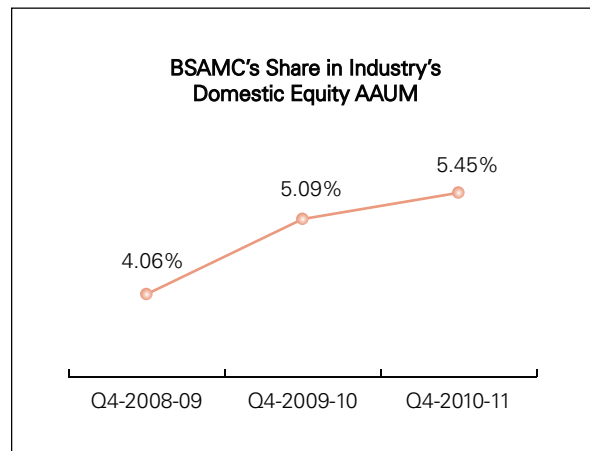
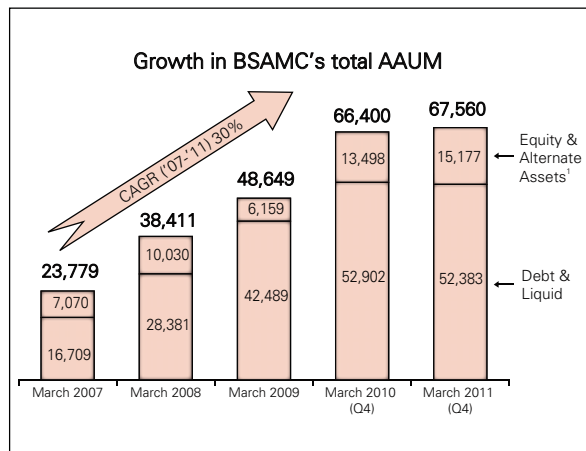
Performance Review

Having a total AAUM of ₹ 67,560 Crore (~USD 15 billion), Birla Sun Life Asset Management Company ("BSAMC") has completed 16 years of its journey towards continued wealth creation. In 2010-11, it ranked 5th with 9.1% market share in terms of domestic AAUM² rising from 8.3% in 2009-10. While domestic AAUM² of industry de-grew by 8%, BSAMC maintained it at ₹ 63,696 Crore (Source: AMFI).

Expanding share of equity and alternate assets has been a key focus area for BSAMC. While Non-Equity AAUM remained flat at ₹ 52,383 Crore,

Equity and alternate assets AAUM at ₹ 15,177 Crore grew year on year by 12%. Share of equity and alternate assets AAUM in total AAUM increased from 20.3% to 22.5%. BSAMC posted net equity sales of more than ₹ 250 Crore in 2010-11 while industry faced net redemption. It ranked among top 3 equity mobilisers in the industry for the second year in a row. BSAMC's share in industry's domestic equity AAUM rose from 5.09% to 5.45% (Source: AMFI).

BSAMC successfully launched its maiden Real Estate Onshore Fund which garnered ₹ 1,088 Crore and was closed for subscription in



Note¹: Equity AAUM (Domestic + Offshore) + PMS + Real Estate Onshore Fund

(₹ Crore)

Birla Sun Life Asset Management	2010-11	2009-10
Branches (Nos.)	103	109
Financial Advisors	~33,750	~32,000
Average Assets Under Management ²		
Equity	11,313	10,761
Debt and Liquid	52,383	52,902
Domestic	63,696	63,663
Offshore (All Equity)	2,524	2,389
Real Estate Onshore Fund	1,088	NA
PMS	252	348
Total	67,560	66,400
Revenue	366	293
EBITDA	130	85
Earnings before Tax	126	73
Net Profit	85	48
Net Worth	225	141

Note²: Average AUM for the fourth quarter ended 31st March of the respective year.

November 2010. Having a strong deal pipeline, investment team of Real Estate Fund has started deploying the fund corpus. BSAMC is also laying thrust on expanding its international presence. It has set up offices in Singapore and Dubai to reach out to international customers.

BSAMC posted a significant growth in its revenue and profitability backed by improved asset mix coupled with better expenses management. Revenue increased by 25% to ₹ 366 Crore and EBITDA grew by 53% to ₹ 130 Crore. Earnings before tax rose by 74% from ₹ 73 Crore to ₹ 126 Crore.

BSAMC is serving a large investor base of ~2.4 million through a strong distribution network of 103 branches and about 33,750 financial advisors. Live SIPs grew year on year by 33% to 0.4 million.

BSAMC has the second highest number of funds in 4 and 5 star ratings across the industry reflecting its strong investment performance.

Following awards and recognitions were conferred to BSAMC at various forums:

- "Best Debt Fund House of the year" – Outlook Money
- "Best Fund House – Runners up" – Outlook Money
- "The Asset Management Company of the year, India" - The Asset Magazine, Hongkong
- "Best Debt Fund House/Best Debt Fund " – Wealth Forum AMC Awards
- "Best Debt Fund Manager" – CNBC TV 18 – CRISIL
- "Birla Sun Life Capital Protection series 1-4 – Most innovative product – India" – Asia Asset Management, Hongkong.

Outlook

Amidst short term challenges, the long term outlook for the mutual fund industry remains positive, backed by growth drivers such as lower mutual fund penetration, growing income levels and savings. Mutual fund AUM as a percentage of GDP has grown in India from ~6% in 2005-06 to more than ~14% in 2010-11. Yet, it is very low compared to 50%-90% in the developed countries (Source: AMFI, RBI, Investment Company Institute - US).

Currently, only ~5% of household saving is invested in mutual funds. This augurs well for the industry growth. Moreover, increasing focus of asset management companies on the alternate assets such as PMS, real estate and offshore and efforts for increasing retail participation through SIPs, etc., will also contribute to the growth.

With a strong focus on increasing equity and alternate assets, enhancing distribution reach and productivity, improving customer service standards and delivering superior fund performance, BSAMC is competitively well placed. Strong brand and award winning investment performance further strengthens its position as one of the leading players in the mutual fund industry.

NBFC (Aditya Birla Finance Limited)

Industry Overview

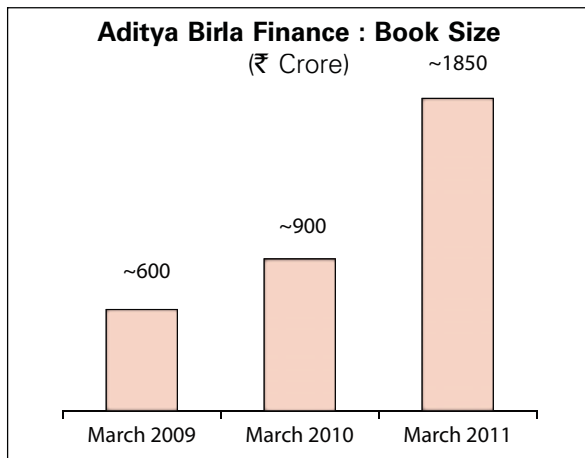
A robust banking and financial sector is critical for financing and facilitating higher economic growth. Financial intermediaries like Non-banking finance companies ("NBFCs") have a definite and very important role in the financial sector, particularly in a developing economy like India, where demand for credit is growing fast. Traditional financial institutions like banks are often not able to meet the overall credit demand. Further, in the loan against shares segment, banks are constrained by Reserve Bank of India ("RBI") regulations to limit the ticket size to ₹ 2 million. Therefore, the role of NBFCs in both manufacturing and services sector is significant as they facilitate the flow of credit to end consumers, particularly, to SMEs. Aditya Birla Finance ("ABFL") is categorised as systematically important non-deposit taking NBFC. There are more than 250 systematically important non-deposit taking NBFCs in India. ABFL is one of the leading players in the Loan Against Securities ("LAS"), IPO financing and corporate bill discounting segments.

During 2010-11, RBI took monetary tightening measures to tame inflation which forced banks to raise the lending rates. Rise in cost of borrowing led to contraction of net interest margin (NIM) across the NBFCs.

Performance Review

After proactive reduction of book size in 2008-09, as risk mitigation during slowdown in financial

markets, ABFL scaled its book size to about ₹ 900 Crore in March 2010. ABFL continued the growth momentum in 2010-11 and more than doubled its book size to about ₹ 1,850 Crore. The Capital Market portfolio almost doubled to more than ₹ 1,325 Crore. Corporate finance portfolio grew almost five times to more than ₹ 425 Crore. ABFL achieved highest ever IPO financing of ~₹ 5,000 Crore during the year. ABFL continued to focus on leveraging Aditya Birla Group’s ecosystem to scale SME funding segment.



Revenue of ABFL more than doubled to ₹ 165 Crore in line with its book-size and further supported by highest ever IPO financing. Operating profit grew by 22% to ₹ 57 Crore. Net interest margin reduced year on year due to rise in cost of borrowings.

(₹ Crore)

Aditya Birla Finance	2010-11	2009-10
Revenue	165	73
Operating Profit ¹	57	47
Earnings before Tax	55	46
Net Profit	37	30
Net Worth	497	235

Note¹: EBITDA less Interest Cost. Interest cost being an operating expense in the NBFC business is deducted from EBITDA to arrive at operating profit.

ABFL received a capital infusion of ₹ 225 Crore during the year. Its net worth has increased to ₹ 497 Crore from ₹ 235 Crore a year ago.

ABFL’s long term debt programme has been assigned ‘AA’ rating by the credit rating agency ICRA. ABFL’s short term debt programme has been assigned a rating of ‘A1+’ – the highest

credit quality rating assigned by ICRA to short-term debt instruments.

Outlook

The role of NBFCs in creation of productive national assets cannot be undermined. A conducive and enabling environment has been created for the NBFC industry globally, which has helped it grow and become an essential part of the financial sector for accelerated economic growth. Credit penetration in India at ~60% of GDP is lower compared to other emerging and developed economies. This signals robust credit growth prospects in India. NBFCs, we believe, will play an important role in this growth.

ABFL aspires to be a large NBFC and aims to expand its asset book by extending offerings besides leveraging Aditya Birla Group’s large ecosystem for SME funding. ABFL is an established player in all the product offerings and have seen more than two decades of business cycle. Its goodwill and proven track record in security-based lending will further support its growth.

Private Equity (Aditya Birla Private Equity)

Industry Overview

After witnessing slow down in private equity (“PE”) investments during the calendar year 2009, India registered strong growth in PE investments aggregating ~ USD 8 billion during the calendar year 2010. PE investments doubled vis-à-vis ~USD 4 billion in 2009. The number of private equity deals increased from about 290 deals in the calendar year 2009 to more than 325 deals in 2010 (Source: Venture Intelligence).

Performance Review

Aditya Birla Private Equity (“ABPE”) successfully launched its maiden fund ‘Aditya Birla Private Equity – Fund I’ focusing on domestic investors. The fund closed for subscription in March 2010 at a size of ~USD 200 million (₹ 881 Crore) including 20% sponsor’s commitment. In 2010-11, out of total corpus of ₹ 881 Crore, ~22% of the funds have been invested in four Indian companies into different sectors. These companies are:

- a) Anupam Industries – a leading manufacturer of industrial and construction cranes,
- b) Bombay Stock Exchange – the oldest stock exchange in Asia,

- c) Credit Analysis & Research Ltd. – a leading credit rating agency, and
- d) GEI Industrial Systems - a leader in heat transfer technology for more than 40 years.

The fund has a strong pipeline of deals to deploy the balance of the fund corpus.

ABPE has recently launched its second domestic fund called "Sunrise Fund". The fund aims at investing in companies engaged in emerging sectors, viz., Lifestyle, Lifeskills and Education, Lifecare and Applied Technologies. ABPE is targeting the Sunrise fund's first closing for subscription in August 2011.

Aditya Birla Capital Advisors Private Limited ("ABCAP") provides the investment management and advisory services to Aditya Birla Private Equity Trust, a venture capital fund registered with SEBI. During 2010-11, ABCAP posted revenue of ₹ 18 Crore and net profit of ₹ 4 Crore.

Outlook

There is a huge opportunity in the private equity space in India driven by long term growth potential of Indian industry, rising disposable income and growing participation of high net-worth individuals ("HNIs"), mature and liquid financial markets coupled with conducive government policies for private investment. Private equity investments in India has already touched a whopping USD 6 billion in the first six months of the calendar year 2011.

Aditya Birla Private Equity is well positioned to tap this opportunity backed by strong investment management team and salient parentage brand of Aditya Birla Group.

Broking (Aditya Birla Money Limited)

Industry Overview

The Indian retail broking industry is highly competitive and fragmented comprising of several broking players with the top ten players contributing to only ~25% of equity broking market size. The number of demat accounts in the country shows the depth of equity penetration. Central Depository Services Ltd. and National Securities Depository Ltd. together have about 19 million active demat accounts, registering

a compounded annual growth rate of ~16% over a period of past five years (2005-06 to 2010-11). Indian cash market and derivatives market have grown at a CAGR of ~14% and ~43% in the past five years. Commodity volumes have surged at a CAGR of ~41% during-past five years. [Source: Bombay Stock Exchange Ltd. ("BSE"), National Stock Exchange of India Ltd. ("NSE"), Multi Commodity Exchange of India Ltd. ("MCX"), National Commodity & Derivatives Exchange Ltd. ("NCDEX")]. However, during 2010-11, Indian equity markets witnessed a volatile equity markets.

Sensex, the benchmark index of BSE and S&P CNX Nifty, the benchmark index of NSE, both rose by 11% during 2010-11 after witnessing more than 70% rise in 2009-10. During the year, the cash segment volumes of BSE de-grew by 20% to ~USD 245 billion. The cash segment volumes of NSE de-grew by 14% to ~USD 795 billion; however, Futures & Options volumes grew by 66% to ~USD 6.5 trillion marking a significant shift towards Futures & Options ("F&O") segment. F&O segment accounted for 86% of total equity volumes at NSE and BSE combined vis-à-vis 76% in 2009-10. Due to increasing contribution of lower margin F&O segment in total pie, earnings of retail brokerage houses have impacted during the year. The combined commodities volumes at MCX and NCDEX rose by 54% to ~USD 2.5 trillion.

Performance Review

Aditya Birla Money ("ABML") witnessed growth in commodity volumes while cash market volumes were affected across the Industry. Cash market volumes of ABML de-grew by 34% while commodity volumes rose by 82%. F&O volumes of ABML soared by 96%. F&O volumes accounted for 86% of total equity volumes of ABML.

During the first half of 2010-11, ABML's revenue posted 23% year on year growth. Revenue growth was impacted in the second half of the financial year due to discontinuance of a product. On a full year basis, revenue remained flat at ₹ 114 Crore vis-à-vis ₹ 113 Crore earned in 2009-10. EBITDA de-grew from ₹ 27 Crore to ₹ 5 Crore due to investment in people and infrastructure for supporting the future growth. ABML borne one-time exceptional loss of ₹ 8 Crore during the second quarter of 2010-11 on account of certain trades of its clients. ABML

posted a net loss of ₹ 0.3 Crore (before one-time exceptional loss) compared to net profit of ₹ 13 Crore attained in the preceding year.

During the year, the number of customers increased by 13% to about 260,000. ABML expanded its reach to 219 branches and more than 750 franchisees. It has set up a dedicated research team to help its clients in making well informed decisions.

Outlook

Currently, only ~2% of Indian population holds demat accounts. Share of equity in household financial savings in India at 9% is much lower compared to more than 30% in countries like China, Korea, US and UK. This, under penetration, offers a huge growth opportunity for the retail broking sector in India, given the fundamentally strong growth prospects of Indian equity markets. However, equity markets may remain volatile in short term, due to high inflationary pressure and likely further increase in interest rates.

Going forward, ABML will focus on filling gaps in its geographical presence by expanding its franchisee network, mainly in the northern and, the western regions. Its emphasis will be on expanding its business through a cost-effective business partner-based model. It will lay thrust on increasing its client base with a focus on customer segmentation. Cost rationalisation will also be a key focus area for ABML.

Wealth Management and Distribution (Aditya Birla Money Mart Limited)

Industry Overview

While there are a few large wealth management players in India; mutual fund distribution market is very fragmented with top 40 distributors contributing to only ~35% of the industry AUM. Aditya Birla Money Mart ("ABMM") is the third largest corporate distributor of mutual funds in India in terms of Assets under Advisory at ~ ₹ 139 billion as on 31st March, 2011 [Source: *Karvy and Computer Age Management Services ("CAMS")*]. ABMM is also a significant player in the wealth management space.

During the previous financial year 2009-10, SEBI abolished payment of entry load on all mutual fund schemes w.e.f. 1st August, 2009. Further in 2010-11, IRDA through new ULIP guidelines

capped the charges w.e.f. 1st September, 2010 to rationalise the ULIPs cost structure. To comply with the guidelines, life insurance companies issued new products with reduced first year commission paid to corporate agents and brokers on sale of ULIPs. As a result, ULIP sales were impacted across the industry. During 2010-11, non-equity gross sales of mutual fund industry de-grew by 12% while equity gross sales grew by 7%. Equity cash broking volumes also de-grew during the year. The margins of the mutual fund and life insurance distribution players have remained under severe pressure since past two years. Distribution players are revamping their business model by shifting from transaction-based business model to advisory-based business model. They are also focusing on expanding the basket of services by adding new offerings, viz., structured products, private equity, real estate, etc.

Performance Review

To mitigate the impact of these regulatory changes on earnings and to increase its customer base, ABMM diversified its offerings and product portfolio. The new product offerings include investment solutions such as private equity funds, Gold SIP, alternative investments, structured products, real estate services, etc.

This has helped ABMM to enhance its revenue from ₹ 63 Crore to ₹ 73 Crore amidst de-growth in industry volumes across mutual fund, life insurance as well as equity broking sectors. However, bottom-line was strained due to business building costs, viz., investment in the people, process and technology – related infrastructure. Besides, reduction in commission post-new ULIP guidelines also impacted. ABMM borne one-time exceptional loss of ₹ 96 Crore during the second quarter of 2010-11 on account of certain trades of its clients. ABMM posted a net loss of ₹ 19 Crore (before one-time exceptional loss) compared to the net loss of ₹ 12 Crore incurred in the preceding year.

ABMM is playing an important role in distribution of financial products of Aditya Birla financial services businesses. ABMM is the largest corporate agent for Birla Sun Life Insurance, the largest mutual fund distributor for Birla Sun Life Asset Management, largest distributor of Aditya Birla Private Equity and the largest sourcing agent for capital market lending of Aditya Birla Finance.

ABMM has a strong nation-wide distribution presence through 37 branches and ~14,500 channel partners serving about 290,000 customers.

Outlook

High savings growth in India implies a huge opportunity for financial intermediation services. The long term fundamental growth for the manufacturing and distribution of life insurance, mutual funds and equity broking products and services remains strong. Besides, increasing preference towards investment with the help of professional advisors portrays a positive outlook for the wealth management sector in the longer run.

ABMM's thrust will be to provide quality wealth management solutions to its client through product innovation and technology support. It will also focus on diversification of its product portfolio besides deriving synergies with other Aditya Birla Financial Services verticals. ABMM is ideally equipped to progress in the challenging business environment as a multi-product and multi-channel distributor with a realigned business model.

General Insurance Advisory (Aditya Birla Insurance Brokers Limited)

Industry Overview

The general insurance industry grew year on year by 22% to USD 9.5 billion in terms of premium underwritten. Aditya Birla Insurance Brokers Ltd. (ABIBL), erstwhile Birla Insurance Advisory and Broking Services Ltd., is one of the leading general insurance brokers in India.

Performance Review

The premium placement by ABIBL marginally de-grew from ₹ 214 Crore to ₹ 205 Crore. Revenue remained flat at ₹ 21 Crore. Net Profit de-grew from ₹ 4 Crore to ₹ 2 Crore due to increase in manpower and other operating costs.

Outlook

Lower general insurance penetration in India is likely to boost growth of general insurance industry. Lower share of brokers in the mobilisation provides an opportunity to grow in

this segment while competing with banks and other corporate agents. ABIBL will focus on reaching a larger customer base in a cost effective way to grow the business.

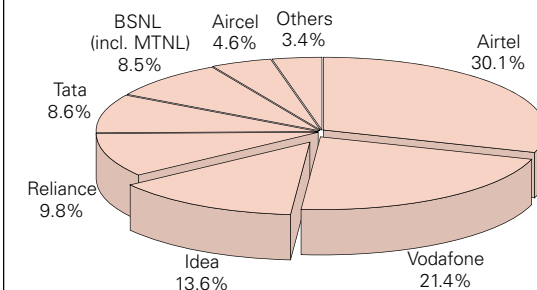
Telecom (Idea Cellular Limited)

Industry Overview

During the past two years, the number of cellular operators in India has increased to 15. The consequent over-capacity and hyper-competition led to tariff war amongst the operators to grab market share. Increasing multi-SIM phenomenon and reduction in tariff slowed down the revenue growth of the Indian telecom wireless sector while registering a strong growth in subscribers' additions. Wireless subscribers' base grew year on year by 49% to reach 584 million as on 31st March, 2010 and by 39% to reach 812 million as on 31st March, 2011. On the other hand, gross revenue of Indian wireless sector grew by 5% to reach USD 23.8 billion in 2009-10 and by 12% to reach USD 26.6 billion in 2010-11. [Source: Telecom Regulatory Authority of India ("TRAI"), www.trai.gov.in]

Top 3 cellular operators contribute to ~65% of total gross revenue of Indian wireless sector.

Indian Wireless Sector: Revenue Market Share¹



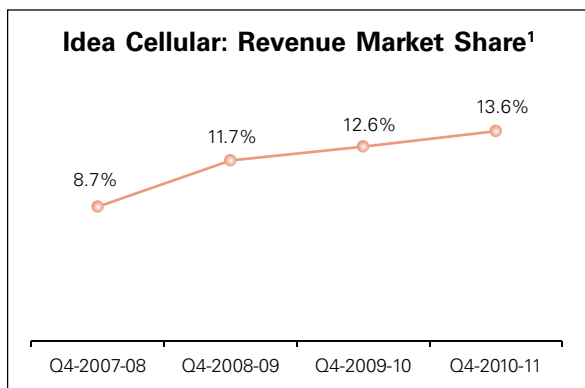
The financial year 2010-11 was very eventful for Indian telecom industry. In April 2010, auctions for third generation (3G) spectrum commenced and ended in May 2010 after 34 days of intense bidding. Against reserve price of ₹ 3,500 Crore for pan India 3G license, winning price was ₹ 16,751 Crore. Metro cities like Mumbai and Delhi witnessed most aggressive bidding. Broadband Wireless Access ("BWA") auctions were also concluded in June 2010. Mobile Number Portability ("MNP") was initiated

Note¹: Based on gross revenue for UAS & Mobile licences only, for March 2011 quarter as released by TRAI.

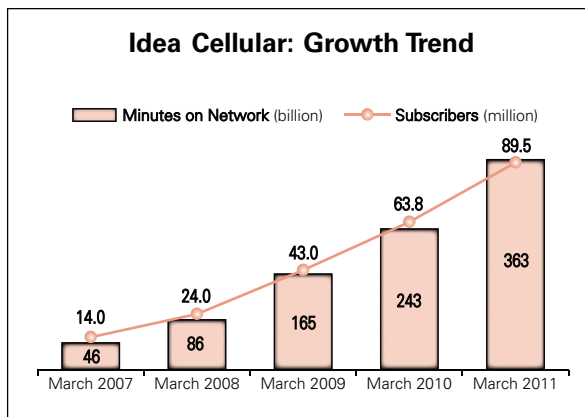
in Haryana in November 2010 and was implemented pan India w.e.f. 20th January, 2011. Till June 2011, only 13 million subscribers have opted for MNP, which is less than 2% of total wireless subscribers' base.

Performance Review

With total Minutes on Network of more than 1 billion per day, Idea Cellular ("Idea") is among the top 10 cellular operators in the world. In India, Idea is the 3rd largest cellular operator in terms of revenue market share¹ at 13.6% up from 12.6% a year ago. Idea has been the biggest revenue market share gainer since the past two years, reflecting the strength of its brand. Idea contributed to 20% of industry's incremental gross revenue during 2010-11. Idea is the fastest growing measure cellular operator in India. Idea has registered strong growth across parameters.

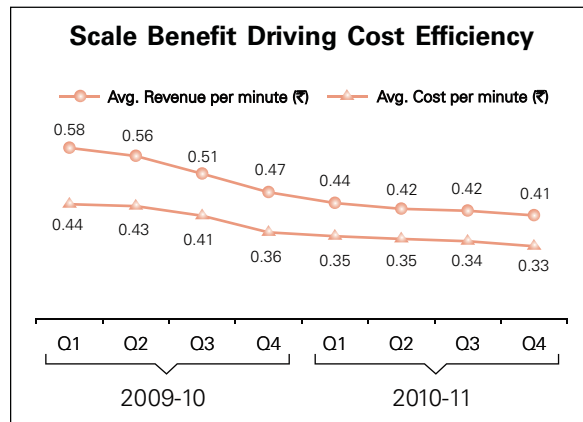


Note¹: Based on gross revenue for UAS & Mobile licenses only, for March quarters as released by TRAI.



Minutes on network of Idea and revenue grew significantly faster than the sector during the year.

However, hyper-competition kept tariff under pressure across the industry. Idea's average revenue per minute ("ARPM") has de-grown from ₹ 0.47 in the fourth quarter of 2009-10 to ₹ 0.41 in the fourth quarter of 2010-11.



During 2010-11, revenue of Idea rose by 25% to ₹ 15,438 Crore driven by a strong growth in the total minutes on network while ARPM declined by around 20% year on year. EBITDA grew by 6% to ₹ 3,853 Crore. The decline in average revenue per minute was compensated by volume-led cost efficiencies. Depreciation rose by 19% to ₹ 2,397 Crore in line with capacity expansion. Net profit de-grew by 6% to ₹ 899 Crore.

Idea won 3G spectrum in 11 service areas, which cover more than 48% of industry's current 2G revenue and contribute to over 76% of Idea's existing 2G revenue. Idea made a total payment of ₹ 5,769 Crore, which is lowest among major operators. In the end of March 2011, Idea had started launching 3G services. Currently Idea offers 3G services in 19 service areas which includes provision of 3G services through bilateral roaming arrangement with leading quality operators for 10 service areas.

Idea's 2G operations are competitively very well placed. Idea ranks 1st in four service areas, viz., Kerala, Maharashtra, Madhya Pradesh and Uttar Pradesh (West); ranks 2nd in three service areas, namely; Haryana, Punjab and Andhra Pradesh, and ranks 3rd in Gujarat. Idea won 3G spectrum in all these strategically important service areas. The incumbency advantage, coupled with the benefit of 900 MHz spectrum in these 8 established service areas, gives a combined revenue market share of 23.6% to Idea making it the second largest operator in these service areas put

together. Idea is also emerging as a strong operator in the service areas of Uttar Pradesh East, Rajasthan (Ranks 3rd), Delhi, Himachal Pradesh and Bihar (Ranks 4th), where it was a late entrant with 1800 MHz spectrum. Out of these service areas, Idea holds 3G spectrum for the service areas of Uttar Pradesh (East) and Himachal Pradesh.

(₹ Crore)

Idea Cellular	2010-11	2009-10
Subscribers (Nos. in Millions)	89.5	63.8
Revenue	15,438	12,398
EBITDA	3,853	3,621
EBIT	1,456	1,606
Net Profit	899	954
Cash Surplus	1,478	1,420
Net Worth	12,300	11,372
Total Debt	12,023	7,859
Capital Employed	24,323	19,232
ABNL's Investment	2,356	2,356
ABNL's shareholding in Idea at the year end (%)	25.35%	25.38%

Idea has always been vigilant in monitoring the quality of its subscriber base. Idea is leader in terms of ratio of VLR subscriber (active subscribers) to reported subscribers. As of 30th June 2011, Idea has over 92.5% of reported subscribers as VLR subscribers, which is highest in the industry. Idea's VLR subscriber market share is 14.9% as against a subscriber market share of 11.2%.

The trends emerging from MNP are clearly distinguishing the strong operators in terms of customers' preference for better quality of services and perception of brand value. Currently, Idea leads the industry in terms of net subscriber additions from MNP activity, reflecting the brand strength and the market power enjoyed by the Company.

Idea incurred a capex of about ₹ 3,200 Crore during the year (excluding 3G spectrum fees and interest thereon). For 2011-12, the capex guidance for Idea stands at ₹ 4,000 Crore.

With net debt to EBITDA at 2.7 and net debt to equity at 0.9 as on 31st March, 2011, Idea has a strong balance sheet. This coupled with strong internal cash accruals will support its future growth.

Outlook

Prospects of the Indian telecom industry looks positive in the light of lower tele-density and lower penetration of value added services. With the roll out of 3G operations, usage of value added services is expected to increase multi-fold.

Idea will continue to increase its revenue market share by capitalising on brand !IDEA. Leveraging 3G spectrum to augment revenue stream and enrich customer experience will be a key focus area besides investing in customer service and network quality to enhance competitiveness. Idea is one of the few companies in the world, which is able to run high quality telecom services at the world's lowest price points, and yet extract stable cash profits. Supported by a quality subscribers' base and strong brand, Idea is poised to benefit from long term sector opportunities, once this overcapacity phase draws to its inevitable close.

Fashion & Lifestyle (Madura Fashion & Lifestyle)

Industry Overview

The branded apparel market in India has shown a sharp recovery in financial year 2010-11 with key players registering a growth of 25 to 30%. Most of the players witnessed robust sales growth particularly in the second half of 2010-11 due to improved consumer sentiments and strong winter sales. Casuals and super-premium segments observed a sharp growth reflecting increase in discretionary spending during the year. Various global brands have entered India in the past 18 months to tap rapidly growing branded apparel market in India. This is not only intensifying competition in the domestic market but has also redefining the standards of branded apparel retailing in India.

The Industry was impacted by the continuous increase in the prices of key inputs like Cotton, Polyester and Viscose. Cotton prices increased by 167% over the previous year while Polyester and Viscose prices rose by 67% and 29% respectively. With effect from 1st March 2011, a 10% excise duty (effective 6% duty after 40% abatement) was levied on branded garments. Later on 22nd March, 2011, relief was provided to the industry by increasing the abatement to 55% taking down the effective levy of excise duty to 4.5%. The apparel industry raised prices in the

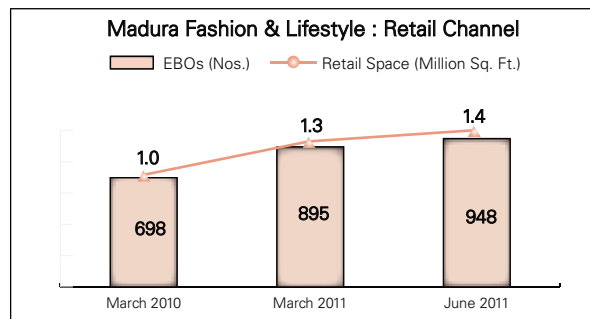
last quarter of 2010-11 to pass on levy of excise duty and rising input costs.

Performance Review

Madura Fashion & Lifestyle (“Madura”) is the largest premium branded apparel player in India. Its premium brands – Louis Philippe, Van Heusen, Allen Solly and its mass brand - Peter England, are leaders in respective categories. Madura also retails international brands like Armani Collezioni, Hugo Boss, Versace Collection, Adidas, Puma, Samsonite and many more under one roof “The Collective”. “The Collective” has established itself as the destination store in the country for super premium and luxury brands with its world class retail experience. Madura also has a strategic distribution tie up with leading international brand Esprit.

Independent Brand Track studies continue to rank the Madura Brands among the Top Apparel Brands in the country.

Madura sells one branded apparel every two seconds serving varied fashion & lifestyle needs of customers through its retail and wholesale channel. Retail channel comprises of about 950 EBOs spanning across about 1.4 million square feet and contributes about 45% of the total business revenue. Wholesale channel consists of more than 1,250 Multi Brand Outlets and departmental stores viz., Shoppers Stop, Lifestyle, Pantaloons, Central etc.



Investment in product, brand building and planned expansion of retail channel has supported Madura Fashion & Lifestyle to significantly outperform the market. Madura achieved 45% year on year growth in revenue supported by 28% growth in branded garments volumes. Driven by strong sales growth across the brands and channels, Madura crossed USD 400 million in revenue.

Sales in the retail channel grew by 50% supported by robust growth in like to like stores sales and

stores expansion. Like to like stores sales from major brands (Louis Philippe, Van Heusen, Allen Solly and Peter England) grew by more than 30%. During the year, Madura added about 250 Exclusive Brand Outlets (EBOs) to expand its retail presence.

(₹ Crore)

Madura Fashion & Lifestyle	2010-11	2009-10
Revenue	1,809	1,251
EBITDA	137	(4)
EBIT	66	(81)
Capital Employed	605	549

The business posted strong turnaround in bottom-line in the consecutive second year. While in 2009-10, turnaround was largely driven by cost rationalisation efforts, turnaround in 2010-11 was led by top-line growth. Madura posted an EBITDA of ₹ 137 Crore vis-a-vis loss of ₹ 4 Crore in the previous year.

Return on capital employed has also improved supported by enhanced earnings and better working capital management.

Outlook

Going forward, in the short term, industry may witness moderate growth on account of three reasons. Firstly, high inflation is putting pressure on discretionary spends. Secondly, excise duty has been levied on branded garments. And thirdly, prices of cotton, a key raw material, increased dramatically in the second half of 2010-11. Branded apparel players are expected to further increase the apparel prices for passing on the rise in cotton prices and levy of excise duty during the financial year 2011-12. However, industry players will have to be cautious while increasing the apparel prices amidst high inflation as this may impact the overall demand and industry’s volume growth going forward. The long term outlook for domestic apparel industry remains positive on the back of favourable demographics viz., rising disposable income, burgeoning aspiring middle class segment, large young population etc. Increasing population shift towards branded apparel with the rise in income levels will also be a key growth driver.

Madura Fashion & Lifestyle will continue to leverage its brand leadership and pursue channel and geographic expansion with a target of

outperforming the market and competition. Madura is targeting to open about 200 stores during 2011-12 to tap domestic demand. Product innovation, retail excellence and improving service levels will be the key focus areas for Madura in the direction of differentiating itself from the competition. Mitigating impact of rise in costs through appropriate pricing and product strategy will also be a key focus area.

IT – ITeS (Aditya Birla Minacs Worldwide Limited)

Industry Overview

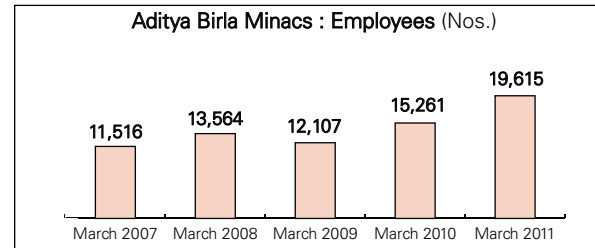
The global economic downturn of the past years has had a prolonged effect on GDP growth and employment in the developed markets. There is still uncertainty in the sustainability of growth in the US and Europe. While growth has been seen in the corporate IT and ITeS spends, pricing pressures have been high amongst existing and new contracts. This led service providers to shift the paradigm by deploying new business models that encouraged first time buyers on one-hand and re-invented value propositions for existing ones on the other. Thus service providers are increasingly focusing on higher value added services, innovation and transformation, and thereby evolving from playing tactical vendor role to being of strategic benefit to clients.

Performance Review

With a track record of over 29 years, Aditya Birla Minacs is a leading business solutions company that partners with global corporations in the manufacturing, retail, telecom, technology, media and entertainment, banking, insurance, healthcare and public sectors. Leveraging its years of process, domain and technology expertise, Aditya Birla Minacs delivers superior business value to clients through its seamless Customer Lifecycle, Marketing, Finance and Accounting, Procurement and IT solutions and services.

Aditya Birla Minacs ranks among the top 10 Indian ITeS companies by revenue size. Having global delivery capabilities across the US, Canada, Europe, India and Philippines, Aditya Birla Minacs serves more than 100 clients (including several Fortune 500 clients) through 35 centres and about 20,000 employees. Aditya Birla Minacs has been named among the 'top five emerging outsourcers to watch for in North America' by Frost & Sullivan. It was also recognised in the leaders category of

the 'Global Outsourcing 100' companies by IAOP in 2011. It recently featured among top 100 global IT-ITeS companies (Source: Global Services 100 Survey 2011).



Revenue grew year on year by 11% to ₹ 1,692 Crore (USD 375 million) driven by a strong order book. Growth picked up in the second half of the year with the conversion of total contract value ("TCV") sold. Aditya Birla Minacs sold TCV of more than USD 775 million during 2010-11 vis-à-vis USD 600 million sold in 2009-10. About 55% of the TCV sold in 2010-11 is on account of new business and the balance is renewal business. Aditya Birla Minacs won 21 new clients during the year. More than 4,000 employees were added to support the growth.

(₹ Crore)

Aditya Birla Minacs	2010-11	2009-10
Revenue	1,692	1,530
EBITDA	183	105
EBIT	116	42
Net Profit/(Loss)	74	(13)

The US contributed 71% of revenue while Canada, Europe and India contributed 15%, 6% and 8% respectively. The revenue mix by the industry verticals (a) Manufacturing (b) TIME (Telecom, Technology Infrastructure, Media and Entertainment), (c) Banking and Financial Services and (d) Insurance and Healthcare is 54%, 33%, 12% and 1% respectively. In the ITeS business, revenue contribution from top 5 clients reduced from 63% in 2009-10 to 53% in 2010-11.

EBITDA grew year on year by 75% to ₹ 183 Crore. EBITDA margin improved from 7% to 11%. The business posted a net profit of ₹ 74 Crore vis-à-vis a net loss of ₹ 13 Crore last year.

The business achieved significant improvement in the profitability for the second consecutive year. While in 2009-10, improvement was largely driven by cost rationalisation measures,

in 2010-11, revenue growth coupled with a rationalised cost structure and savings in interest contributed to the improvement in profitability.

In the direction of augmenting non-voice capabilities in the ITeS business, Aditya Birla Minacs acquired Bureau of Collection Recovery (“BCR”), a leading US based accounts receivables management company in June 2010. BCR has 25 years of domain expertise in the US credit industry. Earlier in March 2010, Compass BPO Ltd., a leading UK based Finance and Accounting company was acquired.

Restructuring of the IT-ITeS business

In order to achieve utmost synergy and efficiency of operations and management, the ITeS subsidiary - Aditya Birla Minacs Worldwide Limited has filed a Composite Scheme of Amalgamation, amongst itself and the IT subsidiaries - Aditya Birla Minacs IT Services Limited and Aditya Birla Minacs Technologies Limited, which is currently pending at Hon’ble High Court at Karnataka.

Outlook

Global IT-ITeS spending will benefit from the ongoing recovery in developed economies while emerging economies are beginning to join the outsourcing market. Increased outsourcing, even in low cost economies, is a testimony that clients prefer to outsource what is not core, i.e., not vital to their business and are looking at vendors for their specialised domain and process expertise - not just for cost benefits. Demand for ‘transformative’ value propositions that go beyond merely lower-cost propositions are on a rise. Long term outlook for the IT-ITeS sector continues to remain positive. Key factors that will fuel growth of IT-ITeS sector globally are –

- Tight fiscal and monetary conditions in the medium term are causing enterprises to look at ways to increasing agility and resource productivity
- Inherent need of clients to rationalise costs and become “asset-light”
- Increased focus on providing high end services and moving up the value chain as clients look to outsource more and more of what they earlier considered “core”

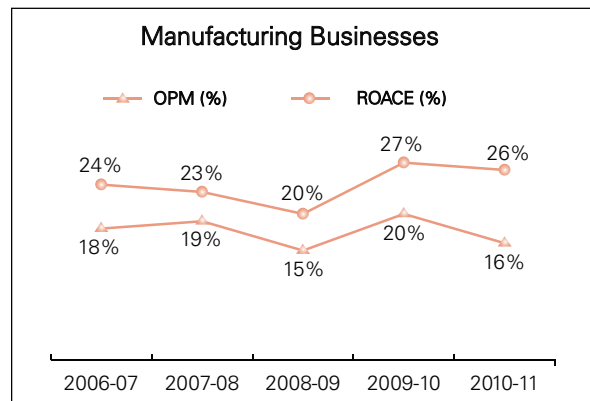
Aditya Birla Minacs will continue to exceed customers’ expectations with a sharp and clear

focus on excellence in execution. It continues to lay thrust on achieving profitable growth by building a robust sales pipeline, improving capacity utilisation and continuous cost optimisation. Its global footprint, its capabilities in multiple industry verticals, its culturally diverse and knowledgeable workforce, and its partnership model that works to drive its clients’ business results, are strategic assets which it will leverage in the emerging global market.

MANUFACTURING BUSINESSES

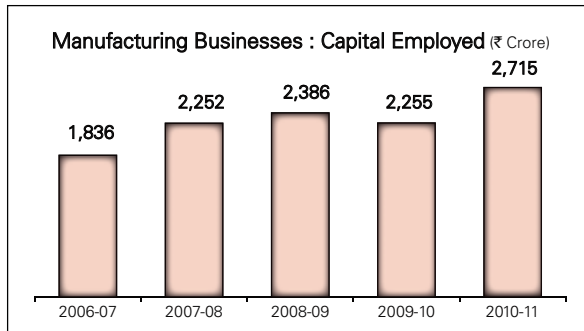
Aditya Birla Nuvo has a strong market positioning across its manufacturing businesses viz., Carbon Black, Agri-business, Insulators, Rayon and Textiles. All the manufacturing businesses are among the leaders in their respective sectors in terms of size as well as profitability. Aditya Birla Nuvo is:

- The second largest producer of Carbon Black in India (Aditya Birla Group is the largest manufacturer in the world in terms of capacity at 2 million tons per annum)
- India’s largest and world’s fourth largest manufacturer of Insulators
- The second largest producer and largest exporter of Viscose Filament Yarn in India
- Among the best energy efficient Fertiliser plants in India
- The largest Linen Yarn and Linen Fabric manufacturer in India



They have an outstanding track record of consistent generation of strong cash flows as well as superior operating margins (“OPM”) and return on average capital employed (“ROACE”). Cash flows generated by these manufacturing

businesses have historically provided cushion to Aditya Birla Nuvo for meeting the funding requirements of services businesses. At the same time, ABNL continued to invest in the capacity expansion of the manufacturing businesses to tap growth opportunities across the sectors.

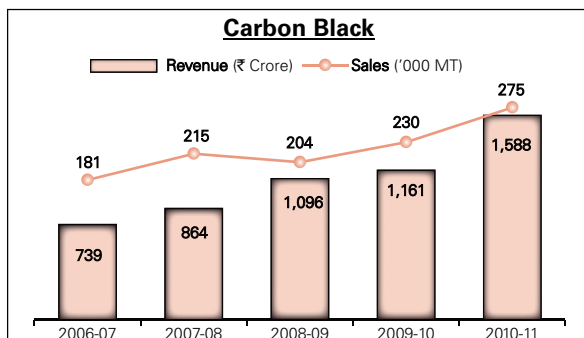


Having a combined revenue size of more than USD 1 billion, the manufacturing businesses posted the highest ever EBITDA in 2010-11 at ₹ 781 Crore vis-à-vis ₹ 741 Crore earned in the previous year.

Carbon Black (Hi-Tech Carbon)

Industry Overview

Carbon Black is a black powder which is used to provide tensile strength and abrasion resistance to rubber. Carbon Black is used in the tyre industry as well as in the non-tyre sector as reinforcing filler in rubber products and in the printing inks and paints industry. Carbon Black constitutes ~28% of tyre by weight. The demand for carbon black is largely linked to the demand of the auto and tyre sector. The tyre industry accounts for about 70% of carbon black demand in India. Replacement segment contributes 60-70% of overall tyre demand in India. Tyre demand is estimated to have grown year on year by 13% during 2010-11 driven by strong OEM and replacement demand from auto sector. To tap



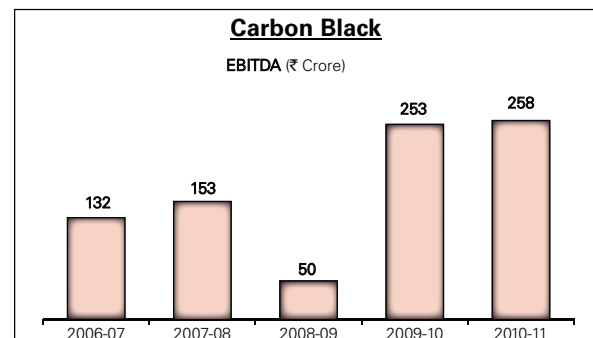
buoyant demand, domestic carbon black manufacturers expanded capacities during the year. Phillips Carbon Black Ltd. ("PCBL") recently expanded its capacity by 50,000 MTPA in April 2011 while Hi-Tech Carbon ("HTC"), the carbon black business of ABNL, expanded its capacity by 84,000 MTPA in May 2010 through Greenfield expansion at Patalganga, Maharashtra. PCBL and HTC are the leading carbon black manufacturers in India accounting for ~44% and ~40% of total production in India during 2010-11.

Performance Review

Hi-Tech Carbon, the second largest manufacturer in India, achieved 19% growth in sales volumes led by capacity expansion. Revenue rose by 37% to ₹ 1,588 Crore driven by volume growth and increase in realisation. Carbon Black realisation increased by 16% to ₹ 54,616 per ton reflecting rise in raw material (Carbon Black Feed Stock) prices in line with crude oil prices.

HTC commissioned its third plant with a capacity of 84,000 MT at Patalganga in May 2010 taking the total Carbon Black production capacity from 230,000 MTPA to 314,000 MTPA. A 23 MW power plant was set up at Patalganga and a 10 MW power plant at Renukoot taking total power plant installed capacity from 40 MW to 73 MW. Sale from both these power plants has commenced from February 2011. Patalganga plant is now operating at full capacity.

EBITDA grew from ₹ 253 Crore to ₹ 258 Crore supported by higher carbon black volumes and rise in energy sales. Revenue from sale of power and steam grew from ₹ 73 Crore to ₹ 80 Crore. Growth in profitability during 2010-11 was partly constrained by stabilisation costs of recently expanded capacity. Besides, during part of the previous year 2009-10, business had benefited from low cost inventory. HTC posted return on



average capital employed ("ROACE") at 20% vis-à-vis 27% in the previous year. Capital employed increased mainly due to rise in working capital and fixed assets on account of expanded capacity which is now operating at full capacity.

(₹ Crore)

Carbon Black	2010-11	2009-10
Capacity (MTPA)	314,000	230,000
Production (MT)	275,560	233,371
Sales Volumes (MT)	274,920	230,195
Realisation (₹/MT)	54,616	47,127
Revenue	1,588	1,161
EBITDA	258	253
EBIT	221	227
Capital Employed	1,221	942
ROACE (%)	20%	27%

Hi-Tech Carbon is planning to augment its capacity further by 85,000 MTPA at Patalganga in the second phase besides 85,000 MTPA expansion in the southern India.

Outlook

The domestic tyre demand is expected to grow at a CAGR of 10-12% over 2010-11 to 2015-16. Domestic tyre production is expected to get a boost from the high OEM and replacement demand from the tyre and automobile industry. Furthermore, a number of international car makers are increasingly focusing on the Indian automobile industry and ramping up investment. In view of this, a number of tyre manufacturers have line up capacity expansion plan in the near future, which will benefit the domestic carbon black industry.

With its planned 170,000 MT capacity expansion, Hi-tech Carbon is well positioned to tap the demand growth and improve its market share.

Agri-business (Indo-Gulf Fertilisers)

Industry Overview

Agriculture sector grew by a strong 6.6% during 2010-11, aided by the low base in 2009-10 due to poor monsoons. This has given a good boost to the demand for agri inputs – fertilisers, seeds and agrochemicals. Urea accounted for 53% of total fertilisers demand in India. The domestic consumption of urea grew by about 7% to 28

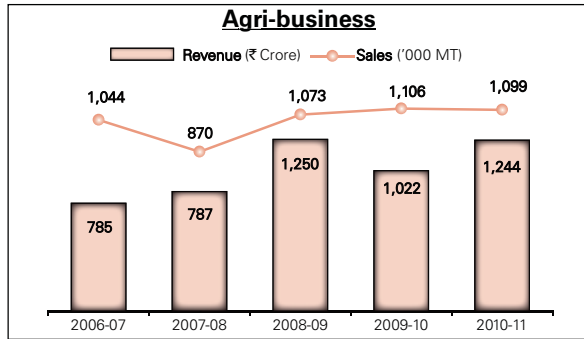
million tons during 2010-11. The domestic production of urea grew by 3.6% and the balance demand was met through increased imports. Imports accounted for more than 23% of total domestic consumption of urea. The Government of India announced Nutrient Based Subsidy ("NBS") policy w.e.f. 1st April 2010 in which the retail price of Urea was increased from ₹ 4,830 per MT to ₹ 5,310 per MT (Source: Department of Fertilisers). In the NBS policy, all the fertilisers other than Urea have been decontrolled. This change involves shifting from a fixed retail price and variable subsidy mechanism to a fixed subsidy and variable retail price system. The introduction of NBS for potash and potassium fertilisers has been well received by all the stakeholders and has ensured better availability of these fertilisers. The industry is now awaiting the extension of this NBS scheme to Urea. The Government is laying thrust on development of customised fertilisers and coated / fortified fertilisers. As a first step the limit on production of coated / fortified fertilisers has been increased from 20% to 35% w.e.f. 11th January 2011. This has enabled the industry to increase the volumes of valued added products.

Performance Review

Indo Gulf Fertilisers ("IGF"), the agri-business of ABNL, manufactures urea and markets agricultural seeds and agrochemicals to provide complete agri solutions to farmers. IGF is among the top 10 fertilisers manufacturer in India in terms of production. IGF achieved its highest ever production of ammonia at 650,233 MT and Urea at 1,100,111 MT during 2010-11. IGF is the second best plant in India in terms of specific energy consumption.

(₹ Crore)

Agri-business	2010-11	2009-10
Revamped Capacity (MTPA)	1,072,500	1,072,500
Urea Production (MT)	1,100,111	1,097,705
Urea Sales (MT)	1,099,428	1,105,715
Revenue	1,244	1,022
EBITDA	176	155
EBIT	157	136
Capital Employed	496	307
ROACE (%)	39%	31%



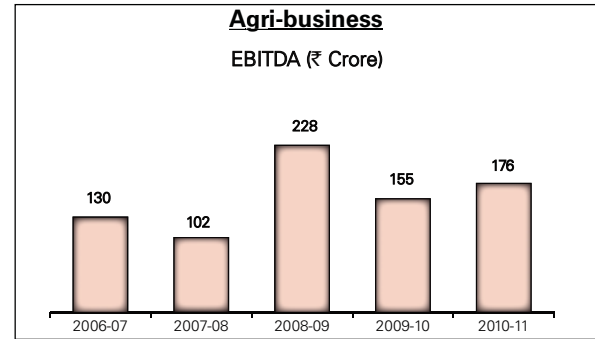
Revenue grew by 22% to ₹ 1,244 Crore led by increase in realisation (subsidy) and higher agri-input sales. Rise in feed and fuel (natural gas) prices resulted in higher subsidies. Revenue from agri-input sales grew from ₹ 53 Crore to ₹ 79 Crore. EBITDA grew by 13% to ₹ 176 Crore driven by higher agri-input sales. IGF is operating at a robust ROACE of 39% up from 31% in the previous year.

'Birla Shaktiman' Urea continues to maintain its leadership position among the private players in the target markets of Uttar Pradesh, Bihar, Jharkhand and West Bengal with a market share between 10%-20% (Source: Department of Fertilizers). IGF has increased the production of 'Neem coated' urea from 219,621 tons to 260,785 tons, the maximum allowable as per the Government policy. Neem coated urea fetches higher realisation by about 5%.

'Birla Shaktiman' has been repositioned as a 'total agri solutions provider', offering a full range of agri- inputs from sowing to harvesting. Sales of the hybrid seeds, the agrochemicals and micro nutrients have received encouraging response from farmers, reflecting the strength of IGF's brand equity and channel reach. IGF was awarded the 'Agriculture Today Leadership Award' for the pioneering efforts in the application of six sigma principles in agricultural fields.

Outlook

The per hectare consumption of fertilisers in nutrient terms has increased from 112 Kg. In 2006-07 to 135 Kg. in 2009-10 but it is still lower as compared to other countries like China and US (Source: Indian economic survey 2010-11). With the government thrust on 'inclusive growth', agriculture and rural economy are expected to get a new boost. The demand for quality agricultural inputs continues to grow. The recent government policies intend to encourage indigenous production and reduce subsidy burden



by decreasing imports. The outlook for the fertilisers industry continues to be positive.

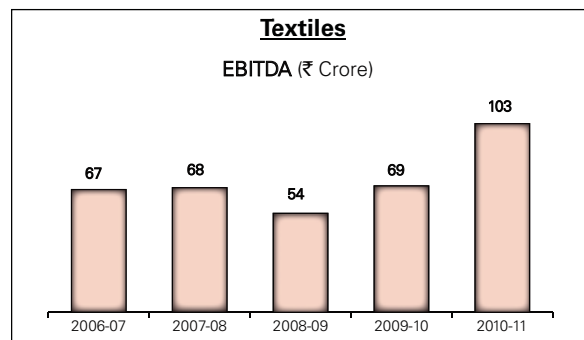
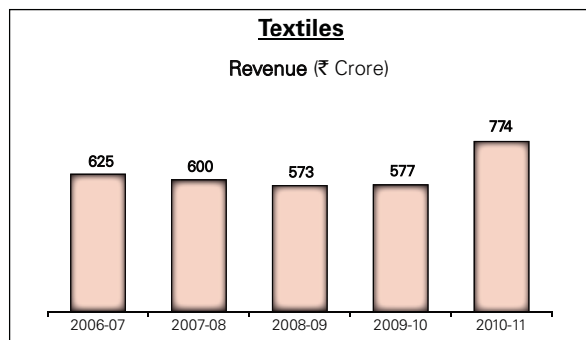
IGF is evaluating de-bottlenecking and revamping of existing ammonia and urea plants for reducing the energy consumption and increasing the production capacity. It is also evaluating viability of setting up a manufacturing facility for producing the customised fertilisers. IGF has a unique geographical advantage of being based in the Indo-gangetic plains. With a strong brand equity and market reach, it is well positioned to capture an increasing share of this growing market.

The Government is planning to bring urea under Nutrient based subsidy policy. This coupled with proposal to lift the ceiling on production of neem coated urea (currently capped at 35% of total production) will benefit the business.

Textiles (Jaya Shree Textiles)

Industry Overview

Domestic textiles industry posted encouraging performance during the year in terms of volume growth and profitability. The growth was driven by increased demand from overseas buyers with Chinese imports becoming more expensive coupled with robust demand in the domestic apparel market. Rising income and positive consumer sentiments led to robust demand in the domestic market. Sourcing by overseas players is shifting to India in view of shrinking manufacturing facilities in Europe and rising domestic consumption in China. The prices of inputs like Cotton, Wool, Polyester and Flax Fibre moved upwards during the year due to strong demand and short supply. Wool prices have reached to their highest level since 1980 – a rise of about 50% in 2010-11 due to short production in Australia. Flax fibre prices also rose by about 40-45%. The textiles industry largely passed on the rise in inputs costs to the customers.



Performance Review

Jaya Shree Textiles (“JST”) is the largest manufacturer of linen yarn and linen fabric in India with spinning and weaving capacities at 15,084 spindles and 106 looms respectively. It is a leading producer of wool tops and worsted yarn in the wool segment with a capacity of 7 carding machines and 25,548 spindles respectively. JST has led the successful journey of linen from a commodity product to a lifestyle icon. JST also retails linen fabric under the brand “Linen Club”. It has the only integrated linen factory in the country with state-of-the-art facilities from Switzerland and Italy.

JST posted its highest ever revenue and EBITDA during the year led by volume growth in the linen segment and improved realisation in both linen and wool segments. Its efforts for increasing awareness about linen in the domestic market and creating a wide distribution channel of whole sellers, multi brand outlets and EBOs are yielding results. Its Linen fabric sales volume grew by 45% and Linen yarn by 28%. Revenue of linen segment grew by 40% to ₹ 301 Crore while wool segment revenue grew by 31% to ₹ 473 Crore. Increase in input costs was passed on to reflect in higher realisation in both the segments.

(₹ Crore)

Textiles	2010-11	2009-10
Revenue	774	577
Linen Segment	301	215
Wool Segment	473	362
EBITDA	103	69
EBIT	80	47
Capital Employed	196	281
ROACE (%)	34%	15%

EBITDA soared by 48% from ₹ 69 Crore to ₹ 103 Crore driven by improved realisation and volume growth. ROACE improved considerably to 34% driven by improved earnings and better working capital management.

Eight EBOs of Linen Fabric were rolled out under the buy and sell mode without incurring any capital expenditure taking such stores count to a total of 40.

Outlook

The outlook for the textiles business remains positive. Buoyancy in the domestic market will continue to be driven by factors like rising disposable income levels and gaining popularity of linen as a style and comfort fabric.

JST will continue to focus on more profitable retail segment, enriched product mix, improved supply chain management and judicious working capital management for earnings enhancement. Addition of more exclusive showrooms for Linen Fabric is on cards.

Rayon (Indian Rayon)

Industry Overview

Indian Rayon, a unit of ABNL, manufactures and sells viscose filament yarn, caustic soda and allied chemicals. Viscose filament yarn (“VFY”) is a man-made natural filament yarn having comfort of cotton and luster of silk. It is used in georgette and crepe saris, home textiles, embroidery etc. Domestic consumption of VFY remained flat at 56,364 MT in 2010-11. Domestic VFY production declined by 4% to 40,890 MT while imports increased by 2%. VFY exports grew by 2% to 5466 MT. Century Textiles and Industries Limited and Indian Rayon are leading domestic VFY manufacturers having production share of 44% and 38% respectively. During 2010-11, VFY

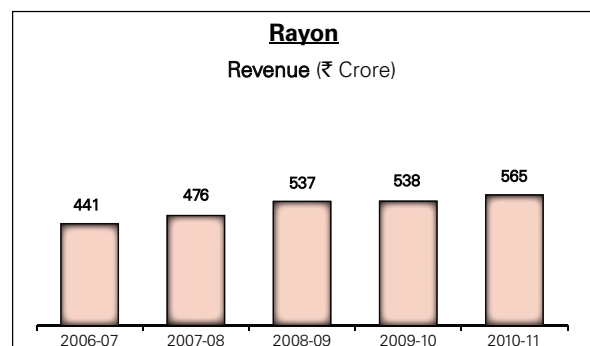
players were impacted by a sharp rise in prices of wood pulp, a key raw material. Imported rayon grade wood-pulp prices increased from USD 1,600 per MT in April 2010 to USD 3,000 per MT in April 2011 (Source : Association of Man-made fibre industry of India). However, wood pulp prices are gradually coming down from the peak. VFY prices were increased by the industry players with a time lag to pass on the rise in input cost.

Caustic Soda is a versatile alkali. Its main uses are in the manufacture of pulp and paper, alumina, soaps and detergents, petroleum products and chemical production. Other applications include water treatment, food, textiles, metal processing, mining, glass making etc. Domestic caustic soda demand grew during the year on account of better off-take from Alumina, Paper and Textiles segments.

Performance Review

Revenue from the VFY segment of Indian Rayon grew by 4% to ₹ 384 Crore. VFY realisation increased by 10% to ₹ 246 per kg while VFY sales volumes de-grew by 6% to 15,592 MT. VFY prices were increased during the year to pass on the rise in wood-pulp cost. Caustic soda sales volumes remained flat at 88,246 MT. ECU realisation grew by 4% to ₹ 19,145 per MT. Revenue from Chemicals segment grew by 8% to ₹ 181 Crore largely due to higher ECU realisation. Total revenue of Indian Rayon grew by 5% to ₹ 565 Crore.

EBITDA de-grew from ₹ 155 Crore to ₹ 109 Crore. Lower VFY volumes coupled with steep appreciation in wood-pulp and fuel prices adversely strained profitability during major part of the year. However, in the last quarter of 2010-11, profitability improved with increase in VFY prices to pass on rise in input and fuel costs with a time lag. Indian Rayon is operating at ROACE of 17%.

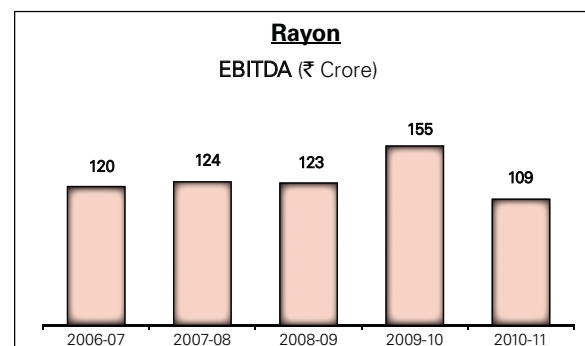


(₹ Crore)

Rayon	2010-11	2009-10
VFY		
VFY Capacity (MTPA)	17,520	16,400
VFY Production (MT)	15,389	16,759
VFY Sales (MT)	15,592	16,616
VFY Realisation (₹/Kg.)	246	223
VFY Revenue	384	371
Chemical		
Caustic Soda Capacity (MTPA)	91,250	91,250
Caustic Soda Production (MT)	87,932	88,250
Caustic Soda Sales (MT)	88,246	88,897
ECU Realisation (₹/MT)	19,145	18,328
Chemical Revenue	181	167
Total Revenue	565	538
EBITDA	109	155
EBIT	75	120
Capital Employed	440	430
ROACE (%)	17%	28%

During the year, 6 new spinning machines were installed taking total VFY capacity from 16,400 TPA to 17,520 TPA. Indian Rayon is planning to expand its presence in fine and superfine VFY segment using Spool Technology from Germany at a capex of about ₹ 270 Crore. The new technology will help Indian Rayon to manufacture premium quality yarn and cater to high margin premium segment.

Indian Rayon is expanding its caustic soda capacity by 45,625 MTPA at a capex of ₹ 155 Crore. The capacity is targeted to be completed in 2012-13, taking the total capacity to 136,875 MTPA.



Outlook

Outlook for VFY business seems to remain stable with demand growth expected to be moderate. Demand for caustic soda is expected to grow with expansion planned in user segments.

With the planned VFY capacity expansion, Indian Rayon is focusing on technology up-gradation to improve product quality and enhance product range. This will help to cater to premium segments and to improve realisation. Enhanced product range and improvement in quality will also help to broaden customer’s base. With the planned caustic soda capacity expansion, Indian Rayon is well positioned to tap growth in caustic soda demand.

Insulators (Aditya Birla Insulators)

Industry Overview

Insulators are used in power generation, transmission and distribution and by original equipment manufacturers. The growth of insulators industry is linked to the growth of the power sector. The power sector added about 12,000 MW of generation capacity in 2010-11. This is 56% of the targeted capacity addition in 2010-11 and 27% higher than capacity added in the previous year. The power sector also added about 15,000 circuit kms of transmission line. This is 82% of the targeted addition and more than three times of lines added in the previous year [Source: Central Electricity Authority (“CEA”), www.cea.nic.in]. Domestic insulators Industry faced pressure on realisation particularly in the substation segment due to increased competition. Industry also witnessed delay in execution of projects.

Performance Review

Aditya Birla Insulators, the insulators business of the Company, is India’s largest and world’s fourth

largest manufacturer of insulators. Aditya Birla Insulators achieved its highest ever volumes led by capacity expansion in the second quarter of the previous financial year and improved yield. Sales volume grew by 20% to 44,281 MT. Domestic sales volume grew by 21% while exports grew by 10%. Realisation in the substation segment remained under pressure due to overcapacity while realisation in transmission segment increased in line with rise in input and fuel costs. Revenue grew year on year by 21% to ₹ 518 Crore.

(₹ Crore)

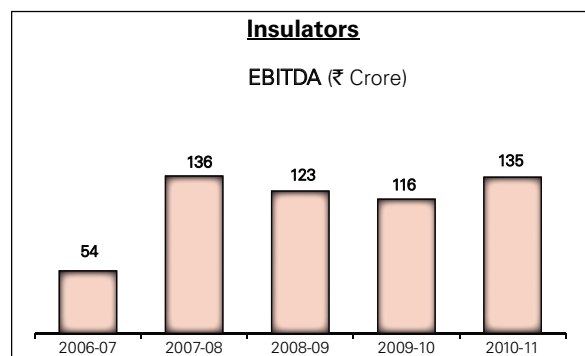
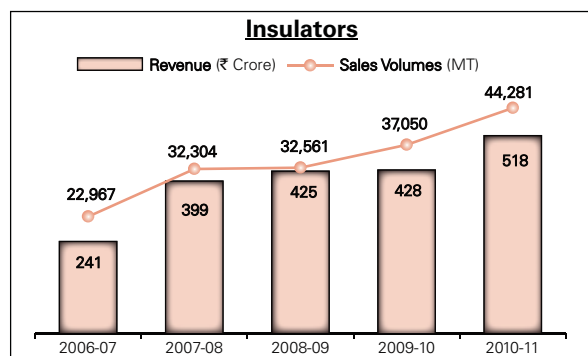
Insulators	2010-11	2009-10
Capacity (MTPA)	45,260	45,260
Production (MT)	43,498	37,151
Sales Volumes (MT)	44,281	37,050
Revenue	518	428
EBITDA	135	116
EBIT	114	98
Capital Employed	363	294
ROACE (%)	35%	35%

EBITDA rose by 17% from ₹ 116 Crore to ₹ 135 Crore. Higher volumes and improved yield was partly set off by increase in input and fuel costs. Aditya Birla Insulators is operating at a robust ROACE of 35%.

Aditya Birla Insulators is planning to expand its capacity by 2,000 MW through de-bottlenecking at a cost of ₹ 19 Crore at Halol Plant.

Outlook

Per capita consumption of electricity is 700 Kwh which is about one-fourth of the global average. Power generation capacity addition in 11th five



year plan (2007-12) is expected to be 2.7 times of capacity added during 10th five year plan. During 12th five year plan (2012-17), target is to add 100,000 MW of power capacity addition. The robust demand is on the back of India's GDP growing at a faster pace and rapid augmentation of power generation in the country. Increasing

participation of private players will also lead to faster execution of projects.

To capitalise on the vibrant demand in the power infrastructure sector, Aditya Birla Insulators will focus on improving yield, augmenting product mix and capacity expansion through de-bottlenecking.

Financial Review and Analysis – Standalone Financials

Standalone Profit and Loss account

(₹ Crore)

	2010-11	2009-10
Revenue	6,445	4,827
EBITDA	970	835
Interest Expenses	281	334
EBDT	689	500
Depreciation	194	180
Earnings before Tax	495	320
Provision for Taxation (Net)	115	37
Net Profit	380	283

The **standalone revenue** rose by 33% to ₹ 6,445 Crore. Revenue has grown across the businesses fuelled by expansion in the Carbon Black business, buoyant demand in the Fashion & Lifestyle and Textiles businesses and volume growth in the Insulators business. In the Agri-business, rise in feed and fuel (natural gas) prices led to higher subsidies, pushing up revenue.

Aditya Birla Nuvo achieved its highest ever **standalone EBITDA** which grew by 16% from ₹ 835 Crore to ₹ 970 Crore. Profitability of the Fashion & Lifestyle business improved considerably driven by strong sales growth across the channels & brands. Volume growth in the Textiles and Insulators businesses and higher agri-input sales in the Agri-business contributed. Gain from expansion led volume growth and higher power sales in the Carbon Black business was partly offset by stabilisation cost of the expanded capacity. Steep rise in the input and fuel costs strained profitability in the Rayon business for a major part of the year.

Interest cost reduced by 16% to ₹ 281 Crore. Supported by equity infusion by promoters and improved earnings, debt has reduced.

Depreciation grew largely due to carbon black

capacity expansion at Patalganga during the first quarter of 2010-11.

Provision for taxation increased in line with earnings growth.

Led by enhanced operating profit and lower interest cost, ABNL posted its highest ever **standalone net profit** which rose by 34% from ₹ 283 Crore to ₹ 380 Crore.

Dividend

The Board of Directors of the Company has recommended a final dividend of 55% for 2010-11 entailing a total outgo of ₹ 73 Crore including dividend distribution tax.

Standalone Balance Sheet

(₹ Crore)

	March 2011	March 2010
Net Worth	5,401	4,662
Total Debt	3,287	3,640
Deferred Tax Liabilities	174	178
Capital Employed	8,862	8,480
Net Block	1,858	1,815
Net Working Capital	1,434	1,049
Long Term Investments	5,424	5,436
Cash Surplus ¹	146	180
Book Value (₹)	476	453
Net Debt ² /EBITDA (x)	3.2	4.1
Net Debt ² /Equity (x)	0.58	0.74

Note¹: Includes cash, cheques in hand, remittances in transit, balances with banks, fertilisers bonds and current investments.

Note²: Total Debt less Cash Surplus

Led by improved earnings coupled with equity infusion by promoters, the standalone balance sheet has also been strengthened with Net Debt to Equity improving from 0.74 to 0.58 and Net Debt to EBITDA from 4.1 to 3.2.

Standalone Cash Flow Analysis

(₹ Crore)

	2010-11
Cash Flow from Operations (Net of Tax)	822
(Increase)/Decrease in Net Working Capital	(476)
Net Cash from Operating Activities	346
Capital Expenditure (Net)	(241)
Investments in Subsidiaries/ Joint Ventures/Associates (Net)	13
(Increase)/Decrease in Inter-Corporate Deposits (Net)	44
Interest Received	41
Dividends/Profit on Sale of Current Investments	9
Net Cash from/(used in) Investing Activities	(134)
Proceeds from/(Repayment of) Borrowings (Net)	(347)
Proceeds from Issue of Equity Shares to Promoters	426
Capital Subsidy Received	4
Dividend Paid	(59)
Interest Paid	(269)
Net Cash from/(used in) Financing Activities	(245)
Increase/(Decrease) in Cash Surplus¹	(34)

Note¹: Include cash, cheques in hand, remittances in transit, balances with banks, fertilisers bonds and current investments.

Net Cash from Operating activitiesCash flow from operations

Net cash flow from operations stood at ₹ 822 Crore. The Fashion & Lifestyle business was the largest contributor to the year on year growth in profitability followed by Textiles, Agri-business and Insulators businesses.

Working Capital

Net working capital stands increased by ₹ 476 Crore.

Debtors and other receivables increased by ₹ 484 Crore due to expansion in the Carbon Black business and increase in outstanding government

subsidy in the agri-business. Debtors and other receivables increased in the Fashion & Lifestyle business also in line with sales growth in the business.

Inventory increased by ₹ 327 Crore due to expansion in the Carbon Black business and opening up of new stores in the Fashion & Lifestyle business.

Creditors and other current liabilities increased by ₹ 343 Crore largely in the Fashion & Lifestyle business in line with growth in the business and in the Textiles business due to better credit terms.

Net cash from/(used in) Investing activitiesCapital Expenditure

In addition to ₹ 215 Crore spent in the previous year for the Greenfield expansion in the Carbon Black business by 84,000 MTPA and setting up of 23 MW power plant at Patalganga which was completed in end May 2010, a sum of ₹ 61 Crore was further spent towards the project in 2010-11. In addition to ₹ 20 Crore spent in the previous year for setting up of 10 MW power plant at Renukoot, a sum of ₹ 8 Crore was further spent in 2010-11.

The Fashion & Lifestyle business invested a sum of ₹ 22 Crore for expansion of retail channel through opening up of exclusive brand outlets.

The Insulators business spent a sum of ₹ 9 Crore towards de-bottlenecking at Halol plant and a sum of ₹ 8 Crore for process and yield improvement at both the plants.

A sum of ₹ 12 Crore was spent towards caustic soda capacity expansion which is targeted to be completed in 2012-13.

The balance capital expenditure was incurred on upgradation, modernisation and maintenance of plants across the businesses.

Investments

ABNL invested a sum of ₹ 140 Crore in its wholly owned subsidiary Aditya Birla Financial Services Private Ltd. ("ABFSPL").

ABNL transferred its investments in Aditya Birla Money Mart Ltd. and Aditya Birla Finance Ltd. to ABFSPL for ₹ 149 Crore.

Net cash from/(used in) financing activities

The Company has received an equity infusion of ₹ 426 Crore from promoter group companies on conversion of remaining warrants.

Proceeds from / Repayment of borrowings

ABNL raised ₹ 200 Crore by way of Non-Convertible Debentures ("NCD") and long-term loans aggregating to ₹ 94 Crore. Working capital borrowings aggregating to ₹ 258 Crore (net) were also raised during the year.

Term Loan aggregating to ₹ 698 Crore, NCDs of ₹ 110 Crore and Commercial papers of ₹ 100 Crore were repaid during the year.

Risk Management

Governance, Risk Management and Compliance processes form an integral part of the Company's planning and review mechanism. The Company's risk management framework establishes risk management processes at each business, helping in identifying, assessing and mitigating risks that could materially impact the Company's performance in achieving its stated objectives. The components of risk management are different for different businesses and are defined by various factors including the business model, business strategy, organisational structure, risk appetite and available dedicated resources.

The Company's structured Risk Management process provides confidence to the stakeholders that the Company's risks are known and well managed. The risk management framework ensures compliance with the requirements of amended clause 49 of listing agreement.

Since the Company is a diversified conglomerate, the risk events are identified, assessed, mitigated and monitored for each business separately.

The risk management approach comprises three key components:

- (1) Risk identification:** External and internal risk events which could affect the profitability and / or image of the Company are identified in the context of the strategy and specific objectives of each individual business.
- (2) Risk assessment and mitigation:** The identified risks are further assessed by the senior management team of the respective businesses as to their potential severity of impact and the probability of occurrence and they develop and deploy mitigation strategies.
- (3) Risk monitoring and assurance:** The Risk Management Committee ("RMC") is the apex body taking all the decisions regarding

risk management activities. The overall role of RMC is to review risk management process and implementation and effectiveness of risk mitigation plans. The committee comprising of two independent directors, managing director, whole time directors and business heads. The proceedings of meetings of RMC are discussed at the meetings of the Board of Directors from time to time.

Business Risks

Business risks are classified into Strategic, Operations, Financial and Knowledge risks, which are further drilled down to market structure, process, systems, legal compliance, corporate governance and people culture.

Apart from the internal business risks, the Company is exposed to external risks on account of interest rate, foreign exchange, commodity pricing and regulatory changes, which are being effectively monitored and mitigated.

Foreign exchange risk

The Company is exposed to fluctuations in exchange rates of various foreign currencies due to revenue earned or expenditure incurred in such currencies. Additionally, the debt portfolio of the Company includes a mix of foreign currency loans, which carry risk of movements in exchange rates of foreign currencies against Indian Rupee. The Company uses appropriate hedging tools such as forward contracts, currency swap etc. to hedge foreign exchange risk in accordance with its foreign exchange risk management policy.

Interest rate risk

The Company has a mixed basket of fixed and floating rate borrowings. It continuously monitors its interest rate exposure to have a proper mix of fixed and floating rate borrowings in order to mitigate interest rate risk. The company also uses interest rate swap in case of foreign currency borrowings having floating interest rates.

Commodity price risk

The Company is exposed to the risk of fluctuation in prices of raw materials as well as finished goods in all its products. However, the risk is mitigated well considering the inventory levels and normal correlation in the price of raw materials and finished goods.

Environmental, Health and Safety (“EHS”) related risk

The company is conscious of its strong corporate reputation and the positive role it can play by focusing on EHS issues. Towards this, the Company has set very exacting standards in EHS management. The Company recognises the importance of EHS issues in its operations and have established comprehensive indicators to track performance in these areas. The company values the safety of its employees and constantly raises the bar in ensuring a safe work place.

INTERNAL CONTROL SYSTEM

The Company has adequate internal control systems for business processes across various profit and cost centres, with regard to efficiency of operations, financial reporting, compliance with applicable laws and regulations, etc. The Internal control system is supplemented by extensive audits conducted by the Corporate Audit Cell.

Clearly defined roles and responsibilities for all managerial positions have been institutionalised. Regular internal audits and checks ensure that responsibilities are executed effectively. The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of the internal control systems and suggests improvements.

The Management Information System is the backbone of the Company's control mechanism. All operating parameters are monitored and controlled regularly. Any material change in the

business outlook is reported to the Board of Directors. Material deviations from the annual planning and budgeting, if any, are reported on a quarterly basis to the Board of Directors. An effective budgetary control on all capital expenditure ensures that actual spending is in line with the capital budget.

HUMAN RESOURCE MANAGEMENT

The Company had more than 19,000 employees on its rolls as on 31st March, 2011. Including its subsidiaries and joint ventures, the manpower strength is just over 60,000 employees. This intellectual resource is integral to the Company's ongoing operations and enables it to deliver superior performance year after year. Human Resource processes of the Company have been covered in depth in the Director's Report.

To Sum up

Aditya Birla Nuvo has posted robust earnings growth year on year. This is an outcome of enhanced focus on profitable growth across the businesses. With a leadership position across its businesses that mirror the growing sectors of the Indian Economy, ABNL is a uniquely positioned conglomerate. ABNL remains focused to capture opportunities across the businesses to achieve the next level of growth. A strong balance sheet, an experienced and focused management team, a salient brand equity, leadership positions across businesses and a talented human asset are the key drivers which will support future growth of ABNL and create value for all the stakeholders.

Disclaimer

Certain statements in this “Management's Discussion and Analysis” may not be based on historical information or facts and may be “forward looking statements” within the meaning of applicable securities laws and regulations, including, but not limited to, those relating to general business plans & strategy of the Company, its future outlook & growth prospects, future developments in its businesses, its competitive & regulatory environment and management's current views & assumptions which may not remain constant due to risks and uncertainties. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian demand supply conditions, finished goods prices, feed stock availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, competitors actions, economic developments within India and the countries within which the company conducts business and other factors such as litigation and labour negotiations. The Company assume no responsibility to publicly amend, modify or revise any statement, on the basis of any subsequent development, information or events, or otherwise. This “Management's Discussion and Analysis” does not constitute a prospectus, offering circular or offering memorandum or an offer to acquire any shares and should not be considered as a recommendation that any investor should subscribe for or purchase any of the Company's shares. The financial figures have been rounded off to the nearest ₹ one crore. For currency conversion, one USD is considered to be equal to ₹ 45.

Dear Shareholder,

We are pleased to present the **54th Annual Report** together with the Audited accounts of your Company for the financial year ended 31st March, 2011.

MACRO ECONOMIC SCENARIO

With the GDP growth at 8.5% during fiscal 2010-11, Indian economy sustained growth after recovery in the previous year, supported by strong rebound in agriculture sector and continued momentum in the manufacturing and services sectors. During the year, high inflation remained a key area of concern and the Reserve Bank of India pursued monetary tightening measures throughout the year.

CONSOLIDATED FINANCIAL PERFORMANCE

Led by continuous pursuit of profitable growth across the businesses, your Company has posted strong financial results during the year. **Consolidated revenue** of your Company at ₹ 18,168 Crore crossed USD 4 billion mark registering year on year growth of 17%. Revenue growth was contributed by all the businesses. Your Company posted its highest ever **Consolidated EBITDA** at ₹ 2,702 Crore (~USD 600 million) achieving a robust growth of 60% over previous year. **Consolidated net profit** grew five times from ₹ 155 Crore to ₹ 822 Crore (~USD 183 million) – the highest ever. The earnings growth was driven by improved profitability in the Financial Services, Fashion & Lifestyle and IT-ITeS businesses.

During the year, **Aditya Birla Financial Services** ("ABFS") has strengthened itself as a large non-bank player and posted a strong financial performance. Today, ABFS is managing assets worth USD 20.5 billion with a customer base of about 5.5 million customers.

- Combined revenue grew from ₹ 5,871 Crore to ₹ 6,296 Crore (~ USD 1.4 billion).
- ABFS achieved a strong turnaround in profitability with EBITDA of ₹ 537 Crore vis-a-vis loss of ₹ 231 Crore in the previous year.
- AUM of Birla Sun Life Insurance ("BSLI") scaled up by 23% to ₹ 19,760 Crore (USD 4.5 billion). Fuelled by the growing size of in-force book, lower new business strain and better expense management, BSLI achieved

EBITDA of ₹ 352 Crore compared to loss of ₹ 378 Crore in the previous year. No capital infusion was required during the year.

- The total average AUM (AAUM) of Birla Sun Life Asset Management stood at ₹ 67,560 Crore (USD 15 billion). Its market share in terms of domestic AAUM increased from 8.3% to 9.1%. Its maiden Real Estate Onshore Fund collected ₹ 1,088 Crore.
- The NBFC business more than doubled its book size.

In the **Telecom** business, Idea Cellular Limited ("Idea") ranks among the top 10 cellular operators in the world with more than 1 billion minutes of usage per day. Idea is the 3rd largest cellular operator in India in terms of revenue market share which stands enhanced from 12.6% to 13.6% in past one year. Idea has launched 3G services in 19 service areas. Post launch of Mobile Number Portability, Idea is leading net subscribers gainers and it also has highest active subscribers ratio in the industry, reflecting its strong brand equity. Revenue of Idea rose by 25% to ₹ 15,438 Crore (~USD 3.5 billion) while EBITDA grew by 6% to ₹ 3,853 Crore. The decline in average revenue per minute was compensated by volume led cost efficiencies.

Madura Fashion & Lifestyle has posted a robust 45% growth in revenue at ₹ 1,809 Crore (USD 400 million). It continues to leverage its brand leadership and expanded retail presence to ride on the buoyant demand in the domestic market. EBITDA shot up to ₹ 137 Crore vis-a-vis loss of ₹ 4 Crore in the preceding year.

Revenue of Aditya Birla Minacs, the **IT-ITeS** business grew by 11% to ₹ 1,692 Crore (~USD 375 million). EBITDA rose by 75% from ₹ 105 Crore to ₹ 183 Crore. Revenue growth and rationalised cost structure spurred profitability.

Combined revenue of **Manufacturing businesses** grew by 26% to ₹ 4,689 Crore (USD 1 billion). EBITDA grew from ₹ 748 Crore to ₹ 781 Crore. They posted an operating margin of 16% and return on average capital employed of 26%. The Greenfield Carbon Black project at Patalganga with a capacity of 84,000 MTPA was completed in end May 2010, thereby taking the total capacity to 314,000 MTPA.

STANDALONE FINANCIAL PERFORMANCE

Standalone revenue soared by 33% to ₹ 6,445 Crore. Revenue growth was driven by expansion in the Carbon Black business and strong volume growth in Textiles business. Your Company posted its highest ever **Standalone EBITDA** which grew by 16% from ₹ 835 Crore to ₹ 970 Crore and highest ever **Standalone Net profit** which grew by 34% from ₹ 283 Crore to ₹ 380 Crore. Growth in profitability was contributed by strong volume growth in the Fashion & Lifestyle, Textiles and Insulators businesses, higher agri-input sales in the agri-business and higher power sales in the Carbon Black business. Profitability in the Rayon business was strained by a steep rise in the input and fuel cost.

Equity infusion by promoters strengthened balance sheet

The Promoter Group companies further infused ₹ 426 Crore on conversion of remaining warrants into equity shares on 20th December, 2010. As a result, the paid up equity capital of your Company increased from ₹ 103.01 Crore to ₹ 113.51 Crore on allotment of 10.5 million equity shares.

Led by improved earnings coupled with equity infusion by promoters, the standalone balance sheet has also been strengthened with Net Debt to Equity improving from 0.74 to 0.58 and Net Debt to EBITDA from 4.1 to 3.2.

The business-wise performance review, outlook and strategy have been spelt out in depth in the Management Discussion and Analysis section, which forms part of the Annual Report.

FINANCIAL PERFORMANCE

(₹ Crore)

	Consolidated		Standalone	
	2010-11	2009-10	2010-11	2009-10
Profit before Depreciation / Amortisation, Exceptional Items and Tax	2,135.54	1024.05	689.03	500.40
Depreciation and Amortisation	940.65	866.48	193.95	180.10
Profit before Exceptional Items and Tax	1,194.89	157.57	495.08	320.30
Exceptional Items	(103.84)	-	-	-
Profit before Tax	1,006.64	157.57	495.08	320.30
Provision for Taxation (Net)	183.08	114.00	115.39	36.90
Net Profit before Minority Interest	907.97	43.57	379.69	283.40
Minority Interest	(85.86)	111.03	-	-
Share of Profit/(loss) of Associate	(0.01)	(0.04)	-	-
Net Profit	822.10	154.56	379.69	283.40
Balance brought forward	(1,284.96)	(1,112.61)	17.18	86.03
Amount transferred on change in stake in Subsidiaries/ Joint venture and Mergers	-	(105.20)	-	(139.60)
Profit available for Appropriation	(462.95)	(1063.25)	396.87	229.83
Appropriations :				
Proposed Dividend	62.44	53.26	62.44	51.51
Corporate Tax on Dividend	10.13	8.86	10.13	7.95
General Reserve	250.00	100.00	250.00	100.00
Debenture redemption reserve	46.11	53.19	46.11	53.19
Special Reserve	7.70	6.40	-	-
Surplus / (Deficit) carried to Balance Sheet	(839.33)	(1284.96)	28.19	17.18
	(532.54)	(1063.25)	396.87	229.83

DIVIDEND

For the financial year ended on 31st March, 2011, Your Directors recommend for your consideration a dividend of :-

- i. ₹ 5.50/- per Equity Share of ₹ 10/- (last year ₹ 5 per Equity share) and
- ii. ₹ 6/- per Preference share of ₹ 100/- each (last year ₹ 6 per Preference share)

The said dividend, if approved by the Members, would involve cash outflow of ₹ 72.57 crore (including Corporate dividend Tax of ₹10.13 crore) compared to ₹ 59.46 crore (including Corporate dividend Tax of ₹ 7.95 crore) paid for the year 2009-10.

FINANCE

During the year, your Company raised long-term loans aggregating to ₹ 94 crore by way of foreign currency borrowings and ₹ 200 Crore by way of Non-Convertible Debentures ("NCDs").

During the year, term loans aggregating to ₹ 698 Crore and NCDs of ₹ 110 Crore were repaid during the year.

HUMAN RESOURCES

Your Company believes that Human Resources play a very critical role in its growth. Your Directors' are pleased to inform you that the Aditya Birla Group of which your Company is a part, has been declared as one of the Best Employers in India by the Aon-Hewitt survey conducted recently. The Group ranked second amongst two hundred other Indian organizations which took part. The process entailed a rigorous six months exercise involving HR Systems and processes audit, online survey with several employees, face to face meetings with Leadership teams, HR and a cross section of employees.

Going forward, attracting and retaining talent will be a key challenge. Various initiatives have been launched to provide growth opportunities to employees and stem attrition. Notable initiatives for the current year include the rollout of the Employee Value Proposition and the Career Portal Platform to provide visibility of career opportunity to the employees.

CORPORATE GOVERNANCE

The Company is committed to maintain the highest standards of Corporate Governance and

adhere to the Corporate Governance requirements set out by SEBI.

Your Company has complied with all mandatory provisions of Clause 49 of the Listing Agreement.

The Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report.

Your Company's Statutory Auditors' Certificate conferring compliance with Clause 49 of the Listing Agreement with Stock Exchanges is annexed to (*Annexure A*) and forms part of the Directors' Report.

As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

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

SUBSIDIARY COMPANIES & CONSOLIDATED FINANCIAL RESULTS

During the year, the following changes have taken place in subsidiary companies :

Companies which became subsidiaries :

- Bureau of Collection Recovery, LLC,
- Bureau of Collection Recovery (BCR) Inc.,
- Indigold Trade & Services Limited
- Aditya Birla Securities Private Limited and
- Shaktiman Mega Food Park Private Limited

Company which ceased to be subsidiary :

- Compass BPO FZE, UAE.

Name changes:

To reflect group's strong parentage and commitment to its businesses, as also to signify the nature of business, the names of following subsidiary companies were changed:-

- Birla Insurance Advisory & Broking Services Limited to Aditya Birla Insurance Brokers Limited
- Compass Business Process Outsourcing Private Limited to Aditya Birla Minacs BPO Private Limited
- Compass Business Process Outsourcing Limited to Aditya Birla Minacs BPO Limited., UK

Consolidated Financial Statements pursuant to Clause 41 of the Listing Agreement entered into with the Stock Exchanges and prepared in accordance with the Accounting Standards prescribed by the Institute of Chartered Accountants of India, are attached for your reference.

In line with the General Exemption granted by Ministry of Corporate Affairs vide Circular 2/2011 dated 8th February, 2011 for not attaching the Balance Sheet of subsidiaries subject to certain conditions, the Balance Sheet, Profit and Loss Account, Report of the Board of Directors and Report of the Auditors of the subsidiary companies have not been attached to the Balance Sheet of the Company as at 31st March, 2011.

The Annual accounts of the subsidiary companies and the related detailed information are available to Shareholders of the Holding and Subsidiary companies at any point of time. The Annual accounts of the Subsidiary companies are kept open for inspection by any shareholder(s) at the Registered Office of the Company and of the concerned Subsidiary Company. Any shareholder of subsidiary Company, who wishes to obtain a copy of the said documents of any of the subsidiary companies, may send a request in writing to the Company Secretary at the Registered Office of the Company so that the needful can be done.

EMPLOYEE STOCK OPTION SCHEME (ESOS)

During the year, ESOS compensation Committee granted 17,174 and 11,952 Stock Options under

the Third and Fourth tranche respectively under ESOS – 2006 to eligible employees of the Company.

During the year, after receiving approval from shareholders at the 53rd Annual General Meeting held on August 6, 2010, ESOS Compensation Committee re-priced the Stock options granted to employees under Tranche I and Tranche II at ₹ 687/- per Stock Option.

Further on 7th June, 2011, the ESOS Compensation Committee approved grant of 3,370 Stock Options under Fifth Tranche to an eligible employee of the Company at an exercise price of ₹ 748/- per option.

Details of the options issued under ESOS - 2006 upto March 31, 2011, as also the disclosures in compliance with Clause 12 of Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines 1999 are set out in the *Annexure B* to this report.

The Company has received a certificate from the Auditors of the Company that the Scheme has been implemented in accordance with the SEBI Guidelines and the resolution passed by the shareholders. The Certificate shall be placed at the Annual General Meeting for inspection by members.

FIXED DEPOSITS

Your Company was accepting fixed deposits from the employees. Acceptance of such fixed deposits has been discontinued from January, 2009 onwards. As on 31st March, 2011, there are no outstanding deposits.

The erstwhile Birla Global Finance Limited (since amalgamated with the Company) had accepted deposits from the public till May, 2005. Of the total matured fixed deposits, as on 31st March, 2011, there were unclaimed fixed deposits of ₹ 68,000. These unclaimed deposits are kept in a separate earmarked bank account.

PARTICULARS AS PER SECTION 217 OF THE COMPANIES ACT, 1956

The Information relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo required under Section 217(1) (e) of the Companies Act, 1956, is set out in a separate statement attached to this Report (*Annexure C*) and forms part of it.

In accordance with the provisions of Section 217(2A) read with the 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.

DIRECTORS

Mr. Tapasendra Chattopadhyay has been nominated by Life Insurance Corporation of India (LIC) as a Director in place of Mr. S.C Bhargava with effect from 30th May, 2011.

Considering his valuable contribution to the growth of the Company, Mr. S. C. Bhargava has been appointed as an Independent Director of the Company.

Mr. Sushil Agarwal, Chief Financial Officer of the Company has been appointed as Whole Time Director of the Company w.e.f. 1st June, 2011.

Mr. Kumar Mangalam Birla, Mrs. Rajashree Birla and Mr. P Murari, Directors of the Company retire from office by rotation, and being eligible, offer themselves for reappointment at the ensuing Annual General Meeting.

Resolutions seeking appointment of Mr. Kumar Mangalam Birla, Mrs. Rajashree Birla, Mr. P Murari, Mr. S.C. Bhargava and Mr. Sushil Agarwal have been included in the notice of ensuing Annual General Meeting together with their brief details.

AWARDS AND RECOGNITION

Your Company has been the proud recipient of the following awards and recognitions –

• **INDIAN RAYON DIVISION**

- Rajiv Gandhi Environment Award for Prevention of pollution from Ministry of Environment & Forests, Government of India
- Environment Excellence Award -2010 in Chemical Sector Awarded by Green Tech Foundation, New Delhi

- National Award for excellence in Energy Conservation and Management – 2009 awarded by Indian Chemical Council (ICC) - Mumbai
- Server virtualization & thin client deployment awarded by IDG Group (USA) - Publishers of CIO Magazine
- Automation of batch scheduling jobs in Spinning Department awarded by UBM GROUP- publishers of Dataquest PC World Magazine

• **JAYA SHREE TEXTILES DIVISION**

- IMC Ramakrishna Bajaj National Quality Award 2010 in the manufacturing category.

• **INDO GULF FERTILISERS DIVISION**

- Agriculture Leadership Today from National Agricultural Magazine for Innovative Extension Model and the outstanding contribution in agriculture extension and development through pioneering use & application of Six Sigma Methodology

• **MADURA FASHION & LIFESTYLE**

- Van Heusen received "Best Loyalty Programme in the Retail Sector" at 4th Loyalty Summit.
- The Collective - won "Fashion Apparel-Speciality store" at In Store Asia 2011-VMRD Retails Design Awards.
- The Collective - was recognized in the merit list for "Window Display" at In Store Asia 2011-VMRD Retails Design Awards.
- The Collective- was recognized in the merit list for "Best Visual Merchandising" at In Store Asia 2011- VMRD Retails Design Awards.
- Peter England was recognized as "2nd Most Trusted Brand in Apparel & Textile Category" at Economic Times- Brand Equity Awards.
- Peter England was awarded as "Best Performing Brand in Retail Sector" by Reliance Retail.
- Van Heusen won "Most popular Formalwear Brand Award- Female" at 3rd Global Youth Marketing Awards.

- Madura Clothing was awarded with IMC RBNQA Award for Performance Excellence by IMC RBNQA.

- **ADITYA BIRLA INSULATORS, RISHRA**

- Quality Circle Team "AGNI" got "GOLD" level recognition (par excellence) in chapter convention on Quality circle Competition (CCQC) 2010.
- Quality Circle Team "AGNI" got "DISTINGUISHED" level recognition in National Convention on Quality circle Competition (NCQC) 2010.
- IMC RAMKRISHNA BAJAJ NATIONAL QUALITY AWARD 2010 in Quality Category
- ISO 9001:2008 certification awarded for The Design, Development, Manufacture & Supply of Extra High, High & Low Voltage Electro-porcelain Insulators by British Standards Institution (BSI)
- ISO14001:2004 certification awarded for The Design, Development, Manufacture & Supply of Extra High, High & Low Voltage Electro-porcelain Insulators by British Standards Institution (BSI)
- OHSAS 18001:2007 certification awarded for The Design, Development, Manufacture & Supply of Extra High, High & Low Voltage Electro-porcelain Insulators by British Standards Institution (BSI)
- Social Accountability 8000 : 2008 certificate for Manufacture of H.V. & L.V. Electro Porcelain Insulators by "Det Norske Veritas AS"
- ISO/IEC 17025:2005 certificate received for General Requirements for the

Competence of Testing & Calibration Laboratories in Chemical, Mechanical & Electrical Testing Laboratories by "NABL"

AUDITORS

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

Your Directors request you to appoint Auditors for the current year as set out in the accompanying notice of the Annual General Meeting.

APPRECIATION

Your Directors take this opportunity to express their sincere appreciation for the excellent support and co-operation extended by the shareholders, customers, suppliers, bankers and other business associates. Your Directors gratefully acknowledge the ongoing co-operation and support provided by Central and State Governments and all Regulatory bodies.

Your Directors place on record their deep appreciation for the exemplary contribution made by employees at all levels. Their dedicated efforts and enthusiasm have been pivotal to your Company's growth.

For and on behalf of the Board



Kumar Mangalam Birla
Chairman

Mumbai
August 13, 2011

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**To****The Members of Aditya Birla Nuvo Limited**

1. We have examined the compliance of conditions of Corporate Governance by Aditya Birla Nuvo Limited ('the Company') for the year ended March 31, 2011, 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 KHIMJI KUNVERJI & CO.Chartered Accountants
Firm Registration No. 105146W**For S. R. BATLIBOI & CO.**Chartered Accountants
Firm Registration No. 301003E**Per Shivji K. Vikamsey**Partner
Membership No. 2242
Mumbai
August 13, 2011**Per Vijay Maniar**Partner
Membership No. 36738
Mumbai
August 13, 2011

**Disclosure pursuant to Clause 12 of the Securities and Exchange Board of India
(Employee Stock Option Scheme) Guidelines, 1999**

Particulars	Details of Employee Stock Options as on March 31, 2011			
	Tranche 1 (23 rd August, 2007)	Tranche 2 (25 th January, 2008)	Tranche 3 (20 th August, 2010)	Tranche 4 (8 th September, 2010)
a) Number of Stock Options Granted	1,63,280	1,66,093	17,174	11,952
b) The pricing Formula	The exercise price (₹ 1180) was determined by averaging the daily closing price of the Company's equity shares during 7 days immediately preceding the date of grant and discounting it by 10%. In accordance with the approval of the Board of Directors and the shareholders of the Company, the ESOS compensation Committee had re-priced the options from ₹ 1,180 to ₹ 687 per option on 20 th August 2010.	The exercise price (₹ 1802) was the closing market price prior to the date of grant. In accordance with the approval of the Board of Directors and the shareholders of the Company, the ESOS compensation Committee had re-priced the options from ₹ 1,802 to ₹ 687 per option on 20 th August 2010.	The exercise price was determined by averaging the closing price of Company's equity shares, for the immediately preceding 7 days from the date of issue, and discounting it by 15%. Exercise Price- ₹ 687 per option.	The exercise price was determined by averaging the closing price of Company's equity shares, for the immediately preceding 7 days from the date of issue, and discounting it by 15%. Exercise Price- ₹ 697 per option.
c) Options Vested	1,04,374	54,355	14,141	11,952
d) Options Exercised	NIL	NIL	NIL	NIL
e) The total number of shares arising as a result of exercise of options	NIL	NIL	NIL	NIL
f) Options forfeited /cancelled/ lapsed	48,302	1,11,738	3,033	NIL
g) Variation in terms of options	In accordance with the approval of the Board of Directors and the shareholders of the Company, the ESOS compensation Committee had re-priced the options from ₹ 1,180 to ₹ 687 per option on 20 th August 2010.		None	None
h) Money realized by exercise of options	Nil	Nil	Nil	Nil
i) Total number of options in force	1,14,978	54,355	14,141	11,952
j) Employee wise details of options granted				
i) Senior Managerial personnel	Dr. Rakesh Jain :- 13,470 Mr. K.K. Maheshwari*:- 20,200 Dr. Bharat K. Singh*:- 20,200 Mr. Vikram Rao*:- 20,200 Mr. Adesh Gupta*:- 8,420 Mr. Sushil Agarwal:- 4,040	Mr. Vikram Rao*:- 43,400 Mr. K.K. Maheshwari*:- 43,400	NIL	Dr. Rakesh Jain :- 6,730 Mr. Sushil Agarwal:- 5,222
ii) Any other employee who received a grant in any one year of option amounting to 5% or more of options granted during that year	NIL	Mr. Ashish Dikshit:- 23,861 Mr. Vishak Kumar*:- 17,354 Mr. Satyajit R.:- 17,354 Mr. Shital Mehta:- 17,354	Mr. Rahul Mohnot:- 4,044 Mr. J. C. Ladhha:- 5,050 Mr. S. Visvanathan:- 4,040 Mr. Surendra Goyal:- 4,040	NIL
iii) Identified employees who were granted option. During any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	NIL	NIL	NIL	NIL
k) Diluted earnings per share	₹ 35.84			

* Ceased to be in employment of the Company.

Particulars	Details of Employee Stock Options as on March 31, 2011			
	Tranche 1 (23 rd August, 2007)	Tranche 2 (25 th January, 2008)	Tranche 3 (20 th August, 2010)	Tranche 4 (8 th September, 2010)
l) Difference between the employee compensation cost, computed using the intrinsic value of the stock options and the employee compensation cost that shall have been recognized if the fair value of the options was used.	₹ 0.57 Crore			
The impact of this difference on profits and on EPS of the company.	The effect of adopting the fair value on the Net income and earnings per share for 2010-11 is as presented below:			
	Particulars			₹ Crore
	Net Profit after tax but before exceptional items			379.69
	Add: Intrinsic Value Compensation Cost			1.96
	Less: Fair Value Compensation Cost			2.53
	Adjusted Net income			379.12
	Earnings per Share (₹)		BASIC	DILUTED
	As reported		25.84	34.98
	As adjusted		35.78	34.93
m) (i) Weighted-average exercise prices and weighted-average fair values of options whose exercise price equals the market price of the stock	NA			
(ii) Weighted-average exercise prices and weighted-average fair values of options whose exercise price is less than the market price of the stock	Weighted Average exercise price: ₹ 687 Weighted average fair value of options: ₹ 355.12	Weighted Average exercise price: ₹ 687 Weighted average fair value of options: ₹ 366.54	Weighted Average exercise price: ₹ 687 Weighted average fair value of options: ₹ 471.44	Weighted Average exercise price: ₹ 697 Weighted average fair value of options: ₹ 486.82
(iii) Weighted-average exercise prices and weighted-average fair values of options whose exercise exceeds the market price of the stock	NA			
n) A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information:	Black - Scholes Merton Formula			
On the date of Grant				
(i) risk-free interest rate (%)	7.78	7.78	8.09	8.09
(ii) expected life (No. of years)	5	5	5	5
(iii) expected volatility (%)	38	38	54.04	53.88
(iv) dividend yield (%)	0.52	0.52	0.86	0.86
(v) the price of the underlying share in market at the time of option grant	₹ 1,283	₹ 1,948.7	₹ 816.65	₹ 839.8
On the date of re-pricing				
(i) risk-free interest rate (%)	8.09	8.09		
(ii) expected life (No. of years)	5	5		
(iii) expected volatility (%)	54.04	54.04		
(iv) dividend yield (%)	36	0.5		
(v) the price of the underlying share in market at the time of option Re-pricing	₹ 816.85	₹ 816.85		

Information under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

A. CONSERVATION OF ENERGY

a) Energy conservation measures taken:

In line with the Company's declared commitment towards conservation of natural resources, all business units have continued with their efforts to improve energy usage efficiencies.

The Company is engaged in the continuous process of energy conservation through improved operational and maintenance practices.

Steps taken by various divisions of the Company in the direction are as under:-

i) Rayon Division

- Installation of Dehumidifier for drying process in After Treatment Plant.
- Insulation of pipeline for steam wherever missing & damaged.
- Arresting steam leakages from valves, flanges, pipeline, PRDS and traps.
- Optimization of steam and condensate for Air-washer by continuous monitoring and fine-tuning.

ii) Carbon Black Division, Gummidipondi

- Installation of Variable Frequency Drive (VFD) in Bolier-3 Feed water pump.
- Installation of 8 energy efficiency motors.

iii) Textiles Division

- Installation of Flash steam and condensate water recovery system in Two stenter machines.
- Stopped running oil fired boiler and running coal fired boiler in place of that by shifting hank dyeing plant to location near to coal fired boiler.
- Installation of Wind ventilators in knitting / Dyed section
- Installation of Pressure Reducing Valve system in Scouring machines.

iv) Fertilizers Division

- Performance evaluations for Turbines, Compressor, Heat Exchangers and Boilers etc. are carried out to ensure optimum utilization of energy.
- Company has installed Advance Process Control System in Ammonia Plant during the year 2010-11 which resulted in reduction of in energy consumption by 0.02 MKcal/MT Urea and consequently reduction in CO2 gas emissions, a green house gas, thus abating global warming.

v) Insulators Division

a) Rishra:-

- Saving in electricity consumption was achieved at 9 Ball Mills through installation of VFDs with Micro Programmable Logic Controller to Stage Rotations Per Minute (RPM) Control
- Increase in the capacity of body ball mill by 9% and quartz ball mill by 30% thus reduced the specific power consumption in slip house.

b) Halol:-

- Energy saving in filter press by close loop operation **through VFD** installation in scrap blungers.
- Reduction in lighting power consumption by implementing proper metering and replacement of light by energy efficient lights.

b) Additional Investments & Proposals, if any, being implemented for reduction of consumption of Energy.

i) Rayon Division

- Installation of Light Emitting Diode (LED) based light fittings in place of tube-lights for reduction in power consumption.

- Replacement of old and inefficient water pumps in Cooling Towers of Engine-room.
- Reduction of Agitator RPM in Viscose after mixing process by installation of Variable Frequency Drive.
- Replacement of old and inefficient Spin bath re-circulation pump.

ii) **Carbon Black Division, Gummidipoondi**

- Proposed to install 2 VFD for a Bolier and 2 feed water pump during the FY 2011-12 which will result in energy consumption.

iii) **Textile Division**

- Proposed Condensate recovery system for wool combing thereby reusing of hot condensated water in the scouring machine of wool combing.

iv) **Fertilizers Division**

- Installation of Advanced Process Control in Urea Plant. This project results in reduction of in energy consumption by 0.005 MKCal/MT Urea and consequently reduction in CO₂ gas emissions, a green house gas, thus abating global warming.
- Installation of New capacitor banks with detunes filters to reduce the power losses in distribution system to improve power factor.
- Installation of new Energy saving device for lighting circuit of administration block. This device reduces the supply voltage from 245 volt to 220 volts and thus reduces the energy consumption in the bulbs by 20%.

v) **Insulators Division, Halol**

- Reduction in cycle hrs of shuttle kiln
- Reduction in cycle hrs of dryer
- Conversion of Brick pillars of Kiln no.4 to Silicon Carbide Pillars
- Better Kiln atmosphere control by CO analyzer

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

The energy conservations measures taken in **Rayon Division** have resulted/will result in energy saving and consequent decrease in the cost of production.

The energy conservation measures taken in **Carbon Black Division** have resulted into energy saving and consequent reduction in cost of production.

The above measures taken in **Insulators Division** have resulted into energy saving, reduction in power consumption & power loss and consequent reduction in cost of production.

Energy conservation measures taken so far by the **Fertilizers Division** have resulted in reducing the energy consumption in the fertilizer complex. Besides this, Energy conservation leads to reduction in consumption of fossil fuel (natural gas / naphtha) and consequential reduction in CO₂ gas emission, a green house gas, thus abating global warming.

The energy conservations measures taken in **Jaya Shree Textiles Division** has resulted in energy saving and consequent decrease in the cost of production.

d) Total Energy Consumption and Energy Consumption per Unit of Production as per prescribed Form – A:

As per annexure attached.

B. TECHNOLOGY ABSORPTION

Efforts made in technology absorption – as per Form B given below:

Form – B

1.) RESEARCH AND DEVELOPMENT

a) Specific areas in which research & development (R&D) is being carried out

i) Rayon Division

- Development of Super fine denier yarns.
- Development of Fine denier yarns with lesser number of filaments.
- Identifying the key technical parameters of different segments and joint projects with customers to improve upon the intrinsic quality of the yarn.
- Experimenting with different recipes for Viscose for improving quality and optimizing composition.
- Optimizing the spinning machine configuration to Enhance intrinsic properties of the yarn on pilot machine.

- Reduced focus from large no. of shades to 200 shades in colour yarn.
- Benchmarking process for better understanding of yarn properties of our competitors yarn.

ii) Insulators Division

a) Rishra:-

- Several Product design modifications were done with the objective of cost optimization and quality consistency.

b) Halol:-

- Replacing imported clay with Indian clay in the recipe without affecting the final quality. This has given a benefit of flexibility and cost edge.
- Development of Low cost body suitable for K7 (Tunnel Kiln firing)
- Development of New body recipe with all imported clay for better yield.

iii) Fertilizers Division

The developmental activities are directed towards energy conservation, waste recycling, and pollution control and quality improvement. In addition, the division focused its R & D activities in the areas of new Product development i.e. Zincated, Boronated & Sulfonated Urea. These products have been produced on small scale and tried in the field. Based on the market demand large scale production shall be done.

iv) Textiles Division

- Chemical process totally changed due to heterogeneous mixing of retted and unretted, different colour flax fibers

b) Benefits derived as a result of the above R & D.

The research and development activities carried out in **Rayon Division**, have resulted in

- Improvement in process and productive capacity.
- Better quality and marketability of products.
- Development of new range of products.
- Value addition in the existing products.

- Enhancement of product range.
- Development of eco friendly products and reduction of cost of production.

The research and development activities carried out in **Jaya Shree Textiles** has resulted in Quality Improvement and Cost reduction for Enzyme bleaching.

In the year 2010-11, **Indo Gulf Fertilizers** produced 2.608 Lacs MT of value added product Neem Coated Urea for the farmers under the brand name "KRISHIDEV". In a very short time, company established a leadership in the field of Neem coated Urea.

Research and Developments in the **Insulators division** has given lot of flexibility and a scope to develop Indian clay. We become competitive with low cost manufacturer with the Low cost body. This is a future development. The initial trials indicate very good result. This will help us to reduce the variability in the process. This will also improve the consistency of the product and out going quality

c) Future Plan of action

i) Rayon Division

- Introduce yarn in new segments, Development of specialty yarn, Enhance colour yarn quality, Improvement in intrinsic quality of yarn, Efforts towards reduction of energy consumption.

ii) Insulator Division, Halol

- Development of Bauxite based body to reduce Alumina consumption.
- Commercialization of Semi-Conducting glaze

iii) Fertilizers Division

- To continue Research & Development work especially in the area of new product development and in association with technical Institution to achieve overall excellence.

d) Expenditure on R&D

i. Capital Expenditure	–	Nil
ii. Recurring Expenditure	–	₹ 169.48 Lacs
iii. Total	–	₹ 169.48 Lacs
iv. Total R&D Expenditure as a percentage of total turnover	–	0.03%

2.) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

a) Efforts in brief, made towards technology absorption, adaptation and innovation

i) Rayon Division

- Activities carried out for Optimization of spinning process to improve the physical properties of the yarn through learning from other Spinners.
- Developed new dye recipes to improve the coloured yarn quality with the help of Dye Suppliers.
- Experimented with various recipes of Viscose on the Pilot Viscose plant and Spinning Machines.
- Implemented various configurations on spinning Machines to improve the intrinsic properties.

ii) Fertilisers Division

- Continuous efforts are made to prepare steam, power and material balances and to check on the actual performance against design. These measures have helped in increasing the productivity and reduction in overall energy consumption.

- The division is working with technology suppliers and technological institutes like IIT, Kanpur etc for exploring the possibility of recovering low grade heat. This would lead to reduction in energy reduction and consequently reduction in Co2 gas emissions, a green house gas, thus abating global warming.

b) Benefits derived as a result of the above efforts

Quality improvement in existing range, development of new market segments, improvement in process, productivity, and cost control , increase in customer base and yield, improvement in energy consumption and energy efficiency and reduction in input material consumption.

c) Information regarding Technology imported during the last years

- Technology imported during last five years : NIL
- Has Technology been fully absorbed : Not Applicable

C. FOREIGN EXCHANGE EARNING AND OUTGO

The information on foreign exchange earnings and outgo is contained in Schedule 22 and the Annexure 4 thereto.

Form-A

Form for disclosure of particulars with respect to conservation of energy.

(A) Power and Fuel Consumption:-

	Units	Current Year	Previous Year
1 Electricity			
(A) Purchased - Units	KWH in Lacs	1200.18	1058.61
Total Amount	₹ in Lacs	6103.80	4590.24
Rate per Unit	₹	5.09	4.34
(B) Own Generation			
(i) Through Diesel Generator - Units	KWH in Lacs	244.34	432.74
Unit per Ltr. of Diesel Oil	Units/Ltr	1.92	2.42
Cost Per Unit	₹	9.18	7.48
(ii) Through Steam Turbine/Generator - Units	KWH in Lacs	5710.15	5436.36
Unit per ton of steam coal	Units/Tonne	0.42	0.42
Cost Per Unit	₹	1.99	1.62
(iii) Through Gas Turbine	MWH	172189.30	174987.20
Natural Gas + Naphta	KWH/MCAL	552.05	550.30
Cost per unit	₹/KWH	3.87	2.79
2 Coal (Grade B, C and D) (used in Boilers)			
Quantity	'000 Tonnes	314.67	274.80
Total Cost	₹ in Lacs	11369.58	8747.74
Average Rate	₹ per tonne	3613.15	3183.39
3 Furnace Oil			
Quantity	K.Ltrs.	14237.95	18950.79
Total Amount	₹ in Lacs	4216.21	4555.32
Average Rate	₹ per K.Ltr	29612.51	24037.62
4 Natural Gas			
Quantity	000 Sm ³	147427.89	132001.69
Total Amount	₹/Lacs	24635.42	17000.69
Average Rate	₹/1000 Sm ³	16710.15	12879.15
5 Naphtha			
Quantity	MT	7345.26	18110.89
Total Amount	₹/Lacs	2716.17	5981.98
Average Rate	₹/MT	36978.55	33029.74

(B) Consumption per unit of production :

	Units	Current Year	Previous Year
1. Electricity (KWH)			
Viscose Filament Rayon Yarn	MT	4782.92	4224.00
Other Yarns	MT	6965.10	6919.00
Caustic Soda	MT	2328.45	2336.00
Fabrics	'000 Mtr	1630.70	1732.10
Carbon Black	MT	570.10	401.90
Urea	MT	159.11	164.40
Insulators	MT	761.31	842.00
2 Coal (Grade B, C and D)			
Viscose Filament Rayon Yarn	MT	3.57	2.03
Other Yarns	MT	381.70	408.50
3 Furnace Oil (Kilo Ltr.)			
Viscose Filament Rayon Yarn	MT	0.37	0.58
Other Yarns	MT	13.60	14.30
Insulators	MT	0.23	0.25
Carbon Black	MT	0.004	0.01
4 Natural Gas			
Insulators	Sm3	697.00	636.00
Urea	Sm3	125.84	113.96
5 Naptha - Urea	Kg	6.67	16.50

Governance Philosophy

The Aditya Birla Group is committed to the adoption of best governance practices and its adherence in the true spirit, at all times. Our governance practices are a product of self-desire, reflecting the culture of the trusteeship that is deeply ingrained in our value system and reflected in our strategic thought process. At a macro level, our governance philosophy rests on five basic tenets, viz., Board accountability to the Company and shareholders, strategic guidance and effective monitoring by the Board, protection of minority interests and rights, equitable treatment of all shareholders as well as superior transparency and timely disclosure.

In line with this philosophy, **Aditya Birla Nuvo Limited**, one of the flagship Companies of the

Aditya Birla Group, is striving for excellence through adoption of best governance and disclosure practices. The Company, as a continuous process, strengthens the quality of disclosures, on the Board composition and its functioning, remunerations paid and level of compliance with various Corporate Governance Codes.

Compliance with Corporate Governance Guidelines

The Company is compliant with the prevailing and applicable corporate governance requirements, save and except as mentioned in the report below and is committed to ensure compliance with any proposals for modifications well ahead of their implementation timelines. Your Company's compliance with requirements is presented in the subsequent sections of this Report.

I. BOARD OF DIRECTORS

(A) Composition of the Board:

The Company has a balanced Board, comprising Executive and Non-Executive Directors which includes independent professionals. Your Company's Board comprises of 6 Independent Directors, 3 Non-Executive Directors and 3 Executive Directors.

None of the Directors is a director in more than 15 Companies and member of more than 10 Committees or act as Chairman of more than 5 Committees across all Companies in which they are Directors. The Non-Executive Directors are appointed or re-appointed with the approval of shareholders. All the Directors are liable to retire by rotation, except the Whole-Time Director(s) and Managing Director whose terms have been determined pursuant to the terms and conditions of their appointment. The Non-Executive Directors including Independent Director on the Board are experienced, competent and highly renowned persons from their respective fields.

Details of the Directors with regard to the directorships in other Indian Companies (other than Section 25 Companies), positions in either Audit Committee or Shareholder's/ Investors' Grievance Committee as well as attendance at Board Meeting/Annual General Meeting are as follows:

Sr. No.	Director	Executive/ Non-Executive/ Independent	No. of Directorship(s) in other Public Companies ¹	Outside Committee Positions Held ²		No. of Board Meetings		Attended Last AGM
				Member	Chairman/ Chairperson	Held	Attended	
1	Mr. Kumar Mangalam Birla	Non-Executive	10	NIL	NIL	4	4	No
2	Mrs. Rajashree Birla	Non-Executive	6	NIL	NIL	4	4	No
3	Mr. H.J. Vaidya*	Independent	NA	NA	NA	NA	NA	No
4	Mr. B.L. Shah	Non-Executive	3	NIL	NIL	4	4	Yes
5	Mr. P. Murari	Independent	9	4	1	4	4	Yes
6	Mr. B.R. Gupta	Independent	3	NIL	5	4	4	No
7	Ms. Tarjani Vakil	Independent	5	3	2	4	4	Yes
8	Mr. S.C. Bhargava [§]	Independent	10	4	1	4	4	No

Sr. No.	Director	Executive/ Non-Executive/ Independent	No. of Directorship(s) in other Public Companies ¹	Outside Committee Positions Held ²		No. of Board Meetings		Attended Last AGM
				Member	Chairman/ Chairperson	Held	Attended	
9	Mr. G.P. Gupta	Independent	10	2	5	4	4	No
10	Mr. K.K. Maheshwari [#]	Whole-time	NA	NA	NA	1	0	No
11	Dr. Rakesh Jain	Managing	6	1	NIL	4	4	Yes
12	Mr. Pranab Barua	Whole-time	4	1	NIL	4	4	No
13	Mr. Sushil Agarwal ^{##}	Whole-time	10	3	NIL	NA	NA	NA
14	Mr. T. Chattopadhyay [@]	Independent	1	1	NIL	NA	NA	NA

* Resigned w.e.f. 1st April, 2010.

\$ Re-appointed as an Independent Director w.e.f 30th May, 2011 consequent to change of LIC Representative.

Resigned w.e.f. 20th May, 2010.

Appointed w.e.f. 1st June, 2011

@ Appointed as a representative of LIC w.e.f 30th May, 2011.

Notes:

1. Excluding Directorships held in Private Companies, Foreign Companies and Companies under Section 25 of the Companies Act, 1956.
2. Only two Committees viz. Audit Committee and Shareholders'/ Investors' Grievance Committee are considered.

Mr. Kumar Mangalam Birla and Mrs. Rajashree Birla are related as Son and Mother respectively. No other Director is related to any other Director on the Board.

(B) Non-Executive Directors' Compensation and Disclosure:

Sitting fees for attending meeting of Board/Committee is paid as per the provisions of Articles of Association of the Company/Companies Act, 1956. Commission paid to the Non-Executive Directors is decided by the Board of Directors within the limits approved by the shareholders. Details of sitting fees/ compensation paid to such directors are given separately in this section of Annual Report.

(C) Board's Functioning and Procedure:

Company's Board of Directors play primary role in ensuring good governance and functioning of the Company. Board's role, functions, responsibility and accountability are well defined. All relevant information as required under the Listing Agreement with the Stock Exchanges is regularly placed before the Board. Board reviews compliance reports of all laws as applicable to the Company, as well as steps taken by the Company to rectify instances of non-compliances, if any. The Members of the Board have complete freedom to express their opinion, and decisions are taken after detailed discussion. The details of Board meetings held during the FY 2010-11 are as outlined below:

Date of Board Meeting	City	No. of Directors Present
7 th May, 2010	Mumbai	10 out of 11
30 th July, 2010	Mumbai	10 out of 10
30 th October, 2010	Mumbai	10 out of 10
11 th February, 2011	Mumbai	10 out of 10

(D) Code of Conduct:

The Board of Directors has laid down a Code of Conduct (copy available on Company's website) applicable to all Board Members and Senior Executives of the Company. All the Board Members and Senior Management Personnel have confirmed compliance with the code. A declaration by Managing Director affirming the compliance of the Code of Conduct by Board Members and Senior Management Executives is annexed at the end of the Report.

II. AUDIT COMMITTEE**(A) Qualified Independent Audit Committee:**

Your Company has an Audit Committee at the Board level with the powers and the role that are in accordance with Clause 49 of the Listing Agreement.

The Committee acts as a link between the management, the statutory and

internal auditors and the Board of Directors and oversees the financial reporting process. All the Members of the Company's Audit Committee are Independent Directors.

(B) Meetings of Audit Committee:

The Managing Director and the CFO of the Company are permanent invitees to the meetings of the Committee. The statutory as well as internal auditors of the Company are also invited to the Audit Committee Meetings. The representatives of the Cost Auditors are also invited to the Audit Committee Meetings whenever matters relating to Cost Audit are considered. The Company Secretary acts as Secretary to the Committee.

During FY 2010-11, the Audit Committee met 5 times to deliberate on various matters and details of the attendance of the Committee Members are as follows:

Name of Director	Served in the past as	No. of Meetings Held	No. of Meetings Attended
Ms. Tarjani Vakil, Chairperson	Chairperson and Managing Director of Exim Bank	5	5
Mr. P. Murari, Member	Secretary to the President of India before retiring from service in September, 1992. He has held several key positions in various institutions and professional bodies	5	5
Mr. B.R. Gupta, Member	Executive Director (Investments) of Life Insurance Corporation of India	5	5
Mr. G.P. Gupta, Member	Chairman of Industrial Development Bank of India and Chairman of Unit Trust of India	5	5

The Scope of the functioning of the Audit Committee is to review, from time to time, the internal control procedures, the accounting policies of the Company, oversight of the Company's financial reporting process to ensure that the financial statements are correct, sufficient and credible, and also such other functions as are recommended from time to time by SEBI, Stock Exchanges and/or under the Companies Act, 1956, which *inter-alia* include the following:-

1. Management Discussion and Analysis of financial condition and results of operations;

2. Statement of significant Related party transactions submitted by the management;

3. Management letters/letters of internal control weaknesses issued by the statutory auditors;

4. Internal audit reports relating to internal control weaknesses and the appointment, removal and terms of remuneration of the Chief internal auditor; and

5. Risk Framework.

Other Committees:

The Names of the Committee(s), brief terms of reference and number of meetings held during the year are as under:

Name of the Committee	Members	Terms of Reference	No. of Meetings Held in 2010-11
Risk Management Committee	Ms. Tarjani Vakil Mr. G.P Gupta Dr. Rakesh Jain Mr. Ajay Srinivasan Dr. Sanrupt Misra Mr. Pranab Barua Mr. Lalit Naik* Mr. Sushil Agarwal**	To review and reassess the risks of the businesses on an annual basis and to develop an effective risk mitigation plan.	Held on 28 th September, 2010, 20 th December, 2010 and 12 th January, 2011.
ESOP Compensation Committee	Mr. Kumar Mangalam Birla Mr. B.R. Gupta Mr. G.P.Gupta#	Formulating ESOS, its implementation, administration and supervision and formulating detailed terms and conditions in accordance with relevant SEBI Guidelines.	No Meeting held

* Appointed in place of Mr. K. K. Maheshwari on 28th September, 2010.

** Co- opted on 27th July, 2011

Appointed in place of Mr. H.J. Vaidya w.e.f 7th May , 2010

III. SUBSIDIARY COMPANIES

The Company has one material non-listed Indian Subsidiary Company, namely, **Birla Sun Life Insurance Company Limited (BSLICL)**. The Audit Committee reviews the financial statements and investments made by unlisted subsidiary companies. The minutes of the Board meeting as well as statements of all significant transactions of the unlisted subsidiary companies are placed regularly before the Board of Directors for their review.

Mr. G.P Gupta and Ms. Tarjani Vakil, Independent Directors of the Company are also Directors of BSLICL.

IV. DISCLOSURES**(A) Basis of Related Party Transactions:**

All the related party transactions are strictly done on arm's length basis. The Company places all the relevant details relating to related party transactions before the Audit Committee from time to time. Particulars of related party transactions are listed out in Schedule 22 of the Balance Sheet forming part of the Annual Report.

(B) Disclosure of Accounting Treatment:

The Company has followed all relevant Accounting Standards while preparing the financial statements.

(C) Risk Management:

The Company has developed comprehensive risk management policy and it is reviewed by the Audit Committee, which in turn, informs the Board about the risk assessment and minimization procedures.

With a view to strengthen the risk management framework and to continuously review and reassess the risks that the businesses of the Company are confronted with, your Company has constituted a Risk Management Committee comprising of all the Whole-time Directors including the Managing Director, Business Heads and two Independent Directors, viz., Ms. Tarjani Vakil and Mr. G.P. Gupta. The Committee reviews the risk management process and implementation of risk mitigation plans. This process is improved year after year.

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

The Company discloses to the Audit Committee, the uses/applications of proceeds/funds raised from rights issue,

preferential issue, etc. as part of quarterly review of financial results.

(E) Remuneration of Directors:

The Company has a system where all the Directors or senior management personnel of the Company are required to disclose all pecuniary relationship(s) or transactions(s) with the Company. No significant material transactions have been made with the Non-Executive Directors vis-à-vis the Company.

Besides sitting fees of Rs. 20,000/- per meeting of the Board or Committee thereof, the Company also pays

commission to the Non-Executive directors.

For the F.Y. 2010-11, considering the financial performance of the Company, the Board has decided to pay commission of Rs. 2 crore (Previous Year -1.5 crore) to the Non-Executive Directors of the Company which is not exceeding 1% of the net profits of the Company and pursuant to the authority given by the Shareholders at the Annual General Meeting of the Company held on 9th July, 2008. The amount of commission payable is determined after assigning weightage to attendance, type of meeting and preparations required.

The Details of remuneration paid/payable to the Directors for FY 2010-11 are as follows:

(In ₹)

Name of the Director	Salary, Allowance, Perquisites and Other benefits	Performance-linked Income/Bonus Paid/ Commission Payable	Sitting Fees Paid
Whole-Time Directors			
Dr. Rakesh Jain	4,64,95,560	1,20,00,000	-
Mr. K.K. Maheshwari [#]	35,55,216	1,47,41,000	-
Mr. Pranab Barua	2,83,10,262	80,32,000	-
Others			
Mr. Kumar Mangalam Birla	-	1,83,66,000	80,000
Mrs. Rajashree Birla	-	6,94,000	80,000
Mr. B.L. Shah	-	88,000	1,20,000
Mr. P. Murari	-	1,64,000	2,20,000
Mr. B.R. Gupta	-	1,58,000	1,80,000
Ms. Tarjani Vakil	-	1,73,000	2,40,000
Mr. S.C. Bhargava	-	82,000	80,000
Mr. G.P. Gupta	-	2,75,000	2,40,000

Remuneration relates to the part of the year.

Notes:

- No Director is related to any other Director on the Board, except for Mr. Kumar Mangalam Birla and Mrs. Rajashree Birla, who are son and mother, respectively.
- The Company has a policy of not advancing any loans to its Directors except to Executive Directors in the course of normal employment.
- The appointment of Whole-time Directors is subject to termination by three months notice in writing by either side. Mr. K.K. Maheshwari resigned during the year w.e.f. 20th May, 2010. Details of the Stock Options granted to the Whole-time Directors are set out below as also in *Annexure B* to the Director's Report.
- No severance fees is paid to any Director of the Company.
- The Performance Review System is primarily based on competencies and values. The Company closely monitors growth and development of top talent in the Company to align personal aspirations with the organisation purpose.

Employee Stock Option Scheme-2006:

In accordance with applicable SEBI Guidelines, ESOS Compensation Committee of the Board of Directors of the Company, on 23rd August, 2007, granted 1,63,280 Stock Options at a price of Rs.1,180/- per share (1st Tranche) and on 25th January, 2008, granted 1,66,093 stock options at a price of Rs.1,802/- per share (2nd Tranche) to the eligible employees including Whole-time Directors. During the year, ESOS Compensation Committee of the Board of Directors of the Company granted 17,174 stock

options at a price of Rs. 687 (3rd Tranche) and 11,952 stock options at a price of Rs. 690 (4th Tranche) on 20th August, 2010 and 8th September, 2010 respectively to the eligible employees including Managing Director. Each option is convertible into one equity share of the Company upon vesting/ exercise. The exercise price of the option has been determined in accordance with relevant SEBI Guidelines. (Refer Annexure 'A' to the Directors' Report)

Details of Stock Options granted to the Directors are as under:

Name of the Director	1 st Tranche			2 nd Tranche			4 th Tranche		
	No. of Options Granted	Vesting Date/%	Exercise Period (within)	No. of Options Granted	Vesting Date/%	Exercise Period (within)	No. of Options Granted	Vesting Date/%	Exercise Period (within)
Mr. K.K. Maheshwari*	20,200	23.08.08 (25%) 23.08.09 (25%)	22.08.13 22.08.14	43,400	25.01.09 (25%)	24.01.14	-	-	-
Dr. Rakesh Jain	13,470	23.08.08 (25%) 23.08.09 (25%)	22.08.13 22.08.14	-	-	-	6,730	08.09.11 (25%) 08.09.12 (25%)	07.09.16 07.09.17
Mr. Sushil Agarwal**	4,040	23.08.10 (25%) 23.08.11 (25%)	22.08.15 22.08.16				5,222	08.09.13 (25%) 08.09.14 (25%)	07.09.18 07.09.19

* Resigned w.e.f. 20th May, 2010. Consequent to resignation of Mr. K.K. Maheshwari, all unvested 5,050 Stock Options of 1st Tranche and 21,700 Stock options of 2nd Tranche stand lapsed.

** Appointed as Whole-time Director w.e.f. 1st June, 2011.

During the year, none of the Directors have exercised any options which have been vested under the term of grant of options to them.

Details of shareholding of Non-Executive Directors in the Company as on 31st March, 2011 are as follows:

Director	No. of Shares held [@]
Mr. Kumar Mangalam Birla*	4,609
Mrs. Rajashree Birla	1,27,634
Ms. Tarjani Vakil	177
Mr. S.C. Bhargava	233
Mr. G.P. Gupta	339

@ Considered only shares held singly or as first shareholder

* Excluding 150 shares held as Karta of H.U.F.

(F) Management:

The Management Discussion and Analysis Report, is prepared in accordance with the requirements laid out in Clause 49 of the Listing Agreement and forms part of this Annual Report.

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

(G) Shareholders:

The Company has provided the details of new Directors and Directors seeking

re-appointment in the Notice of the Annual General Meeting attached with the Annual Report.

Quarterly Presentations on the Company results are available on the website of the Company (www.adityabirlanuvo.com) and the Aditya Birla Group website (www.adityabirla.com). The Company also sends quarterly results and press-release by e-mail (wherever available) to shareholders on the same day of announcement of results. The hard and soft copy of the same is also sent to concerned stock exchanges simultaneously so as to enable them to display them on their notice board/website.

Shareholders' Grievances Committee:

Your Company has an "Investor Relations and Finance Committee" comprising of Mr. P. Murari, Mr. B.L. Shah, Dr. Rakesh Jain as the Members. Mr. P. Murari is the Chairman of the Committee. The Committee looks into various issues relating to shareholders including transfer and transmission of shares as well as non-receipt of dividend, Annual Report, and delays in transfer of shares etc. In addition, the Committee looks into other issues including status of dematerialisation/re-materialisation of shares as well as systems and procedures followed to track investor complaints and suggest measures for improvement from time to time.

During the year under review, the Committee met twice to deliberate on various matters referred above. Details of attendance of Directors for the Committee meeting are as follows:

Name of the Director	Non-Executive/Independent	No. of Meetings	
		Held	Attended
Mr. P. Murari	Independent	2	2
Mr. B.L. Shah	Non-Executive	2	2
Dr. Rakesh Jain	Executive	2	2

The Company Secretary acts as Secretary to the Committee. He is the compliance officer of the Company and also responsible for redressal of investor complaints.

The Company's shares are compulsorily traded and delivered in the dematerialised form in all Stock Exchanges. To expedite the transfer in the physical segment, necessary authority has been delegated to officers to transfer upto 5,000 shares under one transfer deed. Details of share transfers/transmissions approved by the officers are placed before the Committee from time to time.

Details of complaints received, number of shares transferred during the year, time taken for effecting these transfers and the number

of share transfers are given in the Shareholder Information section of this Annual Report.

V. CEO/CFO CERTIFICATION:

The CEO and CFO certification of the financial statements and the Cash Flow Statement for the year is enclosed separately at the end of this Report.

VI. REPORT ON CORPORATE GOVERNANCE:

This Corporate Governance Report forms part of the Annual Report. Certificate from the Statutory Auditors confirming compliance with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement of the Stock Exchanges in India also forms part of this Annual Report.

VII. GENERAL BODY MEETINGS:

Location and time, where Annual General Meetings (AGMs) and Extra Ordinary General Meeting (EOGMs) in the last 3 financial years were held:

Financial Year	AGM/EOGM	Location	Date	Time
2009-10	AGM	Regd. Office, Veraval, Gujarat	6 th August, 2010	11:00 A.M.
2008-09	AGM	Regd. Office, Veraval, Gujarat	10 th July, 2009	11:00 A.M.
2008-09	EOGM	Regd. Office, Veraval, Gujarat	17 th June, 2009	11:00 A.M.
2007-08	AGM	Regd. Office Veraval, Gujarat	9 th July, 2008	11:00 A.M.
2007-08	EOGM	Regd. Office, Veraval, Gujarat	6 th February, 2008	11:00 A.M.

Apart from the above AGM/EOGMs held during the last three years, a Court Convened Meeting of Equity Shareholders was held on Saturday, the 19th day of December, 2009 at 11.00 a.m. for the purpose of approving the arrangement embodied in the Composite Scheme of Arrangement between Aditya Birla Nuvo Limited and Madura Garments Exports

Limited and MG Lifestyle Clothing Company Private Limited and Peter England Fashions and Retail Limited and their respective shareholders and creditors.

All the following special resolutions set out in the respective Notices for AGMs and EOGMs held in the last three years and were passed by the Shareholders:

Date of AGM/EOGM	Section(s)	Particulars of Special Resolution(s)
6 th February, 2008	81(1A)	Approving the issue and allotment of 2,05,00,000 Warrants to Promoter and/or Promoter Group of the Company on a preferential basis.
9 th July, 2008	198,309	Approving the payment to the non-executive directors of the Company, in addition to sitting fees and reimbursement of expenses for attending the meetings of the Board or Committees thereof, commission on annual profits for a period of 4 years commencing from 1 st April, 2008 for an amount not exceeding 1% of net profits of the Company.
9 th July, 2008	259	Approving amendment in Article 95 of Articles of Association for increasing the number of Directors from 15 to 18.
17 th June, 2009	81(1A)	Approving the issue and allotment of 1,85,00,000 Warrants to Promoter and/or Promoter Group of the Company on a preferential basis.
10 th July, 2009	198,269,309,314	Approving the appointment of Mr. Pranab Barua as the Whole-time Director of the Company for a period of five years w.e.f. 1 st May, 2009.
10 th July, 2009	198,269,309	Approving the appointment of Dr. Rakesh Jain as the Managing Director of the Company for a period of five years w.e.f. 1 st July, 2009.
6 th August, 2010	—	Seeking consent of the Company for sale and transfer of shares held by the Company in the Equity Capital of Birla Sun Life Insurance Company Limited to Aditya Birla Financial Services Pvt. Ltd.
6 th August, 2010	—	Re-pricing the stock options granted by ESOS Compensation Committee on 23 rd August, 2007 and 25 th January, 2008.

Postal Ballot:

During the year, no resolution has been passed through postal ballot by the shareholders.

Any resolutions which is required to be conducted through postal ballot will be conducted as per prevailing law.

VIII. MEANS OF COMMUNICATION**Quarterly Results:****Newspaper in which normally financial results are published in :**

Newspaper	Cities of Publication
Business Standard	All Editions
Economic Times, Gujarati	Mumbai, Ahmedabad

Financial results are also sent through e-mail, wherever e-mail IDs of shareholders are available with the Company.

Website, where the information is displayed : www.adityabirlanuvo.com
www.adityabirla.com

Whether it also displays official news releases : Yes

Presentations made to investors/analysts : Yes

General Shareholder Information : There is a separate section for this information and the same forms part of the Annual Report

Status of Compliance of Non-Mandatory Requirements:

- 1) The Company maintains a separate office for the Non-Executive Chairman. All necessary infrastructure and assistance is made available to enable him to discharge his responsibilities effectively.
- 2) The Company does not have a Remuneration Committee except for ESOP. The remuneration of the Managing/ Whole-Time Directors is fixed by the Board of Directors and the Shareholders.
- 3) Performance update consisting of financial and operational performance for the first six months of the financial year is being sent to the shareholders.
- 4) The Company continues to adopt best practices to ensure unqualified financial statements.
- 5) The Company has established a policy for employees to report to the management concerns about unethical behaviours, actual or suspected fraud or violation of the Company's Code of Conduct or ethics.

Voluntary Guidelines- 2009:

The Ministry of Corporate Affairs has issued a set of Voluntary Guidelines on 'Corporate Governance' and 'Corporate Social Responsibility' in December 2009. These guidelines are expected to serve as a benchmark for the Corporate Sector and also help them in achieving the highest standard of corporate governance.

Some of the provisions of these guidelines are already in place as reported elsewhere in this Report. The other provisions of these guidelines are being evaluated and your Company will endeavour to adopt the same in a phased manner.

CEO / CFO CERTIFICATION

To the Board of Directors
Aditya Birla Nuvo Ltd

1. We have reviewed the financial results of Aditya Birla Nuvo Limited for the year ended 31st March 2011 and to the best of their knowledge and belief:
 - I. These statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading;
 - II. These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
2. To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March 2011 which are fraudulent, illegal or violative of the Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting. We have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or proposed to be taken to rectify the deficiencies.
4. We have indicated to the Auditors and the Audit Committee:
 - I. Significant changes in the Company's internal control over financial reporting during the year;
 - II. Significant changes in accounting policies during the year and
 - III. Instances of significant fraud of which we have become aware and involvement therein if any of the management or other employees having a significant role in the Company's internal control system over financial reporting.

Place: Mumbai
Date: May 30, 2011

Sushil Agarwal
(Chief Financial Officer)

Dr. Rakesh Jain
(Managing Director)

DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchange(s), I hereby declare that all the Board of Directors and Senior Management personnel of the Company have affirmed the Compliance with the Code of Conduct for the year ended 31st March , 2011.

Place: Mumbai
Date: May 30, 2011

Dr. Rakesh Jain
Managing Director

Persons constituting group coming within the definition of “group” for the purpose of Regulation 3(1)(e)(i) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, include the following :

Shri Kumar Mangalam Birla
 Smt. Rajashree Birla
 Smt. Neerja Birla
 Master Aryaman Vikram Birla
 Birla Group Holdings Private Limited
 BGH Exim Limited
 Birla TMT Holdings Private Limited
 Chaturbhuj Enterprises LLP
 Essel Mining & Industries Limited
 Global Holdings Private Limited
 Gwalior Properties And Estates Private Limited
 Heritage Housing Finance Limited
 IGH Holdings Private Limited
 Infocyber India Private Limited
 Mangalam Services Limited
 Naman Finance And Investment Private Limited
 Rajratna Holdings Private Limited
 Seshasayee Properties Private Limited
 Siddhipriya Enterprises LLP
 Shuban Enterprises LLP
 TGS Investment And Trade Private Limited
 Trapti Trading And Investments Private Limited
 Turquoise Investments And Finance Private Limited
 Umang Commercial Company Limited
 Vinayaka Enterprises LLP
 Vighnahara Enterprises LLP
 Vaibhav Holdings Private Limited

1. Annual General Meeting

Date and Time	: 28 th September, 2011 at 11.00 a.m.
Venue	: Registered Office Indian Rayon Compound, Veraval - 362 266, Gujarat, India.

2. Financial Calendar

Financial reporting for the quarter ending 30 th June, 2011	: 13 th August, 2011
Financial reporting for the half year ending 30 th September, 2011	: October/November, 2011
Financial reporting for the quarter ending 31 st December, 2011	: January/February, 2012
Financial reporting for the year ending 31 st March, 2012	: April/May, 2012
Annual General Meeting for the year ended 31 st March, 2012	: July/August, 2012

3. Dates of Book Closure

: 17th to 28th September, 2011
(both days inclusive)

4. Dividend Payment Date

: After 28th September, 2011

5(a).Registered office & Investor Service Centre

: Indian Rayon Compound,
Veraval - 362 266,
Gujarat, India.
Tel: (02876) 245711/248401
Fax: (02876) 243220
Email: abnlsecretarial@adityabirla.com

5(b).Web Site

: <http://www.adityabirlanuvo.com>
<http://www.adityabirla.com>

6(a).Listing on Stock Exchanges at :

Equity Shares & Non-Convertible Debentures	Global Depository Receipts (GDRs)
a) Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.	Societe de la Bourse de Luxembourg, Societe Anonyme, R.C.B 6222, B.P 165, L-2011, Luxembourg.
b) National Stock Exchange of India Ltd. "Exchange Plaza", Plot No. C/1, G - Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051.	

Note: Listing Fee for the year 2011-12 has been paid to Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. Listing fee for the GDRs has been paid to Societe de la Bourse de Luxembourg for the Calendar year 2011

6(b). Stock Code:

	Stock Code	Reuters	Bloomberg
Bombay Stock Exchange, Mumbai	500303	ABRL.BO	ABNL IN
National Stock Exchange	ABIRLANUVO	ABRL.NS	
Global Depository Receipts (GDRs)		IRYN.LU	IRIG LX
ISIN No. of Equity Shares	INE069A01017		
ISIN No. of GDRs	US0070271137		

- 6(c) Overseas Depository for GDRs** : Citibank N.A, Depository Receipts, 388 Greenwich Street, NEW YORK, NY - 10013, USA. Phone: 001212-657-8782 Fax: 212/825-5398
- 6(d) Domestic Custodian of GDRs** : ICICI Bank Limited, Securities Market Services, F7/E7 1st Floor, Empire Complex, 414, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013. Ph: (+91-22) 66672000 Fax: (+91-22) 66672779/40
- 6(e) Debt Securities** : The Wholesale Debt Market (WDM) segment of NSE and BSE.
- 6(f) Debenture Trustees** : 1. IDBI Trusteeship Services Ltd. for 23rd, 24th and 26th series of Debentures and
2. Axis Trustee Services Ltd. for 27th and 28th series of Debentures

7. Stock Price Data :

Year/Month	Bombay Stock Exchange Limited				National Stock Exchange				Luxembourg Stock Exchange		
	High	Low	Close	Av. Volume	High	Low	Close	Av. Volume	High	Low	Close
	(In ₹)			(In Nos.)	(In ₹)			(In Nos.)	(In US\$)		
2010											
April	965.00	790.00	822.40	37848	967.00	791.00	823.75	159237	21.59	17.95	18.60
May	832.90	704.10	721.65	30335	829.90	705.00	721.10	138737	18.44	14.90	15.57
June	812.50	707.00	757.95	23745	825.00	705.30	759.45	109580	17.66	15.08	16.33
July	837.80	735.75	772.35	25857	841.00	740.00	773.00	99885	17.63	16.30	16.65
August	862.40	787.00	808.75	41114	862.80	775.00	813.75	191497	18.19	17.01	17.18
September	913.50	802.50	855.90	42550	913.35	802.00	857.70	163685	19.60	17.32	19.21
October	908.00	808.25	817.40	28242	907.50	809.00	818.50	128184	19.81	18.40	18.40
November	880.00	710.00	745.85	21217	850.20	707.00	748.55	100806	19.28	15.84	16.24
December	852.00	721.10	838.95	28518	853.00	718.00	841.45	100160	18.77	16.09	18.77
2011											
January	845.90	719.00	750.70	11570	848.00	719.05	750.25	77356	18.72	15.92	16.37
February	813.70	720.50	773.20	15892	812.20	721.05	774.00	82356	17.68	16.12	17.08
March	818.00	748.15	814.05	9522	819.50	751.00	814.35	67569	18.28	16.79	18.28

8. Stock Performance :

Month	ABNL	NSE	BSE	ABNL	NSE	BSE
	NSE Closing Prices	S&P CNX Nifty	Sensex	Indexed	Indexed	Indexed
2010						
April	823.75	5278.00	17558.71	100.00	100.00	100.00
May	721.10	5086.30	16944.63	87.54	96.37	96.50
June	759.45	5312.50	17700.90	92.19	100.65	100.81
July	773.00	5367.60	17868.29	93.84	101.70	101.76
August	813.75	5402.40	17971.12	98.79	102.36	102.35
September	857.70	6029.95	20069.12	104.12	114.25	114.30
October	818.50	6017.70	20032.34	99.36	114.01	114.09
November	748.55	5862.70	19521.25	90.87	111.08	111.18
December	841.45	6134.50	20509.09	102.15	116.23	116.80
2011						
January	750.25	5505.90	18327.76	91.08	104.32	104.38
February	774.00	5333.25	17823.40	93.96	101.05	101.51
March	814.35	5833.75	19445.22	98.86	110.53	110.74

9. Stock Performance over the past few years :

Absolute Returns (In %)	1 Year	3 Years	5 Years
Aditya Birla Nuvo	-10.15%	-41.67%	8.87%
BSE Sensex	10.94%	24.29%	72.39%
NSE Nifty	11.14%	23.22%	71.45%

Annualised Returns (In %)	1 Year	3 Years	5 Years
Aditya Birla Nuvo	-10.15%	-16.45%	1.71%
BSE Sensex	10.94%	7.52%	11.51%
NSE Nifty	11.14%	7.21%	11.39%

10. Registrar and Transfer Agents

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

: In-house Share Transfer
Registered with SEBI as Category II - Share Transfer Agent (Registration No. INR 000001815)

Investor Service Centre
Registered Office: Indian Rayon Compound
Veraval 362 266, Gujarat, India
Tel: (02876) 245711; Fax: (02876) 243220
E-mail: abnlsecretarial@adityabirla.com

11. Share Transfer System

: Share transfers in physical form are registered normally within 2-3 days from the date of receipt, provided that the documents are complete in all respects.

Investor Relations & Finance Committee of the Board of Directors considers and approves transfer above 5,000 shares under one transfer deed. Further, certain officers of the Company have been authorised to approve transfers up to 5,000 shares under one transfer deed.

The total number of shares transferred in physical form during the year were 36456 (Previous Year: 38,722). Majority of transfers were completed within 5 days from the date of receipt.

Transfer period (in days)	2010-11			
	No. of transfers	No. of shares	%	Cumulative total %
1 - 5	648	25,604	71.44	71.44
6-10	51	1,375	5.62	77.06
11-15	45	1,320	4.97	82.03
16-20	46	3,977	5.07	87.10
21-30	117	4,180	12.90	100.00
TOTAL	907	36,456	100.00	100.00

No transfer pending as on 31st March, 2011

12. Investor Services:

- (a) The Investor Service Centre of the Company has been accredited with ISO 9001:2008 Certification for providing Investor and Secretarial Services by Intertek Systems Certifications, Ahmedabad with effect from 23rd August, 2010, for a period of three years.
- (b) Complaints received during the year :

Sr. No.	Nature of complaints	2010-11	
		Received	Cleared
1)	Relating to Transfer, Transmission, Duplicate	5	5
2)	Dividend, Interest, Redemption etc.	11	11
3)	Annual Report	3	3
4)	Demat - Remat	2	2
5)	Others	10	10
Total		31	31

13. Distribution of Shareholding as on 31st March, 2011:

No. of Equity shares held	No. of shareholders	% of shareholders	No. of shares held	% shareholding
1-100	122510	79.60	3,105,184	2.73
101-200	15881	10.32	2,257,396	1.99
201 - 500	10136	6.59	3,143,788	2.77
501-1000	3132	2.04	2,199,209	1.94
1001-5000	1875	1.22	3,508,613	3.09
5001-10000	130	0.08	914,724	0.81
10001 & above	232	0.15	98,380,815	86.67
Total	153,896	100.00	113,509,729	100.00

14. Categories of Shareholding as on 31st March, 2011:

Category	No. of shareholders	% of shareholders	No. of shares held	% shareholding
Promoters & Promoter group	21	0.02	57,944,697	51.05
UTI and other mutual funds	60	0.04	1,150,335	1.01
Banks, Financial Institutions and Insurance Companies	70	0.05	12,639,781	11.14
FII's	186	0.12	19,793,541	17.44
NRIs / OCBs	5562	3.61	1,174,116	1.03
GDRs*	4	0.00	3,222,993	2.84
Other Corporates	1844	1.20	3,558,133	3.13
Individuals	146149	94.96	14,026,133	12.36
Total	153896	100.00	113,509,729	100.00

* GDR includes 14,25,000 GDRs held by Promoter/Promoter group. One GDR represents one equity share in the Company.

- 15. Dematerialisation of Shares and Liquidity** : The shares of the Company are required to be compulsorily traded in the dematerialised form. The shares of the Company are admitted for trading under both the Depository Systems in India- NSDL and CDSL. A total of 1,09,753,668 Shares of the Company constituting 96.69 % of the Issued and Subscribed Share Capital were dematerialised as on 31st March, 2011
- The International Securities Identification Number (ISIN) allotted to the Company's Shares under the Depository System is INE069A01017.**
- 16. Details on use of public funds obtained in the Last three years** : Not Applicable
- 17. Outstanding GDR/ Warrants and Convertible Bonds, Conversion date and likely impact on Equity.** : Outstanding GDRs as on 31st March, 2011 are 32,22,993 amounting to 2.84% of outstanding paid-up equity capital of the Company. Each GDR represents one underlying Equity Share. The Company has also issued and allotted 1,85,00,000 warrants on preferential basis to the Promoter and Promoter Group Companies. These warrants, entitled the holder thereof to apply for and obtain allotment of one equity shares of the face value of ₹ 10/- each at a premium of ₹ 531.19 per share within a period of 18 months from the date of allotment. Out of the said 1,85,00,000 warrants, 80,00,000 warrants were converted into Equity Shares on exercise of option by the three allottees during the previous financial year. During the year, balance 1,05,00,000 warrants were also converted into Equity shares upon exercise of options by warrant holders on 21st December, 2010.
- Upon conversions of balance warrants into equity shares the Equity Capital increased by ₹ 10.50 Crores and Share Premium by ₹ 557.75 Crores.
- 18. Secretarial Audit** : As stipulated by Securities and Exchange Board of India (SEBI), a qualified Practicing Company Secretary carries out the Secretarial Audit (now Reconciliation of Share Capital Audit Report) to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to stock exchanges, NSDL and CDSL and is also placed before the Board of Directors.

19. Plant Locations:**Garments Division:****Madura Garments**

MG House (Regent-Gateway)
Plot No. 5B,
Doddanekkundi Industrial Area,
1 Stage, Krishnaraja Puram Hobli,
Brookefields,
Bangalore - 560 048.
Phone: +91-080-67271600
Fax: +91-80-67272626

Carbon Black Divisions:**Hi-Tech Carbon, Renukoot**

Murdhwa Industrial Area,
P.O. Renukoot-231 217,
Dist. Sonbhadra, Uttar Pradesh.
Phone:(05446) 252387-391
Fax: (05446) 252502 / 252858
E-mail: hitechr@adityabirla.com
Website: www.birlacarbon.com

Hitech Carbon, Gummidipoondi

K-16, Phase II, SIPCOT Industrial Complex,
P.O. Gummidipoondi - 601 201,
Dist. Tiruvallur - Tamil Nadu.
Phone: (044) 27989233-36
Fax: (044) 27989129 / 27989116
E-mail: htcgmpd@vsnl.com
Website: www.birlacarbon.com

Hi-Tech Carbon, Patalganga

Village: Lohop, Talavali, Patalganga,
Taluka: Khalapur,
Dist. Raigad - 410 207,
Maharashtra.
Website: www.birlacarbon.com

Textile Division:**Jaya Shree Textiles**

P.O. Prabhas Nagar - 712 249,
Dist. Hooghly, West Bengal.
Phone: (033) 26001200
Fax: (033) 26721683 / 26722626
E-mail: jayashree.abn@adityabirla.com

Rayon Division:**Indian Rayon**

Veraval-362 266,
Gujarat.
Phone:(02876) 245711/248401
Fax:(02876) 243220
E-mail: irilveraval@adityabirla.com

Fertiliser Division:**Indo Gulf Fertilisers**

P.O. Jagdishpur Industrial Area Dist.,
Sultanpur -227 817, Uttar Pradesh, India.
Phone: (05361) 270032-38
Fax: (05361) 270165 & 270595
E-mail: igfl@adityabirla.com
Website: birlashaktiman.in

Insulator Divisions:**Aditya Birla Insulators, Halol**

P.O. Meghasar, Taluka Halol,
Dist. Panchmahal, Gujarat - 389330.
Phone: (02676) 221002
Fax: (02676) 223375
E-mail: abi@adityabirla.com

Aditya Birla Insulators, Rishra

P.O. Prabhas Nagar, Rishra,
Dist. Hooghly-712 249,
West Bengal.
Phone:(033) 26723535
Fax: (033) 26722705
E-mail: abi@adityabirla.com

20. Investor Correspondence:

Other than Secretarial Matters	:	Chief Financial Officer Aditya Birla Nuvo Limited, Corporate Finance Division, A-4, Aditya Birla Centre, 4th Floor, S. K. Ahire Marg, Worli, Mumbai-400 030 Phone: (022) 6652 5000/2499 5000 Fax: (022) 6652 5821/2499 5821 E-mail: nuvo.cfd@adityabirla.com nuvo-investors@adityabirla.com
On Secretarial and Investor Grievances Matters	:	The Company Secretary Aditya Birla Nuvo Limited <u>Registered Office:</u> Investor Service Centre, Indian Rayon Compound, Veraval - 362 266, Gujarat, India. E-mail: abnlsecretarial@adityabirla.com <u>Corporate Office:</u> A-4, Aditya Birla Centre, S.K. Ahire Marg, Worli, Mumbai-400 030. Phone: (022) 6652 5585 Fax: (022) 6652 5821/2499 5821 E-mail: abnlsecretarial@adityabirla.com

21. Per Share Data:

	2010-11	2009-10	2008-09	2007-08	2006-07
Net Earnings (₹ Crore)	379.69	283.40	137.43	243.07	224.97
Cash Earnings (₹ Crore)	568.78	457.20	282.34	409.41	360.45
EPS (₹)	35.84	28.81	14.46	26.05	25.60
CEPS (₹)	53.69	46.48	29.72	43.88	41.02
Dividend Per Share (₹)	5.50 [@]	5.00	4.00	5.75	5.50
Dividend Payout (on Net Earnings) (%)	19.11	20.98	30.87	26.29	26.02
Book Value Per Share (₹)	475.79	452.52	433.82	423.51	334.87
Price to Net Earnings (NSE)	22.72	31.46	30.77	53.60	41.83
Price to Cash Earnings (NSE)	15.17	19.50	14.97	31.82	26.11
Price to Book Value (NSE)	1.71	2.00	1.03	3.30	3.20

[@] Recommended by the Board for approval of shareholders at the ensuing Annual General Meeting.

22. Investor Services :

1. Equity shares of the Company are under compulsory demat trading by all investors, with effect from 5th April, 1999. Considering the advantages of scripless trading, shareholders are requested in their own interest to consider dematerialisation of their shareholding so as to avoid inconvenience in future.
2. Non- Resident Shareholders.

Non-resident members are requested to immediately notify the following to the Company in respect of shares held in physical form and to their DPs in respect of shares held in dematerialized form:-

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

23. General Information :

1. Shareholders holding shares in physical form are requested to notify to the Company, change in their address/ Pin code number with proof of address and Bank Account details promptly by written request. Beneficial Owners of shares in demat form are requested to send their instructions regarding change of name, bank details, nomination, power of attorney etc. directly to their DP.
2. To prevent fraudulent encashment of dividend warrants, members are requested to provide their Bank Account details (if not provided earlier) to the Company (if shares are held in physical form) or to DP (if shares are held in demat form) as the case may be, for printing of the same on their dividend warrants.

3. In case of loss / misplacement of shares, investors should immediately lodge FIR/ Complaint with the Police and inform to the Company along with original or certified copy of FIR/ Acknowledged copy of Police complaint.
4. For expeditious transfer of shares in physical form, shareholders should fill in complete and correct particulars in the transfer deed. Wherever applicable, registration number of Power of Attorney should also be quoted in the transfer deed at the appropriate place.
5. Shareholders are requested to keep record of their specimen signature before lodgement of shares with Company to obviate the possibility of difference in signature at a later date.
6. Shareholders of the Company who have multiple accounts in identical name(s) or holding more than one Share Certificate in the same name under different Ledger Folio(s) in physical form are requested to apply for consolidation of such Folio(s) and sent the relevant Share Certificates to the Company.
7. Section 109A of the Companies Act, 1956 extends nomination facility to individuals holding shares in physical form in companies. Shareholders, in particular, those holding shares in single name, may avail the above facility by furnishing the particulars of their nominations in the prescribed Nomination Form, which can be downloaded from the website of the Company or obtained from the Share Department of the Company by sending written request through any mode including e-mail on abnlsecretarial@adityabirla.com
8. Shareholders are requested to visit the Company's website www.adityabirlanuvo.com for -
 - Information on investor services offered by the Company.
 - Downloading of various forms/ formats viz. Nomination form, ECS Mandate form, Indemnity, Affidavits etc.

- Registering your e-mail ID with the Company to receive Notice of General Meetings, Audited Financial Statement, Directors' Report, Auditors' Report etc. henceforth electronically.

9. NECS Facility :

In terms of a notification issued by the Reserve Bank of India, with effect from 1st October, 2009, remittance of Dividend through ECS is replaced by National Electronic Clearing Service (NECS). Banks have been instructed to move to the NECS platform. The advantages of NECS over ECS include faster credit of remittance to the beneficiary's account, coverage of more bank branches and ease of operations. NECS essentially operates on the new and unique bank account number, allotted by bank post implementation of Core Banking System of inward instructions and efficiency in handling bulk transactions.

To enable remittance of dividend through NECS, members are requested to provide their new account number allotted to them by their respective banks after implementation of Core Banking Solution (CBS). The account number must be provided to the Company in respect of shares held in physical form and to the depository participants in respect of shares held in electronic form.

10. Correspondence with the Company :

Shareholders/ Beneficial Owners are requested to quote their Folio No. / DP and Client ID Nos, as the case may be, in all correspondence with the Company. All correspondence regarding shares of the Company should be addressed to the Investor Service Centre of the Company at its Registered Office at Indian Rayon Compound, Veraval. Company has also designated an E-mail id abnlsecretarial@adityabirla.com for effective investor's services where they can register their complaints / queries to facilitate speedy and prompt redressal.

11. Green Initiative in Corporate Governance - Service of documents in Electronic Form :

Ministry of Corporate Affairs ("MCA") vide its circulars dated 21st April, 2011 and 29th April, 2011 has introduced a Green Initiative in the Corporate Governance, thereby allowing companies to serve documents through electronic mode.

Companies are now permitted to send various notices/ documents to its shareholders through electronic mode to the registered e-mail addresses of shareholders. Environment conservation and sustainable development are continuously on your Company's radar and therefore your Company supports MCA in this initiative. This will also ensure prompt receipt of communication and avoid loss in postal transit.

Keeping in view the underlying theme and circulars issued by MCA, your company proposes to send documents such as notices of general meeting(s), Annual Report and other shareholder's communications to you through E-mail. We therefore request and encourage all the shareholders to register their e-mail id with the Company or their Depository Participant as the case may be, if not already done.

Please note that these documents shall be available on Company's website and shall also be kept open for inspection at the registered office of the Company during office hours.

In case you wish to receive the above documents in physical mode (which shall be made available to you free of cost), you are requested to exercise your option by visiting the home page on the company's website www.adityabirlanuvo.com at the link "**Important Message to Shareholders-Green Initiative**", while registering your mail id. Alternatively, you can send an e-mail to abnlsecretarial@adityabirla.com to register your option for receiving the documents/ reports in physical form.

We solicit your cooperation and support in our endeavor to contribute our bit to the environment.

12. Shareholders are requested to give their suggestions for improvement of our investor services.

13. Cost Audit Reports :

The Cost Audit Reports for the Financial year 2010-11 were required to be filed

within 180 days from the close of the Company's financial year as per Rule 4 & 5 of the Cost Audit (Report) Rules, 2001 and Section 233B(4) of the Companies Act, 1956.

Details of the Cost Audit reports filed during the year in compliance with the requirements under General Circular 15/2011 dated 1st April, 2011 of Ministry of Corporate Affairs are tabled below :-

Product	Date of Filing
Viscose Filament Rayon Yarn	27 th August, 2010
Chemicals	
a) Sulphuric Acid	27 th August, 2010
b) Caustic Soda	27 th August, 2010
c) Carbon Black :-	
1. Renukoot	27 th August, 2010
2. Gummidipoondi	2 nd September, 2010
Fertilisers	2 nd September, 2010
Textiles	8 th September, 2010

In the last two decades, India as a nation has been successful in pulling up a significant number of people from below the poverty line. Unfortunately, we still have a quite a large number of our people living below the poverty line – that is on less than US \$ 1.25 a day. This is a problem. The Government of India has an ambitious vision for inclusive growth. There is the overwhelming challenge to improve the lives of the poor. However much it hurts, we have to reckon with the fact that we have the largest concentration of the poor in the world. Today, more than ever it is necessary to look into societal issues and it behoves corporates to proactively partner with the government to see that inclusive growth happens.

At our Group, caring for the underserved is a legacy and an unwritten edict that has been followed by generation after generation. And your Company is proud to be a part of this legacy.

As you may be aware, your Company's endeavours to bring in inclusive growth are channelized through the Aditya Birla Centre for Community Initiatives and Rural Development, of which, your Director, Mrs. Rajashree Birla is the Chairperson.

We take immense pride in sharing with you that this year the President of India bestowed the

Padma Bhushan Award on Mrs. Birla in recognition of her exemplary social work. She was also the recipient of the Golden Peacock Life Time Achievement Award for Community Development, which she received in Portugal at the hands of the honorable former Prime Minister of Sweden Mr. Ola Ullsten.

A SNAPSHOT OF YOUR COMPANY'S WORK –

Your Company's CSR Activities are concentrated in 1,082 villages in proximity to its Plants at Indo Gulf Fertilisers (Jagdishpur in Uttar Pradesh), Indian Rayon (Veraval in Gujarat), Jaya Shree Textiles (Rishra in Kolkata), Hi Tech Carbon (Renukoot in Uttar Pradesh, Gummidipoondi in Tamil Nadu and Patalganga in Maharashtra) and Aditya Birla Insulators (Halol, Gujarat).

HEALTH CARE:

Through our medical camps, we reached out to 31,365 villagers for general health checkups. Those afflicted with serious ailments were referred to our hospitals.

At the eye camps organized by us, 1,986 patients at Veraval and Jagdishpur were treated for cataract. At Indo Gulf's skin care centre at Jagdishpur 4,647 patients were attended to. Alongside, 44 leprosy were released from treatment, as they were completely cured.



More than 1,126 truck drivers their helpers and migrant workers were sensitized to the dangers of HIV/AIDS.

MOTHER AND CHILD HEALTH CARE:

Over 5.9 lakh polio doses were administered to children and 1.80 lakh children were immunized against tuberculosis, diphtheria, tetanus and measles. Over 2.14 lakh women took advantage of the anti-natal, post natal, mass immunization, nutrition and escort services for institutional delivery. These form part of our Reproductive and Child Health Care programmes. In sessions on adolescent health care, responsible schooling, forming positive relationship with parents, over 1,08,200 girls and parents were actively engaged.

As a result of our intensive motivation drive towards responsible family raising 783 couples opted for planned families at Veraval, Renukoot and Patalganga.

EDUCATION:

Through our collaboration with CARE, a global NGO, nearly 13,000 children were enlisted this

year at our Balwadis, in Jagdishpur. Additionally, 171 tribal children received free education at the Aditya Birla Primary School at Renukoot. Uniforms, books and bags have been distributed to 735 children in rural areas close to our Plants.

At Gummidipoondi, Halol and Veraval 297 students were trained in Office Applications (MS Office and Tally) through Digital literacy programme. At Jagdishpur 1,323 students participated in the Company's Talent Search Programme.

To focus on the girl child, our units support the cause of Girl child education through their engagement with the Kasturba Gandhi Balika Vidhyalayas (KGBV) – residential schools for girls. This year, we were able to enlist 755 girls who had dropped out from the education stream, mid-way to 10 Kasturba Gandhi Balika Vidhyalayas, supported by us.

SAFE DRINKING WATER AND SANITATION:

To take water to the villagers, over 577 hand pumps have been installed in villages. We also constructed 291 individual household toilets at Veraval and Gummidipoondi.



Her Excellency, the President of India, Smt. Pratibha Patil bestowing the coveted Padma Bhushan Award on Smt. Rajashree Birla.

SUSTAINABLE LIVELIHOOD:

The 41 students trained at the Birla Shaktiman Vocational Training Centre (Jagdishpur) have become entrepreneurs. At Bangalore, Gummidipoondi, Renukoot, Rishra, Veraval and Jagdishpur over 989 women trained by us have set up tailoring and zardosi embroidery shops and provision stores. In Gummidipoondi, 150 women are trained in embroidery, tailoring, floriculture, phenyl making and paper bags to create sustainable livelihoods for them.

To promote sustainable agriculture at Veraval, Renukoot and Jagdishpur 150 farmer groups covering 1,500 farmers have been formed through a robust linkage with NABARD. At Renukoot and Veraval 260 farmers have been trained in organic composting.

At Veraval – Mr. Arjanbhai Barad and Mr. Ranjit Barad (Chamoda village),

Mr. Devdasbhai (Umralla village) supported by your CSR team for various agriculture activities have received the best farmer award from the Gujarat Government. They have also got a cash prize of Rs 25,000/- each.

SELF HELP GROUPS AND INCOME GENERATION:

Our 500 self help groups empower 7,500 women. Most of these SHGs have been with the economic schemes of NABARD and the District Industries Centre.

INFRASTRUCTURE DEVELOPMENT:

The 83 ponds / check dams and bore-wells constructed, help conserve water and supports agriculture. Minor irrigation facilities provided, benefit 191 farmers.

The renovation of 84 Government Primary Schools at Jagdishpur as well as adding additional facilities at the Aditya Bal Vidya Mandir in Renukoot have drawn more children to the schools.

The installation of 1,044 solar lamps has been a boon to tribal students in Renukoot.

IN SUM:

Mainstreaming CSR into our businesses and delivering societal value has given us tremendous profits, albeit of a different kind – the turnaround of human lives, lifting tens of thousands of people out of stark poverty. There is a newfound dignity among them. What more can one ask for?



"The threats that the world faces on environment conservation are indeed alarming. Let me highlight a few. For instance, the burgeoning population. The world's population will reach 7 billion this year, posing greater challenges to humanity than ever before. This puts enormous pressure on the finite resources of the universe. Today, we are confronted with multiple issues such as climate change, the emission of greenhouse gases, the severity of droughts, floods, rising sea levels, their devastating impact on mankind, and our ability to pursue sustainable development. We, in India, are not insulated from these problems. Keeping the bigger picture in mind, we have to ask ourselves, how hard can we step on the resources of the planet?"

Long before sustainability and environment conservation became buzzwords, we as a Group operated and continue to operate our businesses as Trustees with a deep rooted obligation to synergize growth with responsibility. Even as we build a robust business model for long-term growth, texturing sustainable development within its ambit is part of our process. Environment conservation and sustainable development are always on our radar. Social and environmental

practices in our Group entail the simultaneous creation of economic, environmental and social value, and taking these practices far beyond compliance. Over the last decade, these measures have been institutionalised. Consequently, these are integrated into our business strategies and in our endeavours to foster inclusive growth as well."

— Mr. Kumar Mangalam Birla

Your Company is committed to conserve the Environment, and its eco-friendly approach is evident across all spheres of its operations. All processes and systems relating to environmental conservation are in place. Our major focus areas are Waste Management, Energy Management, Water Conservation, Biodiversity Management, Afforestation and Reduction in Emissions. State-of-the-art automated industrial and domestic effluent treatment plants and dust control systems are in operation.

Recycled water is used for horticulture and other utilities.

All of your Company's plants - the Rayon Plant at Veraval, Jaya Shree Textiles at Rishra, the Carbon Black Plants at Renukoot and Gummidipoondi, the

Insulator Plants at Rishra and Halol are all ISO 14000 EMS certified. Your Company's plants have also received the OHSAS 18001 Certification for Safety Management Systems and are SA 8000 certified for Social Accountability Standards.

Your Company's Rayon plant's energy conservation project registered with the Chicago Climate Exchange Carbon Offset Programme for the reduction of greenhouse gases, which has been commended. The Rayon division has been granted 55,700 tons of CO₂ equivalent Carbon Financial Instruments (CFI).

Indian Rayon's Caustic Division is reckoned as a benchmark plant with the lowest rate of solid waste per tonne of production and specific power consumption. Sodium sulphide is made from hydrogen sulphide and sodium hypochlorite is produced from waste chlorine. Your Company uses hydrogen gas to produce caustic flakes. It is one of the cleanest fuels for the Flakers Furnace and this results in CO₂ elimination.

In recognition of its commitment to environment conservation, the Ministry of Environment & Forests (Government of India) has conferred the 'Rajiv Gandhi Environment Award for Prevention of Pollution' upon Indian Rayon, Veraval. This division was also the recipient of the 'Greentech Environment Excellence Gold Award'.

The Insulators Plants among the recent initiatives undertaken, include the installation of a High

Efficiency Vacuum System for dust control and the upgradation of the effluent treatment plant.

Jaya Shree Textiles, Rishra, has already received carbon credits under the UNFCCC's Clean Development Mechanism (CDM) Project. Yet another project deserving carbon credits is under consideration.

At Hi-Tech Carbon, Gummidipoondi, the settling pond area has been significantly modified to ensure the effective use of waste water. Some of the molasses preparation tanks have been replaced to stem leakages. In reactors scaling of the hot air line insulation processes and higher scrubbers ducts have contributed to energy conservation.

At Indo Gulf Fertiliser, top priority has been accorded to water conservation and reuse to conserve fresh water. A recharge pond of considerable capacity is being developed as part of the rain water harvesting project. The rain water so stored will be used for recharging the aquifer.

Your Company continues to extend the Green Belt Cover in all of its plant locations. The greenery encircling our plants, the swaying palms, the colourful flowerbeds and the constant chirping of the birds, show nature at its best.

Our Board, our Management and all our colleagues are committed to living in harmony with nature.

**To
The Members of
Aditya Birla Nuvo Limited**

1. We have audited the attached Balance Sheet of **Aditya Birla Nuvo Limited** ('the Company') as at March 31, 2011, and also the Profit and Loss Account, 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 (as amended) ('the Order'), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ('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. The Branch Auditor's Report have been forwarded to us and have been appropriately dealt with in this report;
 - iii. The Balance Sheet, Profit and Loss Account, and Cash Flow Statement dealt with by this report are in agreement with the books of account and with audited returns from the branches;
 - iv. In our opinion, the Balance Sheet, Profit and Loss Account, and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - v. On the basis of written representations received from the directors as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011, from being appointed as director in terms of Section 274 (1)(g) of the Act;

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, 2011;
 - b) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - c) in case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For Khimji Kunverji & Co.
Firm Registration No. 105146W
Chartered Accountants

Per Shivji K. Vikamsey
Partner
Membership No. 2242

Place: Mumbai
Date: May 30, 2011

For S.R. Batliboi & Co.
Firm Registration No. 301003E
Chartered Accountants

Per Vijay Maniar
Partner
Membership No. 36738

Place: Mumbai
Date: May 30, 2011

Annexure referred to in paragraph 3 of our report of even date**Re: Aditya Birla Nuvo Limited**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a phased programme for 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) There was no substantial disposal of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures 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) (a) As informed, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Hence, clauses (iii)(b), (c) and (d) of the Order are not applicable.
- (e) As informed, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Hence, clauses (iii)(f) and (g) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets, and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) (a) According to the information and explanations provided to us, there have been no transactions which need to be entered in the register maintained under Section 301 of the Act. Hence, clause (v) (b) of the Order is not applicable to the Company.
- (vi) In respect of deposits accepted, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of Sections 58A, 58AA or any other relevant provisions of the Act and the rules framed there under, to the extent applicable, have been complied with. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account 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, in respect of the Company's products to which said rules are made applicable and are of the opinion that *prima facie*, the prescribed accounts and records have been made and 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, customs duty, excise duty, cess and other material statutory dues applicable to it. Further, since the Central Government has till date not prescribed the amount of cess payable under Section 441A of the Act, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess

and other undisputed statutory dues outstanding at the year end, for a period of more than six months from the date they became payable.

- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the Statute	Natures of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount (Rs. in Crore)
Central Excise Act	Excise Duty including Interest and Penalty	Tribunals	1985-86 to 2005-06, 2007-08	2.69
		Commissioner (Appeals)	1989-90 to 2009-10	11.51
		High Court(s)	1977-78	0.02
		Assessing Authorities	1984-85 to 2010-11	2.89
Sales Tax Act	Sales Tax/ Purchase Tax including Interest and Penalty	Tribunals	1981-82 to 1986-87, 1999-00 to 2003-04, 2004-05	0.33
		Joint Commissioner (Appeals)	2001-02	0.21
		Additional Commissioner (Appeals)	2000-01, 2001-02, 2006-07, 2009-10	17.90
		Commissioner (Appeals)	2000-01, 2001-02, 2006-07	0.07
		Deputy Commissioner (Appeals)	2004-05, 2005-06, 2006-07, 2009-10	1.25
		High Court(s)	2002-03	0.21
		Assessing Authorities	1988-89, 1994-95 to 2007-08	6.74
	Entry Tax Demand and Interest	Joint Commissioner (Appeals)	2002-03 to 2004-05, 2008-09	102.57
Textile Committee Act	Textile Cess	Tribunals	1980-81 to 1998-99	0.63
		Assessing Authorities	1998-99 to 2004-05	0.65
Value Added Tax	Tax Demand and Interest/ Non-submission of Forms	Tribunals	2005-06 to 2006-07	0.06
		Additional Commissioner (Appeals)	2008-09	0.03
		Assessing Authorities	2005-06 to 2007-08	0.78
Custom Act	Tax Demand and Interest	Tribunals	2003-04	0.11
		High Court(s)	1975-76, 1976-77, 1986-87, 2001-02	0.39
Employees' State Insurance Act	Employees' State Insurance Dues	Tribunals	1998-99 and 2002-03 to 2005-06	0.07
Electricity Tax	Tamil Nadu Electricity Tax	High Court(s)	1998-99 to 2002-03	4.62
		Assessing Authorities	2002-03 to 2004-05	0.70
Finance Act, 1994 (Service Tax)	Service Tax	Tribunals	2003-04, 2004-05	1.36
		Assessing Authorities	2001-02 to 2005-06	0.38
U.P Trade Tax Act, 1948	Tax Demand and Interest	Tribunals	2002-03	0.07
		Additional Commissioner (Appeals)	2007-08	0.01

- (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 by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debentureholder.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (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 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 the Order are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by others from banks or financial institutions, the terms and conditions whereof in our opinion are not *prima facie* prejudicial to the interest of the Company.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us 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) The Company has made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the Company.
- (xix) According to the information and explanations given to us, during the period covered by our audit report, the Company has issued 20,000,000 unsecured debentures of Rs.100 each on which no security or charge is required to be created.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) Based upon the audit procedures performed and information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For Khimji Kunverji & Co.

Firm Registration No. 105146W
Chartered Accountants

Per Shivji K. Vikamsey

Partner
Membership No. 2242

Place: Mumbai
Date: May 30, 2011

For S.R. Batliboi & Co.

Firm Registration No. 301003E
Chartered Accountants

Per Vijay Maniar

Partner
Membership No. 36738

Place: Mumbai
Date: May 30, 2011

₹ Crore

	Schedule	As at 31-Mar-2011	As at 31-Mar-2010
SOURCES OF FUNDS			
Shareholders' Funds:			
Share Capital	1	113.61	103.11
Share Warrants (Refer Note 3 of Schedule 20)		—	142.07
Employee Stock Options Outstanding (Refer Note 4 of Schedule 20)		4.14	2.13
Reserves and Surplus	2	5,283.00	4,414.20
		5,400.75	4,661.51
Loan Funds:			
Secured Loans	3	1,380.61	2,074.85
Unsecured Loans	4	1,906.59	1,565.17
		3,287.20	3,640.02
Deferred Tax Liabilities (Refer Note 11 of Schedule 20)		173.61	178.47
Total Funds Employed		8,861.56	8,480.00
APPLICATION OF FUNDS			
Fixed Assets:			
Gross Block	5	3,953.59	3,564.71
Less: Accumulated Depreciation		2,183.55	2,012.49
Net Block		1,770.04	1,552.22
Capital Work-in-Progress		87.96	263.06
		1,858.00	1,815.28
Investments			
Current Assets, Loans and Advances:			
Inventories	7	1,203.24	876.34
Sundry Debtors	8	1,156.25	693.33
Cash and Bank Balances	9	21.31	14.31
Other Current Assets (Refer Note 23 of Schedule 20)		20.30	29.33
Loans and Advances	10	497.47	622.85
		2,898.57	2,236.16
Less: Current Liabilities and Provisions:	11		
Current Liabilities		1,233.92	889.03
Provisions		138.49	118.26
		1,372.41	1,007.29
Net Current Assets		1,526.16	1,228.87
Total Funds Utilised		8,861.56	8,480.00
Significant Accounting Policies and Notes on Accounts	20		

As per our attached Report of even date

For KHIMJI KUNVERJI & CO.
Firm Registration No. 105146W
Chartered Accountants

For S.R. BATLIBOI & CO.
Firm Registration No. 301003E
Chartered Accountants

For and on behalf of Board of Directors

DR. RAKESH JAIN
Managing Director

TARJANI VAKIL
G.P. GUPTA
B.R. GUPTA
Directors

SUSHIL AGARWAL
Chief Financial Officer

Per SHIVJI K. VIKAMSEY
Partner
Membership No. 2242

Per VIJAY MANIAR
Partner
Membership No. 36738

DEVENDRA BHANDARI
Company Secretary

Mumbai, May 30, 2011

	Schedule	Year Ended 31-Mar-2011	₹ Crore Year Ended 31-Mar-2010
INCOME			
Income from Operations	12	6,699.06	4,985.97
Less: Excise Duty		254.53	158.50
Net Income from Operations		6,444.53	4,827.47
Other Income	13	58.01	70.79
		6,502.54	4,898.26
EXPENDITURE			
(Increase)/Decrease in Stocks	14	(163.28)	5.06
Cost of Materials	15	3,549.21	2,391.20
Salaries,Wages and Employee Benefits	16	480.66	348.33
Manufacturing, Selling and Other Expenses	17	1,665.84	1,319.17
		5,532.43	4,063.76
Profit before Interest, Depreciation/Amortisation and Tax		970.11	834.50
Interest and Finance Expenses	18	281.08	334.10
Profit before Depreciation/Amortisation and Tax		689.03	500.40
Depreciation/Amortisation		193.95	180.10
Profit before Tax		495.08	320.30
Provision for Taxation	19	115.39	36.90
Net Profit after Tax		379.69	283.40
Balance brought forward		17.18	86.03
Amount Transferred on account of Scheme of Arrangement (Refer Note 5 of Schedule 20)		—	(139.60)
Profit Available for Appropriation		396.87	229.83
APPROPRIATIONS			
Debenture Redemption Reserve		46.11	53.19
General Reserve		250.00	100.00
Proposed Dividend on Preference Shares		0.01	₹
Proposed Dividend on Equity Shares		62.43	51.51
Tax on Dividend		10.13	7.95
Surplus Carried to Balance Sheet		28.19	17.18
		396.87	229.83
Basic Earnings per Share - ₹		35.84	28.81
Diluted Earnings per Share - ₹	(Refer Note 12 of Schedule 20)	34.98	27.62
(Face Value of ₹ 10 each)			
Significant Accounting Policies and Notes on Accounts	20		

Schedules referred to above form an integral part of the Profit and Loss Account

As per our attached Report of even date

For KHIMJI KUNVERJI & CO.
Firm Registration No. 105146W
Chartered Accountants

For S.R. BATLIBOI & CO.
Firm Registration No. 301003E
Chartered Accountants

For and on behalf of Board of Directors

DR. RAKESH JAIN
Managing Director

TARJANI VAKIL
G.P. GUPTA
B.R. GUPTA
Directors

SUSHIL AGARWAL
Chief Financial Officer

Per SHIVJI K. VIKAMSEY
Partner
Membership No. 2242

Per VIJAY MANIAR
Partner
Membership No. 36738

DEVENDRA BHANDARI
Company Secretary

Mumbai, May 30, 2011

	Numbers	As at 31-Mar-2011	₹ Crore As at 31-Mar-2010
SCHEDULE 1			
SHARE CAPITAL			
Authorised:			
Equity Shares of ₹ 10/- each	175,000,000 (175,000,000)	175.00	175.00
Redeemable Preference Shares of ₹ 100/- each	500,000 (500,000)	5.00	5.00
Total		180.00	180.00
Issued, Subscribed and Paid-up:			
EQUITY SHARE CAPITAL			
Equity Shares of ₹ 10/- each fully paid-up*	113,509,729 (103,009,542)	113.51	103.01
PREFERENCE SHARE CAPITAL			
6% Redeemable Cumulative Preference Shares of ₹ 100/- each, fully Paid-up.+	10,000 (10,000)	0.10	0.10
		113.61	103.11

1. * Includes:

- 24,989,914 equity shares (Previous Year: 24,989,914) allotted as fully paid-up pursuant to contracts for consideration other than cash.
 - 23,375,235 equity shares (Previous Year: 23,375,235) issued as bonus shares by Capitalisation of Reserves and Securities Premium.
 - 3,222,993 equity shares (Previous Year: 3,262,792) represented by Global Depository Receipts.
2. Outstanding Warrants exercisable into Equity Shares NIL (Previous Year: 10,500,000) of ₹ 10/- each (Refer Note 3 of Schedule 20).
3. Pursuant to the provisions of Section 206A of the Companies Act, 1956, the issue of following equity shares are kept in abeyance:

Particulars	No. of Shares	
	31-Mar-2011	31-Mar-2010
Rights Issue (1994)	12,635	12,635
Bonus Shares on above	6,318	6,318
Rights Issue (2007)	23,972	24,159
	42,925	43,112

4. Employee Stock Options exercisable into 195,426 (Previous Year: 208,632) Equity Shares of ₹ 10/- each are outstanding (Refer Note 4 of Schedule 20).
5. + In Accordance with the Composite Scheme of Arrangement, 10,000 6% Redeemable Cumulative Preference Share of ₹ 100/- each fully paid-up (Previous Year: 10,000) were issued to preference shareholders (other than the Company) of Peter England Fashions and Retail Limited. These preference shares are redeemable by the Company at any time after completion of one year and on or before completion of five years from the 1st January, 2010, at the face value (Refer Note 5 of Schedule 20).
6. Figures in brackets represent corresponding number of shares for Previous Year.

₹ Crore

**SCHEDULE 2
RESERVES AND SURPLUS**

	Opening as at 1-Apr-2010	Additions	Deductions/ Adjustments	Balance as at 31-Mar-2011
Capital Reserve	262.69	3.93	—	266.62
Capital Redemption Reserve	8.46	—	—	8.46
Debenture Redemption Reserve	69.47	46.11	—	115.58
Securities Premium Account	1,928.14	557.75	—	2,485.89
General Reserve	2,108.31	250.00	—	2,358.31
Investment Reserve	19.95	—	—	19.95
Surplus as per Profit and Loss Account	17.18	11.01	—	28.19
	<u>4,414.20</u>	<u>868.80</u>	<u>—</u>	<u>5,283.00</u>
Previous Year +	<u>3,647.22</u>	<u>1,026.32</u>	<u>259.34</u>	<u>4,414.20</u>

+ Deduction/Adjustment for previous year includes ₹ 259.33 Crore due to Scheme of Arrangement.

	As at 31-Mar-2011	As at 31-Mar-2010
SCHEDULE 3 SECURED LOANS		
Non-Convertible Debentures	—	110.00
Loans from Banks	1,048.71	1,606.52
Other Loans:		
Deferred Sales Tax Loan	70.71	78.99
Others	261.19	279.34
Refer Note 6 of Schedule 20	<u>1,380.61</u>	<u>2,074.85</u>

**SCHEDULE 4
UNSECURED LOANS**

	As at 31-Mar-2011	As at 31-Mar-2010
Fixed Deposits	—	0.82
Short Term Loans From: *		
Banks	851.85	657.18
Commercial Paper	—	96.90
[Maximum balance outstanding during the year ₹ 385.00 Crore (Previous Year: ₹ 1,000.00 Crore)]		
Other Loans From:		
Banks	264.74	220.27
Non-Convertible Debentures*	790.00	590.00
Refer Note 6 of Schedule 20	<u>1,906.59</u>	<u>1,565.17</u>
* Includes amounts repayable within one year	<u>1,241.85</u>	<u>804.89</u>

**SCHEDULE 5
FIXED ASSETS**

₹ Crore

	Gross Block			Depreciation/Amortisation			Net Block		
	Opening as at 1-Apr-2010	Additions for the Year	Deduction/ Adjustments	As at 31-Mar-2011	Opening as at 1-Apr-2010	For the Year	Deduction/ Adjustments	As at 31-Mar-2011	As at 31-Mar-2010
Tangible Assets									
Land									
Freehold	10.52	16.55	—	27.07	—	—	—	27.07	10.52
Leasehold	28.86	4.27	—	33.13	1.97	0.25	—	30.91	26.89
Railway Siding Buildings	5.84	—	—	5.84	5.55	—	—	0.29	0.29
Freehold	300.62	35.67	—	336.29	76.22	8.91	—	251.16	224.40
Leasehold	3.00	0.01	0.18	2.83	0.98	0.15	—	1.70	2.02
Leasehold Improvements	9.34	—	—	9.34	2.40	1.11	—	5.83	6.94
Plant and Machinery	2,743.20	320.57	20.28	3,043.49	1,609.62	137.21	17.34	1,314.00	1,133.58
Furniture, Fixtures and Equipment	212.85	31.25	3.28	240.82	127.71	32.41	2.88	83.58	85.14
Vehicles and Aircraft	23.65	7.54	3.78	27.41	12.98	3.23	2.77	13.97	10.67
Livestock	0.01	—	0.01	—	0.01	—	0.01	—	—
Intangible Assets									
Goodwill	20.41	—	—	20.41	—	—	—	20.41	20.41
Trademark/Brands/ Technical Know-how	173.89	—	—	173.89	153.15	5.31	—	15.43	20.74
Specialised Software	32.52	0.55	—	33.07	21.90	5.48	—	5.69	10.62
Total	3,564.71	416.41	27.53	3,953.59	2,012.49	194.06	23.00	1,770.04	1,552.22
Previous Year	3,290.16	311.57	37.03	3,564.71	1,813.95	180.26	(18.27)	1,552.22	

Notes:

- Gross Block of Fixed Assets Includes:
 - Assets held under co-ownership — Leasehold Land ₹ 19.56 Crore (Previous Year: ₹ 18.23 Crore), Buildings ₹ 23.85 Crore (Previous Year: ₹ 23.85 Crore), Furniture, Fixtures and Equipment ₹ 7.91 Crore (Previous Year: ₹ 7.79 Crore) and Vehicles and Aircraft ₹ 6.83 Crore (Previous Year: ₹ 6.83 Crore).
 - Buildings include ₹ 8.19 Crore (Previous Year: ₹ 8.19 Crore) being cost of Debentures and Shares in a company entitling the right of exclusive occupancy and use of certain premises.
- The Company has made an application for exemption under Section 20 of the Urban Land (Ceiling & Regulation) Act, 1976, for excess land of 4.25 acres (Previous Year: 4.25 acres) at Rishra.
- Previous year figures include addition of ₹ 183.79 Crore in Gross Block and ₹ 45.80 Crore in Accumulated Depreciation on account of Scheme of Arrangement.
- Based on Written down Value, the balance period of amortisation of material intangible asset — Brands 30 months.

					₹ Crore
	Face Value	Number	As at 31-Mar-2011	Number	As at 31-Mar-2010
SCHEDULE 6					
INVESTMENTS					
LONG TERM INVESTMENTS					
Government Securities					
National Saving Certificates (Unquoted)		—	₹	—	₹
Trade Investments					
QUOTED					
Equity Shares:					
Hindalco Industries Limited	1	33,506,337	201.48	33,506,337	201.48
IDEA Cellular Limited	10	837,526,221	2,355.81	837,526,221	2,355.81
UNQUOTED					
Equity Shares:					
Birla Securities Limited [Net of provision in diminution in value of ₹ 2.52 Crore (Previous Year: ₹ 2.52 Crore)]	10	495,800	₹	495,800	₹
Aditya Birla Science & Technology Limited	10	2,400,000	2.40	2,400,000	2.40
Birla Management Centre Services Limited	10	7,000	₹	7,000	₹
Aditya Birla Port Limited	10	100,000	0.10		
Preference Shares:					
3.50% Cumulative Redeemable Preference Shares of Aditya Birla Health Services Limited #	100	1,500,000	15.00	1,500,000	15.00
8.0% Preference Shares of Birla Management Centre Services Limited	10	200	₹	200	₹
Investment in Subsidiary Companies:					
UNQUOTED					
Equity Shares:					
Aditya Vikram Global Trading House Limited, Mauritius	US\$ 1	150,000	0.65	850,000	3.70
Aditya Birla Minacs Worldwide Limited	1	20,738,378	218.78	20,738,378	218.78
Aditya Birla Financial Services Private Limited	10	110,000,000	110.00	110,000,000	110.00
Aditya Birla Money Mart Limited	10	—	—	20,000,000	24.08
Aditya Birla Finance Limited	10	—	—	75,000,000	75.00
Birla Sun Life Insurance Company Limited	10	1,457,430,000	1,814.13	1,457,430,000	1,814.13
ABNL Investment Limited	10	21,000,000	21.00	21,000,000	21.00
Madura Garments Lifestyle Retail Company Limited	10	10,000,000	10.00	10,000,000	10.00
Peter England Fashions and Retail Limited	10	500,000	0.50	500,000	0.50
Aditya Birla Minacs IT Services Limited	10	6,461,402	107.65	6,261,035	106.44
Indigold Trade and Services Limited (Indigold) (formerly known as Madura Garments International Brand Company Limited) (Subsidiary w.e.f. 30th June, 2010)	10	999,997	1.00	999,997	1.00
LIL Investment Limited (Subsidiary of Indigold w.e.f. 30th June, 2010)	10	389,500	0.39	1,024,997	1.03
Shaktiman Mega Food Park Private Limited	10	9,400	0.01	—	—

	Face Value	Number	As at 31-Mar-2011	Number	₹ Crore As at 31-Mar-2010
Preference Shares:					
Aditya Birla Minacs IT Services Limited 7% Cumulative, Redeemable Preference Shares	100	1,500,000	15.00	1,500,000	15.00
Aditya Birla Finance Limited 7.00% Compulsory Convertible Cumulative Preference Shares	10	—	—	25,000,000	25.00
7.50% Compulsory Convertible Cumulative Preference Shares	10	—	—	25,000,000	25.00
Madura Garments Lifestyle Retail Company Limited 8% Cumulative Redeemable Preference Shares	10	10,000,000	10.00	10,000,000	10.00
Peter England Fashions and Retail Limited 8% Cumulative Redeemable Preference Shares	10	500,000	0.50	500,000	0.50
Aditya Birla Financial Services Private Limited 0.01% Compulsory Convertible Preference Shares	10	540,000,000	540.00	400,000,000	400.00
Total Long Term Investments			5,424.40		5,435.85

CURRENT INVESTMENTS**Unquoted, Non-Trade and Fully Paid-Up:**

Units of Mutual Funds	10.00		53.00		—
Total Current Investments			53.00		—
GRAND TOTAL			5,477.40		5,435.85

Aggregate Book Value	- Quoted	2,557.29	2,557.29
	- Unquoted	2,920.11	2,878.56
Aggregate Market Value	- Quoted	6,352.51	6,093.10

	Number	Number
Units of various Mutual Funds schemes purchased and redeemed during the year:	4,256,784,590	7,236,492,901

- # Each Preference Share is optionally convertible into 10 Equity Shares of ₹ 10/- each fully paid-up on the expiry of a period of 15 years from the date of allotment.
- All Shares are fully paid-up, unless otherwise stated.
 - Refer Note 8 of Schedule 20.

	As at 31-Mar-2011	₹ Crore As at 31-Mar-2010
SCHEDULE 7		
INVENTORIES		
Finished Goods	441.12	293.72
Stores and Spares [Includes Goods in Transit ₹ 1.08 Crore (Previous Year: ₹ 0.31 Crore)]	101.42	99.04
Raw Materials [Includes Goods in Transit ₹ 1.74 Crore (Previous Year: ₹ 1.89 Crore)]	578.26	416.33
Work in Progress	81.98	67.09
Waste/Scrap	0.46	0.16
	1,203.24	876.34

	As at 31-Mar-2011	₹ Crore As at 31-Mar-2010
SCHEDULE 8		
SUNDRY DEBTORS*		
(Unsecured except otherwise stated)		
Due for period exceeding six months		
Considered Good	23.72	36.21
Considered Doubtful	6.31	15.14
Due for less than six months#		
Considered Good	1,132.53	657.12
Considered Doubtful	—	0.02
Less: Provision for Doubtful Debts	(6.31)	(15.16)
	1,156.25	693.33
* Includes amount in respect of which the Company holds deposits and Letters of Credit/Guarantees from Banks.	103.93	55.89
# Includes subsidy receivable from Government of India ₹ 289.24 Crore (Previous Year: ₹ 108.28 Crore).		
SCHEDULE 9		
CASH AND BANK BALANCES		
Cash in Hand	1.39	0.91
Cheques in Hand	8.57	1.65
Balances with Scheduled Banks:*		
Current Accounts	10.79	10.56
Deposit Accounts	0.53	1.13
Balances with Non-Scheduled Bank:		
On Current Account — (HSBC Bank, UK)#	0.03	0.06
	21.31	14.31
* Includes balance pertaining to Right Issue Refund Order	0.06	0.07
* Includes balance pertaining to Unclaimed Dividend	2.51	2.39
# Maximum amount due at any time during the year (HSBC Bank, UK)	3.44	1.92
SCHEDULE 10		
LOANS AND ADVANCES		
(Unsecured, Considered Good, except otherwise stated)		
From Subsidiary Companies	62.76	199.48
Advances recoverable in cash or in kind or for value to be received+ [Net of Doubtful, fully provided ₹ 2.10 Crore (Previous Year: ₹ 1.88 Crore)]	220.27	155.13
Deposits+ [Net of Doubtful, fully provided ₹ 1.35 Crore (Previous Year: ₹ 2.31 Crore)]	154.54	129.59
Balances with Central Excise, Customs and Port Trust, etc. [Net of Doubtful, fully provided ₹ 3.04 Crore (Previous Year: ₹ 3.04 Crore)]	58.96	106.35
Advance Tax and Tax Deducted at Source [Net of Provision for Taxation ₹ 314.17 Crore (Previous Year: ₹ 353.47 Crore)]	0.94	17.21
MAT Credit Entitlement	—	15.09
(Refer Note 9 of Schedule 20)	497.47	622.85
+ includes:		
(1) Amount Due from Officers	0.07	—
(2) Maximum Amount Due from Officers at any time during the year	0.08	0.03

₹ Crore

SCHEDULE 11
CURRENT LIABILITIES AND PROVISIONS

Current Liabilities:

	As at 31-Mar-2011	As at 31-Mar-2010
Acceptances	162.91	47.90
Due to Subsidiary Companies	0.32	0.11
Sundry Creditors		
- Due to Micro and Small Enterprises (Refer Note 10 of Schedule 20)	1.75	1.54
- Other than Micro and Small Enterprises	816.42	632.40
Advances from Customers	82.66	56.64
Investors Education and Protection Fund to be credited as and when due		
- Unpaid Dividend	2.51	2.39
- Unpaid Application Money	0.06	0.07
- Unpaid Matured Deposits	—	0.03
- Interest Accrued on above	—	0.02
Interest Accrued but not Due on Loans	71.64	59.72
Other Liabilities	95.65	88.21
	1,233.92	889.03
Provisions for:		
Proposed Dividend	62.44	51.51
Tax on Dividend	10.13	7.95
Retirement Benefits	65.92	58.80
	138.49	118.26
	1,372.41	1,007.29

SCHEDULE 12
INCOME FROM OPERATIONS
A. SALES

Revenue from Sale of Products	6,522.33	4,851.75
Income from Services	15.26	9.11
	6,537.59	4,860.86

B. OTHER OPERATING INCOME

Scrap Sales	13.13	8.77
Export Incentives	58.86	35.51
Licence Fees and Royalties	1.59	1.32
Government Grant (Sale Tax Subsidy)	2.23	1.83
Power and Steam Sales	79.63	73.30
Certified Emission Reductions	6.03	4.12
Miscellaneous Other Operating Income	—	0.26
	161.47	125.11
	6,699.06	4,985.97

	₹ Crore	
	Year Ended 31-Mar-2011	Year Ended 31-Mar-2010
SCHEDULE 13		
OTHER INCOME		
Dividends on Long Term Investments:		
Trade	4.52	4.52
Subsidiaries (Trade)	—	3.29
Dividends on Current Investments (Non-Trade)	—	0.19
Profit/(Loss) on Sale of Investments:		
Current	2.22	7.82
Long Term	1.98	(0.13)
Interest on Inter-Corporate Deposit	35.54	40.30
(Tax deducted at source ₹ 3.37 Crore (Previous Year: ₹ 5.83 Crore)		
Others Interest (Refer Note 24 of Schedule 20) (Tax deducted at source ₹ 0.34 Crore (Previous Year: ₹ 0.30 Crore)	4.78	5.75
Miscellaneous Income	8.97	9.05
	58.01	70.79
SCHEDULE 14		
(INCREASE)/DECREASE IN STOCKS		
Closing Stocks:		
Finished Goods	441.12	293.72
Work-in-Progress	81.98	67.09
Waste/Scrap	0.46	0.16
	523.56	360.97
Less: Opening Stocks:		
Finished Goods	293.72	288.72
Work-in-Progress	67.09	56.04
Waste/Scrap	0.16	0.30
	360.97	345.06
(Increase)/Decrease in Excise Duty on Stocks	(0.69)	1.90
Less: Stock acquired on 1st January, 2010, Pursuant to Scheme of Arrangement	—	19.07
(Increase)/Decrease	(163.28)	5.06
SCHEDULE 15		
COST OF MATERIALS		
Raw Material Consumption	3,095.30	2,196.27
Purchase of Finished Goods	453.91	194.93
	3,549.21	2,391.20
SCHEDULE 16		
SALARIES, WAGES AND EMPLOYEE BENEFITS		
Payments to and Provisions for Employees:		
Salaries, Wages and Bonus	407.90	301.01
Contribution to Provident and Other Funds	44.31	27.94
Welfare Expenses	26.49	19.28
Employee Compensation under ESOP (Refer Note 4 of Schedule 20)	1.96	0.10
	480.66	348.33

₹ Crore

	Year Ended 31-Mar-2011	Year Ended 31-Mar-2010
SCHEDULE 17		
MANUFACTURING, SELLING AND OTHER EXPENSES		
Consumption of Stores and Spares	221.82	186.79
Power and Fuel	520.98	431.57
Processing Charges	75.07	86.50
Commission to Other than Sole Selling Agents	120.69	80.41
Brokerage and Discounts	15.46	13.19
Advertisement	86.72	60.75
Transportation and Handling Charges	57.35	47.63
Other Selling Expenses	194.11	136.65
Auditors' Remuneration (Refer Note 19 of Schedule 20)	2.26	2.20
Provisions for Bad and Doubtful Debts and Advances	2.00	3.46
Repairs and Maintenance of:		
Buildings	12.52	7.84
Plant and Machinery	42.38	30.62
Others	6.83	5.25
Rent	171.58	118.42
Rates and Taxes	6.77	6.20
Insurance	8.92	8.90
Donations	0.47	0.52
Directors' Commission	2.00	1.50
Directors' Fees and Travelling Expenses	0.35	0.21
Research and Development Expenses	1.96	1.71
Miscellaneous Expenses (Refer Notes 13 and 23 of Schedule 20)	115.60	88.85
	1,665.84	1,319.17
SCHEDULE 18		
INTEREST AND FINANCE EXPENSES		
Interest on:		
Debentures and Fixed Loans*	217.44	280.12
Others	43.14	38.78
Finance Expenses	20.50	15.20
	281.08	334.10
*Net of Interest Rebate Subsidy from Technology Upgradation Fund	17.81	15.23
SCHEDULE 19		
PROVISION FOR TAXATION		
Current Tax	130.30	62.54
MAT Credit	—	(15.09)
Deferred Tax	(4.86)	(6.30)
Write back of Excess/Short Provision for Taxation related to earlier years (net)	(10.05)	(4.25)
	115.39	36.90

SCHEDULE 20**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS****A. ACCOUNTING CONVENTION****(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 Accounting Standard Notified by Companies Accounting Standard Rules, 2006 (as amended), and the relevant provisions of the Companies Act, 1956. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

(II) 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.

(III) DEPRECIATION/AMORTISATION

a) Depreciation on Fixed Assets is provided on Straight Line Method at the rates and in the manner specified in the Schedule XIV of the Companies Act, 1956, except in the case of the following, where depreciation is equally charged over the estimated useful lives.

	Estimated Useful Life
Office Computers	- 4 years
Vehicles	- 5 years
Assets at Showrooms	- 5 years
Furniture, Fixtures and Equipment	- 7 years
Office Electronic Equipment	- 4 years
Leasehold Land/Improvements	- Over the primary period of the lease
Catalyst	- On the estimated life as technically assessed (ranging from 1.5 to 3 years)
b) Intangible Assets are Amortised Equally over:	
Trademarks/Brands	- 10 years
Technical Know-how	- 7 years
Specialised Software	- 3 years
Goodwill	- Not being amortised (Tested for Impairment)

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

“Continuous Process Plants” are classified based on technical assessment, and depreciation is provided accordingly.

(IV) 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.

SCHEDULE 20 (Contd.)**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS****(V) 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. Other borrowing costs are charged to the Profit and Loss Account.

(VI) TRANSLATION 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 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, and investments in equity shares are carried in terms of historical cost using the exchange rate at the date of transaction. Premium/Discount, in respect of forward foreign exchange contract, is recognised over the life of the contracts. Exchange differences on such contracts are recognised in the statement of Profit and Loss in the year in which the exchange rates change Profit/Loss on cancellation/renewal of forward exchange contract is recognised as income/expense for the year.

(VII) DERIVATIVE INSTRUMENTS

The Company uses derivative financial instruments such as currency swap and interest rate swaps to hedge its risks associated with foreign currency fluctuations and interest rate. As per ICAI announcement regarding accounting for derivative contracts, other than covered under AS 11, these are mark to market on the portfolio basis and net loss after considering the offsetting effect on the underlying hedged item is charged to the income statement. Net gains are ignored.

(VIII) INVESTMENTS

Investments are recorded at cost on the date of purchase, which includes acquisition charges such as brokerage, stamp duty, taxes, etc. Current Investments are stated at lower of cost and net realisable value. Long term investments are stated at cost after deducting provisions made, if any, for other than temporary diminution in the value.

(IX) INVENTORIES

Raw materials, components, stores and spares are valued at lower of cost and 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.

Work-in-progress and finished goods are valued at lower of cost and net realisable value. Finished goods and work-in-progress include costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Cost of inventories is computed on a weighted-average/FIFO basis.

Proceeds in respect of sale of raw materials/stores are credited to the respective heads. Obsolete, defective and unserviceable inventory is duly provided for.

(X) GOVERNMENT GRANTS

Government Grants are recognised when there is reasonable assurance that the same will be received and all attaching conditions will be complied with. Revenue grants are recognised in the Profit and Loss Account. Capital grants relating to specific fixed assets are reduced from the gross value of the respective fixed assets. Other capital grants are credited to capital reserve.

(XI) REVENUE RECOGNITION

Sales are recorded net of trade discounts, rebates 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. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and can be reliably measured.

Income from services are recognised as they are rendered based on agreements/arrangements with the concerned parties.

SCHEDULE 20 (Contd.)**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

Fertiliser price support under Group Concession and other Scheme of Government of India is recognised based on management's estimate taking into account known policy parameters and input price escalation/de-escalation.

Income from Certified Emission Reductions (CERs) is recognised at estimated realisable value on confirmation of CERs by the concerned authorities.

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

(XII) RETIREMENT AND OTHER EMPLOYEE BENEFITS**(i) Defined Contribution Plan**

The Company makes defined contribution to Provident Fund, ESI and Superannuation Schemes, which are recognised in the Profit and Loss Account on accrual basis. Provident Fund contributions are made to a Trust administered by the Company and government administered Provident Fund. The interest rate payable to the members of the Trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, and shortfall, if any, shall be made good by the Company. The remaining contributions are made to a government administered Provident Fund towards which the Company has no further obligations beyond its monthly contributions.

(ii) Defined Benefit Plan

The Company's liabilities under Payment of Gratuity Act, long term compensated absences and pension 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 terms of the Government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

(XIII) EMPLOYEE STOCK OPTIONS

The stock options granted are accounted for as per the accounting treatment prescribed by Employee Stock Option Scheme and Employee Stock Purchase Guidelines, 1999, issued by Securities and Exchange Board of India and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India, whereby the intrinsic value of the option is recognised as deferred employee compensation. The deferred employee compensation is charged to the Profit and Loss Account on straight-line basis over the vesting period of the option.

(XIV) TAXATION

Tax expense comprises of current and deferred tax.

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

The deferred tax for timing differences between the book and tax profits for the year 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.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

In case of unabsorbed losses and unabsorbed depreciation, all deferred tax assets, are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against

SCHEDULE 20 (Contd.)**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

future taxable profit. At each balance sheet date the Company reassesses unrecognised deferred tax assets.

Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in Guidance Note issued by the ICAI, the said asset is created by way of a credit to the Profit and Loss Account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

(XV) OPERATING LEASES

Leases, where significant portion of risk and reward of ownership are retained by the Lessor, are classified as Operating Leases and lease rentals thereon are charged to the Profit and Loss Account on a straight-line basis over lease term.

Lease income is recognised in the Profit and Loss Account on a straight-line basis over lease term.

(XVI) CONTINGENT LIABILITIES AND PROVISIONS

Contingent Liabilities are possible but not probable obligations as on Balance Sheet date, based on the available evidence.

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 not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date.

B. NOTES ON ACCOUNTS

	₹ Crore	
	<u>Current Year</u>	<u>Previous Year</u>
1. Contingent Liabilities not provided for:		
a) Claims against the Company not acknowledged as debts:		
i) Income-tax	61.69	82.52
ii) Custom Duty	0.24	0.23
iii) Excise Duty	34.88	29.06
iv) Sales Tax	184.18	85.72
v) Service Tax	4.74	1.04
vi) Others	36.41	35.05
b) Bills discounted with Banks	89.99	66.16
c) Corporate Guarantees given to Banks for Loans taken by subsidiaries	510.58	356.39
d) Corporate Guarantees given in connection with performance obligation of the subsidiaries	87.07	88.88
e) Customs Duty on capital goods and raw materials imported under advance licensing/EPCG Scheme, against which export obligation is to be fulfilled	18.71	42.96
f) Under the Jute Packaging Material (Compulsory Use of Packing Commodities) Act, 1987, a specified percentage of fertilisers dispatched was required to be supplied in jute bags up to 31st August, 2001.		

SCHEDULE 20 (Contd.)**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

The Company made conscious efforts to use jute packaging material as required under the said Act. However, due to non-availability of material as per the Company's product specifications as well as due to strong customer resistance to use of jute bags, the specific percentage could not be adhered to. The Company has received a show cause notice, against which a writ petition has been filed with the Hon'ble High Court, which is awaiting for hearing. The Jute Commissioner, Kolkata, had filed transfer petition, various writ petitions have been filed in different High Courts by other aggrieved parties, including the Company, before the Hon'ble Supreme Court of India praying for consolidation of all cases at one Court. The transfer petition is pending before the Hon'ble Supreme Court. The Company has been advised that the said levy is bad in law.

- g) Idea Cellular Ltd. (Idea), in which the Company has the largest shareholding, was originally a tripartite joint venture between Aditya Birla Group, Tata Group and AT&T Group. With the exit of AT&T and the Tata Group, Idea is now part of the Aditya Birla Group. Prior to its exit, Tata Group had alleged that the Aditya Birla Group had committed material breach of the Shareholders' Agreement and the Tata Group invoked the arbitration clause, pursuant to which an Arbitral Tribunal has been constituted, which will take up the claims of the Tata Group and the counter-claims of the Aditya Birla Group.

When the Tata Group sold its shares in Idea to the Company, they claimed to have reserved certain rights under the Share Purchase Agreement, which contained a clause for arbitration by the London Court of International Arbitration (LCIA). The Company, along with another Aditya Birla Group Company, has questioned the reservation and the LCIA is seized of the matter. The Company believes that it has a strong case to counter the allegations of breach and it does not contemplate any liability to arise on this matter.

		₹ Crore	
		<u>Current Year</u>	<u>Previous Year</u>
2.	a) Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances)	95.09	64.60
	b) Aditya Birla Minacs Worldwide Ltd. (ABMWL), a subsidiary of the Company, has issued Zero Coupon Compulsorily Convertible Debentures (CCD) aggregating ₹ 250 Crore to be converted into Equity of ABMWL on the expiry of a period of 60 months from the date of allotment of such CCD. The Company has entered into an option agreement with the subscribers of such CCD pursuant to which the subscribers has put option on the Company and the Company has call option on the subscribers on expiry of 24, 36, 48 and 60 months from the date of allotment of CCD at a pre-agreed price. Further, on happening of certain events, the put option can also be exercised by the subscribers on the Company on any other date on happening of such events.		
	c) Madura Garments Lifestyle Retail Company Ltd. (MGLRCL), a subsidiary of the Company, has issued 0.01% Coupon Compulsorily Convertible Preference Shares (CCPS) aggregating ₹ 300 Crore to be converted into Equity of MGLRCL on the expiry of a period of 60 months from the date of allotment of such CCPS. The Company has entered into an option agreement with the subscribers of such CCPS pursuant to which the subscribers has put option on the Company, and the Company has call option on the subscribers on expiry of 24, 36, 48 and 60 months from the date of allotment of CCPS at a pre-agreed price. Further, on happening of certain events, the put option can also be exercised by the subscribers on the Company on any other date on happening of such events.		
3.	Disclosure pursuant to Clause 49 of the Listing Agreement (Disclosure related to Proceeds from Public Issues, Rights Issues, Preferential Issues, etc.)		

In accordance with approval of the shareholders in the extraordinary general meeting of the Company held on 17th June, 2009, the Company had, on a preferential basis, issued 1.85 Crore Warrants of ₹ 10 each to the Promoter and/or Promoter Group at a price of ₹ 541.19 each. The holder of each Warrant was entitled to apply for and obtain allotment of 1 Equity Share against each Warrant at any time after the date of allotment but on or before the expiry of 18 months from the allotment in one or more tranches. Out of the above 1.85 Crore Warrants, 80 Lakh Warrants had been converted and corresponding shares were issued on 30th October, 2009. On 20th December, 2010, the Company has allotted balance 1.05 Crore Equity Shares of the Company against the conversion of equivalent number of Warrants. The total amount received from the preferential allotment has been fully utilised.

SCHEDULE 20 (Contd.)**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS****4. Disclosure under Clause 12 of SEBI Employee Stock Option Scheme (ESOS) Guidelines, 1999**

- a) Under the Employee Stock Options Scheme-2006 (ESOS-2006), the Company has granted options to the eligible employees of the Company and its Subsidiaries.

During the year under ESOS-2006, 17,174 options have been granted as 'Tranche III' on 20th August, 2010 and 11,952 options have been granted as 'Tranche IV' on 8th September, 2010 to the eligible employees of the Company.

During the year, the ESOS Compensation Committee of the Board of Directors has approved the repricing of the existing outstanding Stock Options, viz., 113,544 and 63,047 granted under Tranche I on 23rd August, 2007 and Tranche II on 25th January, 2008, respectively, at an exercise price of Rs. 687 per option, without any change in the vesting schedule. and terms and conditions governing the said Stock Options. The same has been approved by the Annual General Meeting on 6th August, 2010.

In respect of repricing of the existing Outstanding Stock Options, the incremental intrinsic value of the options is accounted as employee cost over the remaining vesting period.

These options are convertible into equivalent Equity Shares of Company. The details are as under:

(A) Employee Stock Option Scheme:

Particulars	Tranche-I	Tranche-II	Tranche-III	Tranche-VI
No. of Options*	163,280	166,093	17,174	11,952
Method of Accounting	Intrinsic Value	Intrinsic Value	Intrinsic Value	Intrinsic Value
Vesting Plan	Graded Vesting - 25% every year	Graded Vesting - 25% every year	Graded Vesting - 25% every year	Graded Vesting - 25% every year
Exercise Period	5 Years from the date of Vesting	5 Years from the date of Vesting	5 Years from the date of Vesting	5 Years from the date of Vesting
Grant Date	23.08.2007	25.01.2008	20.08.2010	08.09.2010
Grant/Exercise Price (₹ Per Share)	1,180.00	1,802.00	687.00	697.00
Repricing of the Options on 6th August, 2010	687.00	687.00	—	—
Market Price on the Date of Grant of Options (₹ Per Share)	1,282.55	1,948.70	816.85	839.80
Market Price on the Date of Repricing of Options (₹ Per Share)	816.85	816.85	—	—
Incremental Intrinsic Value (₹ Per Share))	129.85	129.85	—	—

(B) Movement of Options Granted:

Particulars	Current Year	Previous Year
Options Outstanding at the beginning of the year	208,632	265,783
Granted during the year	29,126	—
Exercised during the year	—	—
Lapsed during the year	42,332	57,151
Options Outstanding at the end of the year	195,426	208,632
Options unvested at the end of the year	52,184	110,669
Options exercisable at the end of the year	143,242	97,963

* Includes 3,360 options granted to employees of Subsidiaries.

The ESOP compensation cost is amortised on a straight-line basis over the total vesting period of the options. Accordingly, ₹ 1.96 Crore {net of recovery of ₹ 0.05 Crore from the subsidiaries} (Previous Year: ₹ 0.10 Crore net of recovery of ₹ 0.01 Crore from the subsidiaries) has been charged to the current year Profit and Loss Account.

SCHEDULE 20 (Contd.)**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS****(C) Fair Valuation:**

The fair value of the Options used to compute proforma net profit and earnings per share have been done by an independent valuer on the date of grant using Black-Scholes Merton Formula. The key assumptions and the Fair Value are as under:

Particulars	On the Date of Grant			
	Tranche-I	Tranche-II	Tranche-III	Tranche-IV
Risk-Free Interest Rate (%)	7.78	7.78	8.09	8.09
Option Life (Years)	5	5	5	5
Expected Volatility	38.00	38.00	54.04	53.88
Expected Dividend Yield (%)	0.52	0.52	0.86	0.86
Weighted-Average Fair Value per Option (₹)	591.53	825.67	471.44	486.82

Particulars	On the Date of Repricing	
	Tranche-I	Tranche-II
Risk-Free Interest Rate (%)	8.09	8.09
Option Life (Years)	5	5
Expected Volatility	54.04	54.04
Expected Dividend Yield (%)	0.36	0.50
Weighted-Average Fair Value per Option (₹)	355.12	366.54
Incremental Fair Value (₹)	148.89	237.35

Had the compensation cost for the stock options granted under ESOS-2006 been recognised based on the fair value at the date of grant in accordance with Black-Scholes Merton Formula, the proforma amount of net profit and earnings per share of the Company would have been as under:

Particulars	2010-11	2009-10
Net Profit	379.69	283.40
Add: Compensation Cost as per Intrinsic Value	1.96	0.10
Less: Compensation Cost as per Fair Value	2.53	3.16
Adjusted Net Income	379.12	280.34
Weighted-Average Number of Basic Equity Shares Outstanding (In Nos.)	105,943,880	98,362,821
Weighted-Average Number of Diluted Equity Shares Outstanding (In Nos.)	108,534,160	102,611,557
Face Value of the Equity Share (In ₹)	10	10
Reported Earnings Per Share (EPS)		
- Basic EPS (₹)	35.84	28.81
- Diluted EPS (₹)	34.98	27.62
Proforma Earnings Per Share (EPS)		
- Basic EPS (₹)	35.78	28.49
- Diluted EPS (₹)	34.93	27.32

SCHEDULE 20 (Contd.)**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

- b) Employee Stock Options Outstanding account ₹ 4.53 Crore (Previous Year: ₹ 2.51 Crore) and Deferred Employee Compensation account ₹ 0.39 Crore (Previous Year: ₹ 0.38 Crore).
5. i) Pursuant to the Composite Scheme of Arrangement (the Scheme) under Sections 391 and 394 of the Companies Act, 1956, with effect from 1st January, 2010 (the appointed date), Madura Garments Exports Limited (MGEL), MG Lifestyle Clothing Company Private Limited (MGCCPL) and domestic garment business of Peter England Fashions and Retail Limited (PEFRL) had been merged with the Company. The effective date of the Scheme was 22nd February, 2010.
- ii) As consequence of the Scheme, the Company has issued and allotted to the preference shareholder(s) of PEFRL (other than the Company) one fully paid-up 6% Redeemable Preference Share of ₹ 100 each of the Company as fully paid-up for every one 6% Redeemable Preference Share of ₹ 100 each fully paid-up and held in PEFRL.
- iii) In view of the aforesaid Scheme effective from 1st January, 2010, the previous year numbers are not comparable with current year.

₹ Crore

Current Year **Previous Year**6. (I) **SECURED LOANS:**

i)	Term loans secured by way of first <i>pari passu</i> charge created by mortgage of the immovable properties of the Company situated at Veraval, Rishra (Textile Division), Jagdishpur (Argon Gas Plant), Renukoot, and hypothecation of movables (save and except books debts) situated at these locations, subject to prior charge(s) created on certain assets in favour of a Financial Institution and on current assets (except book debts) in favour of the Company's Bankers for working capital borrowings.	157.38	172.13
ii)	Term loan secured by way of first <i>pari passu</i> charge created by mortgage of the immovable properties of the Company situated at Veraval, Rishra (Textile Division), Jagdishpur (Argon Gas Plant), Renukoot, and hypothecation of movables (save and except current assets) situated at these locations, subject to prior charge(s) created on certain assets in favour of a Financial Institution.	89.30	92.15
iii)	Term loan secured by way of exclusive first charge created on assets acquired there-against.	2.56	3.41
iv)	Term loan secured by way of first <i>pari passu</i> charge created by hypothecation of movable fixed assets situated at Veraval, Rishra (Textile Division), Jagdishpur (Argon Gas Plant) and Renukoot.	33.95	34.65
v)	Term loan secured by way of exclusive first charge created by hypothecation of Brand Rights/Trademark and movable properties of Company's Madura Garment Division at Bangalore and movable properties at Bangalore.	—	100.00
vi)	Term loan secured by way of first <i>pari passu</i> charge created by hypothecation of movable properties (save and except investment and current assets) of the Fertiliser Plant of the Company situated at Jagdishpur.	—	100.00
vii)	Term loan secured by way of second <i>pari passu</i> charge created by mortgage of immovable properties of the Company's Rayon & Caustic Soda Plant at Veraval, Textile		

SCHEDULE 20 (Contd.)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

	₹ Crore	
	<u>Current Year</u>	<u>Previous Year</u>
Plant at Rishra, Carbon Black Plant at Renukoot and Argon Gas Plant at Jagdishpur, and hypothecation of movable properties of the Company relating to these plants, Garment Division at Bangalore and Corporate Finance Division at Mumbai and the entire current assets (save and except investments) of the Company.	—	90.00
viii) Term loan secured by way of second <i>pari passu</i> charge created by mortgage of immovable properties of the Company's Rayon & Caustic Soda Plant at Veraval, Textiles Plants at Rishra, Carbon Black Plant at Renukoot and Argon Gas Plant at Jagdishpur, and hypothecation of movable properties of the Company relating to these plants, Garment Division at Bangalore and Corporate Finance Division at Mumbai and the entire current assets (save and except investments) of the Company.	—	190.00
ix) Term loan secured by way of second <i>pari passu</i> charge created by mortgage of the immovable properties of the Company's Rayon & Caustic Soda Plant at Veraval, Textile Plant at Rishra, Carbon Black Plant at Renukoot and Argon Gas Plant at Jagdishpur, and hypothecation of movable properties of the Company relating to these plants, Garment Division at Bangalore and Corporate Finance Division at Mumbai, the entire current assets (save except investments) of the Company and Brand Rights/Trademarks owned by Garments Division, Bangalore.	120.00	209.98
x) Term loans secured by way of first <i>pari passu</i> charge created by mortgage of immovable properties of the Company's Madura Garment Plants at Bangalore and hypothecation of movable fixed assets of the Company at these plants.	29.11	35.62
xi) Term loans secured by way of first <i>pari passu</i> charge to be created of mortgage of immovable properties of the Company's Madura Garment Plant at Bangalore and charge created by way of hypothecation of movable fixed assets of the Company at these plants.	3.01	3.68
xii) Term loans secured by way of first <i>pari passu</i> charge created by hypothecation of stocks and book debts and of entire movable fixed assets of the Company's Madura Garment Plant at Bangalore.	12.40	15.64
xiii) Term loan secured by way of first <i>pari passu</i> charge created by mortgage of immovable properties of the Company's Madura Garment Plant at Bangalore and hypothecation of movable fixed assets of the Company at these plants.	6.16	7.98
xiv) Term loan secured by way of first <i>pari passu</i> charge created by hypothecation of movable plant and machinery of the Company's Madura Garment Plant at Bangalore.	21.87	24.46
xv) Term loan secured by way of first <i>pari passu</i> charge created by hypothecation of furniture and fixtures and other movable fixed assets of the Company's Peter England People Stores at Bangalore and Delhi.	44.88	48.00

SCHEDULE 20 (Contd.)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

	₹ Crore	
	<u>Current Year</u>	<u>Previous Year</u>
xvi) Foreign Currency Loans secured by way of first <i>pari passu</i> charge created by hypothecation of movable properties (save and except stocks and book debts) of the Company situated at Gummidipoondi.	108.86	130.90
xvii) Foreign Currency Loan secured by way of first <i>pari passu</i> charge created by hypothecation of all movable assets (excluding current assets) of the Company's Fertiliser Plant situated at Jagdishpur (excluding assets relating to Argon Gas Plant).	81.12	81.12
xviii) Foreign Currency Loans secured by way of first <i>pari passu</i> charge created by hypothecation of movable properties of the Company's Rayon Division at Veraval, Textile Plant at Rishra, Argon Gas Plant at Jagdishpur and Carbon Black Plant at Renukoot.	172.53	172.53
xix) Foreign Currency Loans secured by way of first <i>pari passu</i> charge created by hypothecation of movable properties (save and except current assets) of the Carbon Black Plant of the Company situated at Patalganga.	125.00	125.00
xx) Foreign Currency Loan secured by way of first <i>pari passu</i> charge created by hypothecation of movable fixed assets situated at Insulator Division at Halol and Rishra.	51.89	62.27
xxi) Working Capital Borrowings are secured by hypothecation of inventories, book debts and other movables (except investment held as Current Assets), both present and future, held as current assets.	249.88	186.34
xxii) Deferred Sales Tax loan for the Caustic Soda Unit at Veraval to be secured by first <i>pari passu</i> charge over the fixed assets of Caustic Soda Unit of the Company at Veraval and for Carbon Black Plant at Gummidipoondi to be secured by second <i>pari passu</i> charge over the fixed assets of the respective plant.	70.71	78.99
xxiii) Non-Convertible Debentures secured by way of first <i>pari passu</i> charge created by mortgage of the immovable property of the Company located at Ahmedabad, Gujarat, and secured by way of mortgage of immoveable properties of the Company's Fertiliser Plant (excluding assets relating to Argon Gas Plant) at Jagdishpur: 12.25% 25th Series (Redeemed on 12th December, 2010)	—	110.00
II) UNSECURED LOANS – Non-Convertible Debentures:		
i) Secured by way of first <i>pari passu</i> charge created by mortgage of the immovable property of the Company located at Ahmedabad, Gujarat: 13.00% 23rd Series (Redeemable at par on 7th November, 2011) 12.50% 24th Series (Redeemable at par on 5th December, 2011) 11.50% 26th Series (Redeemable at par on 19th December, 2011) As the value of Security provided to secure the aforesaid NCD's is not significant, the NCD's have been shown as Unsecured.	125.00 40.00 225.00	125.00 40.00 225.00
ii) 8.40% 27th Series (Redeemable at par on 23rd November, 2012)	200.00	200.00
iii) 7.90% 28th Series (Redeemable at par on 11th May, 2013)	200.00	—

SCHEDULE 20 (Contd.)**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

₹ Crore

	<u>Current Year</u>	<u>Previous Year</u>
III) Foreign Currency Loans have been fully hedged for foreign exchange and interest rate fluctuation by way of Currency and Interest Rate Swaps, Interest Swaps and Long Term Forward Contracts.		
7. a) Capital Work-in-Progress includes advances to suppliers:	23.32	25.24
b) Pre-operative Expenses:		
Raw Material Consumption	3.97	0.01
Power and Fuel	1.15	0.58
Salaries and Wages	0.57	2.57
Contribution to Provident and Other Funds	–	0.02
Welfare Expenses	0.09	–
Repairs and Maintenance — Others	0.03	–
Insurance	0.20	–
Rates and Taxes	0.75	–
Depreciation	–	0.05
Miscellaneous Expenses	7.41	0.43
Interest	2.27	7.06
Total	<u>16.45</u>	<u>10.72</u>
Add: Amount Brought Forward from Previous Year	10.58	0.63
Less: Amount Capitalised During the Year	<u>26.76</u>	<u>0.77</u>
Balance Pending	<u>0.26</u>	<u>10.58</u>
8. a) Book values of certain long term unquoted investments aggregating to ₹ 2,271.56 Crore (Previous Year: ₹ 2,311.47 Crore) are lower than its cost.		
Considering the strategic and long-term nature of the aforesaid investments and asset base and business plan of the investee companies, in the opinion of the management, the decline in the book value of the aforesaid investments is of temporary nature, requiring no provision.		
An amount of ₹ 19.95 Crore is lying in "Investment Reserve" is to be used to meet the diminution other than temporary, if any, that may arise in future, in the value of present and future long term strategic investments.		
b) Transfer of investments in IDEA Cellular Ltd. (IDEA) and Birla Sun Life Insurance Co. Ltd. is restricted by the terms contained in their respective joint venture agreements. Non-disposal undertakings for IDEA, Aditya Birla Minacs Worldwide Ltd., Aditya Birla Minacs IT Services Limited and Madura Garments Lifestyle Retail Company Limited investments have also been provided to certain Banks for respective credit facilities extended by them.		
c) Pursuant to the Shareholders' Agreement entered into with the Joint Venture partner, the Company has, in respect of Birla Sun Life Insurance Company Limited, agreed to infuse its share of capital from time to time to meet the solvency requirement prescribed by the regulatory authority.		

SCHEDULE 20 (Contd.)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

9. a) Disclosure pursuant to Clause 32 of Listing Agreement

Loans and Advances include:

₹ Crore

Amount Receivable From	Balance as on 31-Mar-2011	Balance as on 31-Mar-2010	Maximum Amount Due at any time During the Year Ended 31-Mar-2011	Maximum Amount Due at any time During the Year Ended 31-Mar-2010
(i) Subsidiaries:				
Aditya Birla Trustee Company Limited	—	—	—	0.35
ABNL Investment Limited	17.76	30.16	42.90	68.02
Madura Garments Exports Limited (Merged with the Company w.e.f. 1st January, 2010)	—	—	—	54.80
Aditya Birla Minacs IT Services Limited	16.00	7.50	16.00	21.65
Birla Sun Life Insurance Company Limited	0.27	0.18	0.45	0.32
Aditya Birla Finance Limited	—	69.59	—	600.00
Madura Garments Lifestyle Retail Company Limited	3.53	59.10	289.46	478.69
Peter England Fashions and Retail Limited	0.63	—	3.23	218.52
Aditya Birla Money Limited	0.13	20.01	70.00	35.00
Aditya Birla Minacs Technologies Limited (Formerly known as Birla Technologies Limited)	—	12.65	12.65	12.65
Aditya Birla Minacs Worldwide Limited	0.24	0.22	15.24	0.22
Aditya Birla Capital Advisory Limited	—	—	—	0.60
Aditya Birla Money Mart Limited	23.00	—	117.86	7.05
Aditya Birla Insurance Brokers Limited	—	0.07	0.07	0.07
Indigold Trade & Services Limited (Formerly known as Madura Garments International Brand Company Limited)	1.14	—	1.14	—
Aditya Birla Financial Services Private Limited	0.02	—	0.02	—
LIL Investment Limited	₹	—	0.11	—
Shaktiman Mega Food Park Private Limited	0.04	—	0.04	—
(ii) Employees' Loan given in the ordinary course of the business and as per the service rules of the Company				
- No repayment schedule or repayment beyond seven years	2.04	1.63	2.14	2.02
- No interest or at an interest rate below which is specified in Section 372A of the Companies Act, 1956	8.79	7.95	11.39	10.05

- b) The Company is one of the Promoter Members of Aditya Birla Management Corporation Pvt. Limited, a company limited by guarantee which has been formed to provide a common pool of facilities and resources to its members, with a view to optimise the benefits of specialisation and minimise cost to each member. The Company's share of expenses under the common pool has been accounted for under the appropriate heads. Total outstanding receivable as on 31st March, 2011, is ₹ 3.12 Crore (Previous Year: ₹ 3.12 Crore).

SCHEDULE 20 (Contd.)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

	₹ Crore	
	<u>Current Year</u>	<u>Previous Year</u>
10. Information as required under Micro, Small and Medium Enterprises Development Act, 2006:		
The information given below has been determined to the extent such parties have been identified on the basis of information available with the Company.		
a) (i) Principal amount remaining unpaid to any supplier at the end of the accounting year	1.75	1.54
(ii) Interest Due on above	₹	₹
The Total of (i) and (ii)	<u>1.75</u>	<u>1.54</u>
b) Amount of interest paid by the Company in terms of Section 16 of the Act, along with the amount of the payment made beyond the appointed date during the year	—	—
c) Amounts of interest accrued and remaining unpaid at the end of the financial year	₹	₹
d) 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.	—	—
e) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the Act.	₹	₹
11. Deferred Tax Liability/(Asset) at the period end comprise timing differences on account of:		
Depreciation	214.23	207.64
Expenditure/Provisions allowable on payment basis	(40.62)	(29.17)
	<u>173.61</u>	<u>178.47</u>
12. Disclosure pursuant to Accounting Standard 20 – Earnings Per Share		
Earnings Per Share (EPS) is calculated as under:		
Net Profit as per Profit and Loss Account	379.69	283.40
Less: Preference Dividend and Tax thereon	0.01	₹
Net Profit for EPS	A 379.68	283.40
Weighted-average Number of Equity Shares for calculation of Basic EPS	-B 105,943,880	98,362,821
- Basic EPS (₹)	A/B 35.84	28.81
Weighted-average Number of Equity Shares Outstanding	105,943,880	98,362,821
Add: Shares Held in Abeyance	42,925	43,112
Add: Dilutive Impact of Employee Stock Options	15,876.06	—
Add: Potential Equity Shares Due to Share Warrants	2,531,479	4,205,624
Weighted average number of Equity Shares for calculation of Diluted EPS	C 108,534,160	102,611,557
– Diluted EPS (₹)	A/C 34.98	27.62
Nominal Value of Shares (₹)	10.00	10.00

SCHEDULE 20 (Contd.)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

₹ Crore

	<u>Current Year</u>	<u>Previous Year</u>
13. The following amount are included in the Miscellaneous Expenses in the Profit and Loss Account:		
a) Foreign Exchange (Gain)/Loss	(4.90)	(0.80)
b) All Insurance Claims (unless clearly identifiable with the respective heads of Expenses and Loss of Profit Policy)	(2.34)	(0.66)
c) Unspent Liabilities, Excess Provision and Unclaimed Balances in respect of earlier years written back (net of short provision and sundry balances written off)	(5.07)	(5.58)
d) (Profit)/Loss on Sale/Discard of Fixed Assets	1.28	7.13
14. Leases:		
(Disclosure pursuant to Accounting Standard 19 – Leases)		
A. Operating Lease Payment recognised into Profit and Loss Account:		
Minimum Lease Rent Payable	165.33	112.63
Contingent Rent	5.69	4.27
Total	<u>171.02</u>	<u>116.90</u>
The Company has taken certain office premises, showrooms and residential houses on Cancellable and Non-cancellable Operating Lease.		
B. The future minimum lease rental payments in respect of Non-cancellable Operating Lease are as follows:		
i) Not later than one year	33.07	35.37
ii) Later than one year and not later than five years	31.03	29.46
iii) Later than five years	—	2.17
15. The Company has given certain Plant and Machinery (Storage Tank) on Non-cancellable Operating Lease.		
The Gross Carrying Amount of the above referred assets	4.90	4.90
The Accumulated Depreciation for the above assets	2.05	1.82
The Depreciation for the above assets for the year	0.23	0.23
The future minimum lease rental in respect of aforesaid lease is as follows:		
i) Not later than one year	1.66	1.62
ii) Later than one year and not later than five years	2.94	4.06
iii) Later than five years	—	—
16. Disclosure in respect of Retirement Benefits pursuant to Accounting Standard-15 (Revised) — refer Annexure I.		
17. The following are included under other heads of expenses in the Profit and Loss Account:		
Stores and Spares Consumed	19.07	13.21
Salaries and Wages	4.18	0.50
Staff Welfare Expenses	1.75	0.89
Insurance	0.97	0.84
Depreciation	0.11	0.10
Repair and Maintenance — Others	4.19	3.27
Rates and Taxes	2.96	2.28
Miscellaneous Expenses	21.02	16.62

SCHEDULE 20 (Contd.)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

	₹ Crore	
	<u>Current Year</u>	<u>Previous Year</u>
18. Additional information as required under 4A of Part II of Schedule VI to the Companies Act, 1956		
a) Remuneration to Whole-Time Directors (Including Managing Director/Manager):		
Salary	9.08	10.86
Contribution to Provident and Other Funds*	0.58	0.89
Other Perquisites	0.77	0.80
Total	<u>10.43</u>	<u>12.55</u>
b) Computation of Managerial Remuneration:		
Profit before Tax as per Profit and Loss Account	495.08	320.30
Add: Managing and Whole-Time Directors' Remuneration	10.43	12.55
Directors' Commission to Non-Executive Directors	2.00	1.50
Director's Fees and Travelling Expenses	0.35	0.21
Provision for Doubtful Debts and Advances	2.00	3.46
(Profit)/Loss on Sale/Discard of Fixed Assets	1.28	7.13
Provision for Wealth Tax	0.33	0.28
	<u>511.47</u>	<u>345.43</u>
Less: Bad Debts written off	11.65	2.51
Profit on Sale of Current Investment	2.22	7.82
Profit/(Loss) on Sale of Long Term Investment	1.98	(0.13)
Net Profit as per Section 349 of the Companies Act, 1956	<u>495.62</u>	<u>335.23</u>
Maximum permissible remuneration to Whole-Time Directors under Section 198 of the Companies Act, 1956 @ 10% of the profits computed above	49.56	33.52
Restricted as per Service Agreement	10.43	12.55
Maximum permissible managerial remuneration to Non-Executive Directors under Section 198 of the Companies Act, 1956 @ 1% of the profits computed above	4.96	3.35
Restricted as per Board Resolution	2.00	1.50

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

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. Employee Compensation under Employee Stock Option Scheme has also not been considered in the above information.

SCHEDULE 20 (Contd.)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

₹ Crore

	<u>Current Year</u>	<u>Previous Year</u>
19. Additional information as required under 4B of Part II of Schedule VI to the Companies Act, 1956		
Details of Auditors' Remuneration:		
Payments to Statutory Auditor		
- As Auditor		
- Audit Fees (Including Limited Review Fees)	0.88	0.87
- Tax Audit Fees	0.18	0.18
- Reimbursement of Expenses	0.21	0.17
- As Advisor in respect of:		
- Taxation Matters	0.04	0.04
- Management Services	0.50	0.45
- Certification	0.10	0.15
Payment to Branch Auditor		
- Audit Fees	0.29	0.18
- Management Services	—	0.08
- Reimbursement of Expenses	0.04	0.06
Payment to Cost Auditors:		
- Audit Fees	0.02	0.02
- Reimbursement of Expenses	₹	₹
Grand Total	<u>2.26</u>	<u>2.20</u>

20. Disclosure in respect of Company's Joint Ventures in India pursuant to Accounting Standard 27 'Financial Reporting of Interest in Joint Ventures':

	Country of Incorporation	Proportion of Ownership Interest	
		As at	As at
		<u>31-Mar-2011</u>	<u>31-Mar-2010</u>
a) Name of the Ventures:			
1. IDEA Cellular Limited (27.02% upto 28th February, 2010)	India	25.35%	25.38%

The aggregate of Company's share in the above venture is:

₹ Crore

	<u>Current Year*</u>	<u>Previous Year</u>
Net Fixed Assets (Including Goodwill)	6,367.39	4,751.40
Investments	58.59	286.90
Net Current Assets	(463.50)	(102.78)
Loans	2,850.37	1,994.75
Deferred Tax (Liabilities)/Assets	(63.93)	(54.37)
Income	2,874.98	3,408.09
Expenses (Including Depreciation and Taxation)	2,716.57	3,151.88
Contingent Liabilities	561.65	252.36
Capital Commitments	544.19	300.63

* The Hon'ble High Court of Delhi (the Court) vide its Order dated 5th February, 2010, had sanctioned the scheme of amalgamation of Spice Communications Limited with Idea Cellular Limited (Idea). The Court has granted stay on the above amalgamation on 30th March, 2011, based on the application filed by Department of Telecommunications (DOT). Idea has applied for the vacation of stay and restoration of the original position, which is pending for hearing before the Court, and the matter is sub judice as a result of which Idea is unable to publish its financial statements for the year ended 31st March, 2011. In the absence of financial statements from Idea for the year ended March 31, 2011, unaudited figures for nine months ended 31st December, 2010, have been produced above and have been considered for the disclosure.

SCHEDULE 20 (Contd.)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

	Country of Incorporation	Proportion of Ownership Interest	
		As at 31-Mar-2011	As at 31-Mar-2010
Name of the Ventures:			
2. Birla Sun Life Asset Management Company Limited [JV of Subsidiary Company (ABFSPL)]	India	49.99%	49.99%
The aggregate of Company's share in the above venture is:			₹ Crore
		Current Year	Previous Year
Net Fixed Assets		18.53	24.24
Investments		62.60	33.84
Net Current Assets		30.81	30.16
Loans		—	17.50
Deferred Tax (Liabilities)/Assets		0.59	(0.48)
Income		192.58	153.90
Expenses (Including Depreciation and Taxation)		150.31	129.68
Contingent Liabilities		2.94	2.30
Capital Commitments		0.18	0.16
3. Birla Sun Life Trustee Company Private Limited [JV of Subsidiary Company (ABFSPL)]	India	49.85%	49.85%
Net Fixed Assets		—	—
Investments		0.12	0.10
Net Current Assets		0.02	0.00
Income		0.04	0.03
Expenses (Including Depreciation and Taxation)		0.01	0.01
Contingent Liabilities		—	—
Capital Commitments		—	—
21. Disclosure in respect of Related Parties pursuant to Accounting Standard 18 – refer Annexure II.			
22. For Derivative Information — refer Annexure III.			
23. The Company has fertilisers bonds of ₹ 65.5 Crore received from the Ministry of Fertilisers, the Government of India against the outstanding amount of subsidy receivable, out of which bonds amounting to ₹ 20.30 Crore (Previous Year: ₹ 29.33 Crore) are outstanding at the year end. The market value of above bonds are lower than book value, therefore the diminution in the value of above bonds amounting to ₹ 0.47 Crore (Previous Year: ₹ 0.46 Crore) has been accounted under Miscellaneous Expenses. The aforesaid bonds have been classified as "Other Current Assets" in the financial statements.			
24. Other Interest include Interest on Income Tax Refund of ₹ 0.92 Crore (Previous Year: ₹ 2.34 Crore).			
25. In September 2005, the Company had purchased 37.18 Crore equity shares of IDEA Cellular Ltd. (IDEA) from M/s. AT&T Cellular Pvt. Ltd., Mauritius, and paid consideration of US\$ 150 Million without deduction of tax at source after obtaining an order under Section 195(2) of the Income Tax Act from the Income Tax Department. The Deputy Director of Income Tax (International Taxation), (DDIT), Mumbai, has issued			

SCHEDULE '20' (Contd.)**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

order under Section 163(1) of the Income Tax Act dated 25th March, 2009, treating the Company as an agent of New Cingular Wireless Services Inc. for the sale of shares of IDEA by its subsidiary AT&T Cellular Private Limited, Mauritius. The Company has challenged the order of DDIT before the appropriate authority and based on the opinion of Tax Expert, the Company is reasonably certain that no tax liability would devolve.

26. For additional information as required under paras 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956 — refer **Annexure IV**.
27. Segments have been identified in line with the Accounting Standard on Segment Reporting (AS-17), taking into account the organisational structure as well as differential risk and returns of these segments.

Fashion and Lifestyle	Branded Apparels and Accessories
Rayon Yarn	Viscose Filament Yarn, Caustic Soda and Allied Chemicals
Carbon Black	Carbon Black
Insulators	Insulators
Textiles	Spun Yarn and Fabrics
Agri-business	Urea, Ammonia, Argon Gas, Pesticides and Seeds

The Company considers secondary segment based on revenues within India as Domestic Revenues and outside India as Export Revenues. Since assets are used interchangeably, carrying amount of assets and cost incurred during the year to acquire assets based on secondary segment have not been disclosed.

For Segment Information — refer **Annexure V**.

28. Figures of ₹ 50,000 or less have been denoted by **₹**.
29. Previous Year's figures have been regrouped/rearranged wherever necessary.

As per our attached Report of even date

For KHIMJI KUNVERJI & CO.
Firm Registration No. 105146W
Chartered Accountants

For S.R. BATLIBOI & CO.
Firm Registration No. 301003E
Chartered Accountants

Per SHIVJI K. VIKAMSEY
Partner
Membership No. 2242

Mumbai, May 30, 2011

Per VIJAY MANIAR
Partner
Membership No. 36738

For and on behalf of Board of Directors

DR. RAKESH JAIN
Managing Director

SUSHIL AGARWAL
Chief Financial Officer

DEVENDRA BHANDARI
Company Secretary

TARJANI VAKIL
G.P. GUPTA
B.R. GUPTA
Directors

SCHEDULE 20 (Contd.)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

ANNEXURE-I

RETIREMENT BENEFITS

	₹ Crore	
	<u>Current Year</u>	<u>Previous Year</u>
a) The details of the Company's defined benefit plans for its employees are given below:		
Amounts recognised in the Balance Sheet in respect of Gratuity (funded by the Company):		
Present Value of the Funded Defined Benefit Obligations at the end of the period	92.42	80.08
Fair Value of the Plan Assets	86.21	78.16
Net Liabilities/(Assets)	6.21	1.92
Amounts recognised in Salary, Wages and Employee Benefits in the Profit and Loss Account in respect of gratuity:		
Current Service Cost	6.36	5.42
Interest on Defined Benefit Obligations	6.20	5.38
Expected Return on the Plan Assets	(6.22)	(6.10)
Net Actuarial (Gain)/Loss recognised during the period	7.10	0.26
Past Service Cost	0.27	—
Net Gratuity Cost	13.72	4.96
Actual Return on Plan Assets:		
Expected Return on the Plan Assets	6.22	6.10
Actuarial Gain/(Loss) on the Plan Assets	(0.08)	(3.32)
Actual Return on the Plan Assets	6.13	2.78
Reconciliation of present value of the Obligation and the Fair Value of the Plan Assets:		
Opening Defined Benefit Obligations	80.08	75.30
Current Service Cost	6.36	5.42
Interest Cost	6.20	5.38
Actuarial (Gain)/Loss	7.02	(3.06)
Liabilities assumed on Amalgamation	—	3.23
Past Service Cost	0.27	—
Benefits Paid	(7.51)	(6.18)
Closing Defined Benefit Obligation	92.42	80.08
Change in Fair Value of the Plan Assets:		
Opening Fair Value of the Plan Assets	78.16	77.30
Expected Return on the Plan Assets	6.22	6.10
Actuarial Gain/(Loss)	(0.08)	(3.32)
Assets acquired on Amalgamation	—	0.09
Contributions by the Employer	9.43	4.18
Benefits Paid	(7.51)	(6.18)
Closing Fair Value of the Plan Assets	86.21	78.16
Investment details of the Plan Assets		
Government of India Securities	29%	22%
Corporate Bonds	2%	2%
Insurer Managed Fund	65%	76%
Others	4%	0%
Total	100%	100%

SCHEDULE 20 (Contd.)**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS****ANNEXURE-I (Contd.)****Experience Adjustment**

	<u>31-Mar-2011</u>	<u>31-Mar-2010</u>	<u>31-Mar-2009</u>	<u>31-Mar-2008</u>	<u>31-Mar-2007</u>
Defined Benefit Obligations	92.42	80.08	75.30	64.29	49.02
Plan Assets	86.21	78.16	77.30	61.36	49.17
Surplus/(Deficit)	(6.21)	(1.92)	2.00	(2.93)	0.14
Experience Adjustment on the Plan Liabilities	6.62	1.16	4.73	1.83	0.39
Experience Adjustment on the Plan Assets	(0.08)	(3.32)	8.55	(1.65)	(0.23)

There are no amount included in the Fair Value of the Plan Assets for:

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

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.

General Description of Fair Value of the Plan

The Company has approved gratuity trust except for the fertiliser which are having insurer Managed Fund.

	<u>Current Year</u>	<u>Previous Year</u>
Principal Actuarial Assumptions at the Balance Sheet date		
Discount Rate	8.10%	8.15%
Estimated Rate of Return on the Plan Assets	8.00%	8.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Estimated amount of contribution expected to be paid to the fund during the annual period being after the Balance Sheet date is ₹ 6.25 Crore.

₹ Crore

	<u>Current Year</u>	<u>Previous Year</u>
(b) The details of the Company's defined benefit plans in respect of Pension for its employees are given below:		
Amounts recognised in the Balance Sheet in respect of Pension (unfunded by the Company):		
Present Value of Unfunded Obligations at the end of the period	6.94	7.20
Fair Value of the Plan Assets	—	—
Net Liabilities/(Assets)	6.94	7.20
Amounts recognised in Salary, Wages and Employee Benefits in the Profit and Loss Account in respect of Pension (unfunded by the Company):		
Interest on Defined Benefit Obligations	0.54	0.53
Net Actuarial (Gain)/Loss recognised during the period	0.22	0.27
Net Pension Cost	0.76	0.80

SCHEDULE 20 (Contd.)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

ANNEXURE-I (Contd.)

₹ Crore

	<u>Current Year</u>	<u>Previous Year</u>
Reconciliation of Present Value of the Obligation and the Fair Value of the Plan Assets:		
Opening Defined Benefit Obligations	7.20	7.49
Interest Cost	0.54	0.53
Actuarial (Gain)/Loss	0.22	0.27
Benefits Paid	(1.03)	(1.09)
Closing Defined Benefit Obligations	6.94	7.20
Change in Fair Value of the Plan Assets:		
Contributions by the Employer	1.03	1.09
Benefits Paid	(1.03)	(1.09)
Closing Fair Value of the Plan Assets	—	—
Experience Adjustment		

	<u>31-Mar-2011</u>	<u>31-Mar-2010</u>	<u>31-Mar-2009</u>	<u>31-Mar-2008</u>	<u>31-Mar-2007</u>
Defined Benefit Obligations	6.94	7.20	7.49	7.29	7.48
Plan Assets	—	—	—	—	—
Surplus/(Deficit)	(6.94)	(7.20)	(7.49)	(7.39)	(7.48)
Experience Adjustment on the Plan Liabilities	0.05	0.55	0.31	1.00	0.23

c) Defined Contribution Plans –

The Company has recognised the following amount as an expense and included in the Schedule 16 — “Contribution to Provident and Other Funds:

₹ Crore

	<u>Current Year</u>	<u>Previous Year</u>
i) Contribution to Employees’ Provident Fund	21.15	15.57
ii) Contribution to Superannuation Fund	5.48	5.08
iii) Contribution to ESI	3.95	2.18

The Guidance Note on implementation of AS-15 (Revised), “Employee Benefits” issued by the ICAI states that Provident Fund set up the employers, which requires interest shortfall to be met by the employer, needs to be treated as defined benefits plan. The Company set up Provident Fund does not have existing deficit of interest shortfall. With regards to future obligations arising due to interest shortfall (i.e., government interest to be paid on the Provident Fund Scheme exceeding rate of interest earned on investment) pending issuance of the Guidance Note from Actuarial Society of India, the Company’s actuary has expressed its inability to reliably measure the Provident Fund liability.

The Company contributes 12% of salary for all eligible employees towards Provident Fund managed either by approved trusts or by the Central Government.

SCHEDULE 20 (Contd.)**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS****ANNEXURE-II (Contd.)****a) List of Related Parties:****I. Parties where control exists — Subsidiaries:****1. Aditya Birla Financial Services Private Limited (ABFSPL)**

- 1.1 Aditya Birla Capital Advisors Private Limited (ABCAPL)
- 1.2 Aditya Birla Customer Services Private Limited (ABCSP)
- 1.3 Aditya Birla Trustee Company Private Limited (ABTCPL)
- 1.4 Aditya Birla Financial Shared Services Limited (ABFSSL)
- 1.5 Aditya Birla Money Limited (ABML)
 - 1.5.i Aditya Birla Commodities Broking Limited (ABCBL)
- 1.6 Aditya Birla Insurance Brokers Limited (ABIBL)
- 1.7 Aditya Birla Finance Limited (ABFL)
 - 1.7.i Aditya Birla Securities Private Limited (ABSPL)(w.e.f. 31st July, 2010)
- 1.8 Aditya Birla Money Mart Limited (ABMML)
 - 1.8.i Aditya Birla Money Insurance Advisory Services Limited (ABMIASL)

2. Aditya Birla Minacs Worldwide Limited (ABMWL)

- 2.1 Transworks Inc. (TW Inc.)
- 2.2 Aditya Birla Minacs Philippines Inc. (ABMPI)
- 2.3 AV TransWorks Limited (AVTL)
 - 2.3.i Aditya Birla Minacs Worldwide Inc. (ABMWI)
 - 2.3.i(a) Aditya Birla Minacs BPO Limited (formerly known as Compass BPO Limited, U.K. (w.e.f. 9th March, 2010)
 - 2.3.i(a)i Compass BPO, Inc. (w.e.f. 9th March, 2010)
 - 2.3.i(a)ii Aditya Birla Minacs BPO Private Limited (formerly known as Compass Business Process Outsourcing Limited) (w.e.f. 9th March, 2010)
 - 2.3.i(a)iii Compass BPO FZe (w.e.f. 9th March, 2010 upto 24th February, 2011)
 - 2.3.i(b) Minacs Worldwide SA de CV
 - 2.3.i(c) The Minacs Group (USA) Inc.
 - 2.3.i(c)i Bureau of Collection Recovery, LLC (w.e.f. 2nd June, 2010)
 - 2.3.i(d) Minacs Limited
 - 2.3.i(d)i Minacs Worldwide GmbH
 - 2.3.i(d)i)a Minacs Kft.
 - 2.3.i(e) Bureau of Collections Recovery (BCR) Inc. (w.e.f. 4th March, 2011)

3. Aditya Vikram Global Trading House Limited (AVGTHL)**4. Birla Sun Life Insurance Company Limited (BSLICL)****5. ABNL Investment Limited (ABNLIL)****6. Madura Garments Lifestyle Retail Company Limited (MGLRCL)**

SCHEDULE 20 (Contd.)**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS****ANNEXURE-II (Contd.)**

- 7. Peter England Fashions and Retail Company Limited (PEFRL)**
- 8. Indigold Trade and Services Limited (ITSL) (formerly known as Madura Garments International Brand Company Limited) (on becoming Associate, ceased to be an subsidiary w.e.f. 27th November, 2009 and again become subsidiary w.e.f. 30th June, 2010)**
 - 8.1 LIL Investment Limited (LIL) (w.e.f. 27th July, 2009 and on becoming Associate, ceased to be an subsidiary w.e.f. 27th November, 2009 and again became subsidiary w.e.f. 30th June, 2010)
- 9. Aditya Birla Minacs IT Services Limited (ABMITS) (formerly known as PSI Data Systems Limited)**
 - 9.1 Aditya Birla Minacs Technologies Limited (ABMTL) (formerly known as Birla Technologies Limited)
- 10. Shaktiman Mega Food Park Private Limited (w.e.f. 2nd December, 2010)**
- 11. Madura Garments Exports Limited (MGEL) (merged with the Company w.e.f. 1st January, 2010)**
- 12. Madura Garments Exports US, Inc. (ceased to be a Subsidiary from 9th February, 2010)**
- 13. MG Lifestyle Clothing Company Private Limited (MGCCPL) (merged with the Company w.e.f. 1st January, 2010)**

II. Joint Ventures:

1. Birla Sun Life Asset Management Company Limited (BSAMC) (Directly held by the Company till 22nd March, 2010, thereafter Joint Venture of ABFSPL)
2. Birla Sun Life Trustee Company Private Limited (BSTPL) (Directly held by the Company till 22nd March, 2010 thereafter Joint Venture of ABFSPL)
3. IDEA Cellular Limited

III. Associates:

1. Birla Securities Limited
2. Indigold Trade and Services Limited (formerly known as Madura Garments International Brand Company Limited) (w.e.f. 27th November, 2009, upto 29th June, 2010)
3. LIL Investment Limited (w.e.f. 27th November, 2009, upto 29th June, 2010)

IV. Key Management Personnel:

1. Dr. Bharat K. Singh — Managing Director (Upto 30th June, 2009)
2. Mr. Adesh Gupta — Whole-time Director (Upto 30th April, 2009)
3. Mr. K.K. Maheshwari — Whole-time Director (Upto 20th May, 2010)
4. Dr. Rakesh Jain — Managing Director
5. Mr. Pranab Barua — Whole-time Director (w.e.f. 1st May, 2009)

V. Relatives of Key Management Personnel:

1. Mrs. Usha Gupta (Wife of Mr. Adesh Gupta)
2. Mrs. Sharda Maheshwari (Wife of Mr. K.K. Maheshwari)

SCHEDULE 20 (Contd.)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

ANNEXURE-II (Contd.)

- b) During the year, following transactions were carried out with the related parties in the ordinary course of business:

₹ Crore

Transaction/Nature of Relationship	Subsidiaries	Joint Ventures	Associates	Key Management Personnel	Relatives of Key Management Personnel	Grand Total
Purchase of Goods and Services						
ABMITS	0.28 (0.06)	—	—	—	—	0.28 (0.06)
ABMTL	0.37 —	—	—	—	—	0.37 —
BSLICL	0.38 (0.52)	—	—	—	—	0.38 (0.52)
MGCCPL	— (53.60)	—	—	—	—	— (53.60)
MGLRCL	0.14 —	—	—	—	—	0.14 —
Others	0.07 (2.95)	0.06 (0.20)	—	—	0.01 (0.04)	0.14 (3.18)
TOTAL	1.24 (57.13)	0.06 (0.20)	—	—	0.01 (0.04)	1.31 (57.37)
Sales of Goods and Services						
MGEL	— (2.71)	—	—	—	—	— (2.71)
PEFRL	8.25 (2.53)	—	—	—	—	8.25 (2.53)
MGLRCL	6.47 (6.93)	—	—	—	—	6.47 (6.93)
Others	0.46 (0.63)	0.01 (0.03)	—	—	—	0.47 (0.67)
TOTAL	15.18 (12.79)	0.01 (0.03)	—	—	—	15.19 (12.82)
Interest Received						
ABNLIL	2.65 (2.68)	—	—	—	—	2.65 (2.68)
ABFL	0.70 (16.93)	—	—	—	—	0.70 (16.93)
PEFRL	₹ (8.31)	—	—	—	—	₹ (8.31)
MGLRCL	12.87 (8.37)	—	—	—	—	12.87 (8.37)
Others	3.67 (4.00)	—	0.02 (0.03)	— (₹)	—	3.69 (4.03)
TOTAL	19.89 (40.29)	—	0.02 (0.03)	— (₹)	—	19.91 (40.32)
Dividend Received						
ABFL	— (3.29)	—	—	—	—	— (3.29)
TOTAL	— (3.29)	—	—	—	—	— (3.29)

SCHEDULE 20 (Contd.)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

ANNEXURE-II (Contd.)

₹ Crore

Transaction/Nature of Relationship	Subsidiaries	Joint Ventures	Associates	Key Management Personnel	Relatives of Key Management Personnel	Grand Total
Receipt against Reimbursement of Revenue/Capital Expenditure						
BSLICL	—	—	—	—	—	—
	(0.01)	—	—	—	—	(0.01)
PEFRL	0.18	—	—	—	—	0.18
	—	—	—	—	—	—
MGLRCL	1.41	—	—	—	—	1.41
	(₹)	—	—	—	—	(₹)
Others	—	—	—	—	—	—
	(₹)	(0.01)	—	—	—	(0.01)
TOTAL	1.59	—	—	—	—	1.59
	(0.01)	(0.01)	—	—	—	(0.02)
Interest Expenses						
ABFL	—	—	—	—	—	—
	(0.05)	—	—	—	—	(0.05)
BSLICL	7.40	—	—	—	—	7.40
	(7.38)	—	—	—	—	(7.38)
TOTAL	7.40	—	—	—	—	7.40
	(7.42)	—	—	—	—	(7.42)
Managerial Remuneration Paid*						
Dr. Bharat K. Singh	—	—	—	—	—	—
	—	—	—	(1.36)	—	(1.36)
Shri Adesh Gupta	—	—	—	—	—	—
	—	—	—	(0.48)	—	(0.48)
Shri K.K. Maheshwari	—	—	—	1.83	—	1.83
	—	—	—	(3.69)	—	(3.69)
Dr. Rakesh Jain	—	—	—	5.85	—	5.85
	—	—	—	(4.55)	—	(4.55)
Shri Pranab Barua	—	—	—	2.75	—	2.75
	—	—	—	(2.47)	—	(2.47)
TOTAL	—	—	—	10.43	—	10.43
	—	—	—	(12.55)	—	(12.55)

* Excluding Gratuity and Leave Encashment provision and Employee Compensation under ESOP.

SCHEDULE 20 (Contd.)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

ANNEXURE-II (Contd.)

₹ Crore

Transaction/Nature of Relationship	Subsidiaries	Joint Ventures	Associates	Key Management Personnel	Relatives of Key Management Personnel	Grand Total
Fresh Investments Made						
BSLICL	— (333.00)	— —	— —	— —	— —	— (333.00)
ABFSPL	140.00 (508.00)	— —	— —	— —	— —	140.00 (508.00)
Others	1.20 (28.16)	— —	— (2.03)	— —	— —	1.20 (30.19)
TOTAL	141.20 (869.16)	— —	— (2.03)	— —	— —	141.20 (871.19)
Purchase of Investments						
ABFSPL	— (24.09)	— —	— —	— —	— —	— (24.09)
TOTAL	— (24.09)	— —	— —	— —	— —	— (24.09)
Sale of Investments						
ABFL	— —	— —	— —	— —	— —	— —
ABFSPL	149.08 (290.50)	— (14.31)	— —	— —	— —	149.08 (304.81)
Others	3.68 —	— (0.01)	— —	— —	— —	3.68 (0.01)
TOTAL	152.76 (290.50)	— (14.32)	— —	— —	— —	152.76 (304.82)
Loans Granted (Including Inter-Corporate Deposits)						
ABFL	484.00 (2,437.25)	— —	— —	— —	— —	484.00 (2,437.25)
MGLRCL	366.59 (878.75)	— —	— —	— —	— —	366.59 (878.75)
ABML	185.00 (125.00)	— —	— —	— —	— —	185.00 (125.00)
ABMML	197.22 (7.00)	— —	— —	— —	— —	197.22 (7.00)
Others	71.67 (453.64)	— —	— (1.13)	— —	— —	71.67 (454.76)
TOTAL	1,304.48 (3,901.63)	— —	— (1.13)	— —	— —	1,304.48 (3,902.76)
Loans Granted Received Back (including Inter-Corporate Deposits)						
ABFL	549.00 (2,372.25)	— —	— —	— —	— —	549.00 (2,372.25)
MGLRCL	423.12 (839.60)	— —	— —	— —	— —	423.12 (839.60)
ABML	205.00	—	—	—	—	205.00

SCHEDULE 20 (Contd.)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

ANNEXURE-II (Contd.)

₹ Crore

Transaction/Nature of Relationship	Subsidiaries	Joint Ventures	Associates	Key Management Personnel	Relatives of Key Management Personnel	Grand Total
ABMML	(105.00)	—	—	—	—	(105.00)
	175.09	—	—	—	—	175.09
	(7.00)	—	—	—	—	(7.00)
Others	88.52	—	—	—	—	88.52
	(322.81)	—	—	(₹)	—	(322.81)
TOTAL	1,440.73	—	—	—	—	1,440.73
	(3,646.65)	—	—	(₹)	—	(3,646.65)
Loans Repaid (Including Inter-Corporate Deposits)						
ABFL	—	—	—	—	—	—
	(11.90)	—	—	—	—	(11.90)
TOTAL	—	—	—	—	—	—
	(11.90)	—	—	—	—	(11.90)
Guarantees Given during the year						
ABMWL	25.00	—	—	—	—	25.00
	(54.70)	—	—	—	—	(54.70)
ABMWI	91.96	—	—	—	—	91.96
	—	—	—	—	—	—
MGLRCL	—	—	—	—	—	—
	(3.60)	—	—	—	—	(3.60)
TOTAL	116.96	—	—	—	—	116.96
	(58.30)	—	—	—	—	(58.30)
Outstanding Balances as on 31.03.2011						
Loans Granted	58.91	—	—	—	—	58.91
	(194.04)	—	(1.13)	—	—	(195.17)
Debenture Held by	85.00	—	—	—	—	85.00
	(60.00)	—	—	—	—	(60.00)
Interest Accrued on Loans Granted	1.60	—	—	—	—	1.60
	(1.34)	—	(0.04)	—	—	(1.39)
Amounts Receivable	2.25	₹	—	—	—	2.25
	(7.44)	(₹)	—	—	(2.00)	(9.44)
Amounts Payable	0.32	0.01	—	0.12	—	0.45
	(0.11)	(0.01)	(0.02)	—	—	(0.15)
Guarantees Outstanding For	597.65	—	—	—	—	597.65
	(445.27)	—	—	—	—	(445.27)
Investments Outstanding	2,849.61	2,355.81	0.01	—	—	5,205.42
	(2,859.25)	(2,355.81)	(2.03)	—	—	(5,217.09)

- Figures in brackets represent corresponding amount of previous year.

- No amount in respect of the related parties have been written off/back are provided for during the year.

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

SCHEDULE 20 (Contd.)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

ANNEXURE-III

Statement of Derivatives – Outstanding at the Balance Sheet Date

a) Derivatives: Outstanding as at Balance Sheet Date

Nature of Contract	Foreign Currency	Option	Amount in Foreign Currency as at		Purpose
			31-Mar-2011	31-Mar-2010	
Currency and Interest Rate Swap	JYen	Buy	13,719,300,000	14,442,600,000	Hedging of Loan
Currency and Interest Rate Swap	USD	Buy	35,000,000	15,000,000	Hedging of Loan
Forward Contracts and Interest Rate Swap	USD	Buy	15,192,277	15,192,277	Hedging of Loan
Buyers Credit	USD	Buy	187,739,083	118,848,683	Hedging of Loan
Forward Contracts	USD	Buy	104,170,585	63,682,954	Hedging Purpose
		Sell	8,926,679	2,273,393	
Forward Contracts	Euro	Buy	6,031,254	119,221	Hedging Purpose
		Sell	5,969,659	1,897,941	
Forward Contracts	GBP	Sell	2,007,148	1,030,000	Hedging Purpose
Forward Contracts	AUD	Buy	497,037	629,501	Hedging Purpose

b) Foreign currency exposure which are not hedged as at Balance Sheet Date

Foreign Currency	Receivable	Payable	Investments	Net
USD	14,337,783 (10,428,746)	22,961,491 (18,037,839)	150,000 (850,000)	-8,473,708 (-6,759,093)
Euro	1,451,648 (742,941)	63,412 (136,230)		1,388,236 (606,711)
GBP	181,077 (408,052)	1,163,468 (1,049,602)		-982,391 (-641,550)

Figures in brackets represent corresponding amount of previous year.

SCHEDULE 20 (Contd.)**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS
ANNEXURE-IV**

INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPHS 3, 4C AND 4D OF PART II OF SCHEDULE VI OF THE COMPANIES ACT, 1956

(a) Details of Products Manufactured, Turnover, Opening Stock, Closing Stock, etc.:

₹ Crore

Particulars	Unit	Year Ended 31st March	Installed Capacity Per Annum	Opening Stock		Production Quantity	Purchase		Turnover		Closing Stock	
				Quantity	Amount		Quantity	Amount	Quantity@	Amount	Quantity	Amount
Garments*	Nos./000	2011	—	2,781	165.90	12,957	9,155	336.22	15,924	1,667.63	8,969	294.68
	Nos./000	2010	—	7,837	176.43	3,300	4,067	145.69	12,421	1,063.96	2,781	165.90
Viscose Filament Rayon Yarn	MT	2011	17,520	624	11.90	15,389	—	—	15,592	417.95	421	10.28
	MT	2010	16,400	481	8.43	16,759	—	—	16,616	393.35	624	11.90
Sulphuric Acid and Allied Chemicals	MT	2011	57,680	749	0.31	51,214	—	—	50,593	22.65	1,370	1.03
	MT	2010	55,300	784	0.24	47,670	—	—	47,707	21.96	749	0.31
Caustic Soda	MT	2011	91,250	1,224	0.98	87,932	—	—	88,246	123.24	910	0.94
	MT	2010	91,250	1,871	1.70	88,250	—	—	88,897	133.81	1,224	0.98
Chlorine	MT	2011	80,665	404	0.13	73,985	—	—	74,097	34.99	292	0.20
	MT	2010	80,665	310	(0.01)	72,378	—	—	72,284	11.95	404	0.13
Hydro Chloric Acid	MT	2011	11,115	231	0.04	11,372	—	—	11,509	2.16	94	0.03
	MT	2010	11,115	168	(0.00)	17,356	—	—	17,293	0.91	231	0.04
Spun Yarn	MT	2011	44024 spdis.	687	28.80	10,769	42	3.10	10,841	589.14	657	28.65
	MT	2010	43768 spdis.	551	28.72	9,611	—	—	9,474	445.52	687	28.80
Cloth	000Mtr.	2011	106 looms	1,267	17.21	6,614	—	—	6,081	151.67	1,800	25.29
	000Mtr.	2010	106 looms	1,086	18.87	4,375	—	—	4,194	105.82	1,267	17.21
Carbon Black	MT	2011	314,000	6,386	25.50	275,560	—	—	274,920	1,647.04	7,026	35.26
	MT	2010	230,000	3,211	16.82	233,371	—	—	230,195	1,175.68	6,386	25.50
High and Low Tension Insulators and Bushings	MT	2011	45,260	3,166	24.71	43,498	—	—	44,281	551.19	2,383	17.01
	MT	2010	45,260	3,043	29.64	37,151	22	0.21	37,050	446.84	3,166	24.71
Liquid Argon	'000 SM ³	2011	3,000	51	0.14	1,277	—	—	1,289	3.83	39	0.13
	'000 SM ³	2010	3,000	112	0.34	486	—	—	546	1.38	51	0.14
Urea	MT	2011	2620 per day	4,813	3.40	1,100,111	—	—	1,099,428	1,144.35	5,496	4.80
	MT	2010	2620 per day	12,823	10.41	1,097,705	—	—	1,105,715	959.59	4,813	3.40
Traded Goods		2011	—	—	2.07	—	—	59.13	—	72.83	—	1.20
		2010	—	—	3.21	—	—	40.21	—	46.60	—	2.07
Others		2011	—	—	12.79	—	—	55.46	—	270.39	—	22.08
		2010	—	—	8.53	—	—	8.82	—	178.60	—	12.79
Total		2011			293.88			453.91		6,699.06		441.58
		2010			303.33			194.93		4,985.97		293.88

The Installed Capacity is as Certified by the Management and licensed capacity is not given as licensing has been abolished.

@ Turnover quantity includes captive consumption, damages, sample sales and shortages and value includes Export benefits.

* Garment production includes items produced on job work basis by outside parties and purchases.

SCHEDULE 20 (Contd.)
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS
ANNEXURE-IV (Contd.)

b) Raw Materials Consumed:

	MT	Current Year		Previous Year	
		₹ Crore	MT	₹ Crore	MT
Wood Pulp	17,051	119.96	18,253	90.46	
Wool Fiber	7,351	325.27	6,958	240.06	
Flax Fiber	3,038	29.95	3,137	35.55	
Staple and Synthetic Fiber	551	10.77	908	14.65	
Cotton Staple and Synthetic Yarn	3,426	111.32	1,985	58.18	
Carbon Black Feed Stock/Coal Tar	527,095	1,195.04	439,747	818.16	
Fabrics in '000 Mtrs.	22,340	348.32	18,783	220.13	
Natural Gas/RNLG (000SM ³)	585,233	612.94	575,058	459.99	
Naphtha (000)	-	-	0.68	2.26	
Metal Parts*	-	113.98	-	95.67	
Clays	52,847	23.62	47,049	19.02	
Others		204.13		142.14	
		<u>3,095.30</u>		<u>2,196.27</u>	

* It is not practicable to furnish quantitative information in view of the large number of item which differ in size and nature, each being less than 10% in value of the total.

c) Value of Imports calculated on C.I.F. Basis

Raw Materials	1,827.52	1,149.69
Stores and Spare Parts	22.68	18.41
Capital Goods	10.94	62.20
Purchase of Finished Goods	45.11	30.49

d) Expenditure in Foreign Currency (on actual payment basis):

Advertisement	1.36	1.10
Technical Assistance Fees/Royalty	0.94	0.86
Interest and Commitment Charges	20.87	24.91
Professional Charges	5.41	1.19
Travelling	1.16	1.23
Commission	7.33	9.23
Others	7.63	5.34

e) Value of Imported and Indigenous Raw Materials, Spare Parts and Components consumed and percentage thereof to the total consumption:

Raw Materials:	Percentage	Current Year		Previous Year	
		₹ Crore	Percentage	₹ Crore	Percentage
Imported	58.03%	1,796.22	56.49%	1,240.76	
Indigenous	41.97%	1,299.08	43.51%	955.51	
		<u>3,095.30</u>		<u>2,196.27</u>	
Stores, Spare Parts and Components:					
Imported	8.82%	21.26	9.59%	19.17	
Indigenous	91.18%	219.63	90.41%	180.83	
		<u>240.89</u>		<u>200.00</u>	

f) Amount remitted in Foreign Currency on account of Dividend:

Dividend in respect of Accounting Year 2009-10 (508 Shareholders holding 131,925 Equity Shares)	0.07	
Dividend in respect of Accounting Year 2008-09 (562 Shareholders holding 149608 Equity Shares)		0.06

g) Earnings in Foreign Currency (Accrual Basis):

i) On Export of Goods (F.O.B. Basis):		
(a) Foreign Currency	836.40	606.08
(b) Rupee Payments	3.44	14.71
(c) Export through Merchant Exporters	6.14	1.70
ii) Sale of Certified Emission Reduction	6.03	4.12
ii) Service Charge	0.08	0.18

ANNEXURE V
SEGMENT — DISCLOSURES FOR THE YEAR ENDED 31ST MARCH, 2011

₹ Crores

	Fashion and Lifestyle		Rayon Yarn		Carbon Black		Insulators		Textiles		Agri-Business		Gross Total		Inter Segment Elimination		Net Total	
	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period	Current Period	Previous Period
a Segment Revenue#																		
Sales to External Customers including Export Benefits but net of Excise Duty	1,764.36	1,103.94	564.97	537.69	1,588.46	1,160.87	428.43	517.98	765.24	574.99	1,243.53	1,021.56	6,444.53	4,827.47	-	-	-	-
Inter-Segment Revenue	0.03	—	—	—	—	—	(0.03)	8.89	8.89	1.55	—	—	8.92	1.52	—	—	—	—
Total Segment Revenue	1,764.39	1,103.94	564.97	537.69	1,588.46	1,160.87	428.40	517.97	774.13	576.54	1,243.53	1,021.56	6,453.45	4,829.00	(8.92)	(1.52)	6,444.53	4,827.47
b Segment Result (PBIT)																		
Less: Interest and Finance Charges	99.36	(14.37)	74.87	120.01	221.08	227.33	97.66	114.37	79.99	46.80	157.38	136.47	747.04	613.91	-	-	747.04	613.91
Add: Interest Income	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	281.08	334.10
Add: Unallocable Income net of Unallocable Expenditure	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	40.31	46.04
Profit before tax	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(11.21)	(5.55)
Provision for Taxation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Profit after Tax	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	495.08	320.30
c Carrying amount of Segment Assets																		
Unallocated Assets	1,166.60	882.98	506.87	500.79	1,469.92	1,195.20	360.90	433.06	385.23	363.33	609.13	406.22	4,570.80	3,709.43	-	-	4,570.80	3,709.43
Total Assets	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	5,663.18	5,777.85
d Carrying amount of Segment Liabilities																		
Unallocated Liabilities	597.13	389.91	66.88	70.86	249.27	252.90	66.56	70.43	189.16	82.09	113.09	98.76	1,285.97	961.06	-	-	1,285.97	961.06
Total Liabilities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
e Cost incurred to acquire Segment Fixed Assets during the year																		
Unallocated Assets	38.03	17.74	11.60	29.53	316.17	19.68	38.05	27.20	3.84	3.51	17.31	18.89	414.15	127.40	-	-	414.15	127.40
Total	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
f Depreciation/Amortisation																		
Unallocated Depreciation	58.76	58.53	34.55	34.93	36.92	25.38	18.05	20.58	22.55	22.57	18.41	18.84	191.77	178.30	-	-	191.77	178.30
Total	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

(II) Secondary Segment — Geographical

The Company's operating facilities are located in India

	Current Period	Previous Period
Domestic Revenues	5,580.22	4,222.93
Exports Revenues	864.31	604.53
Total	<u>6,444.53</u>	<u>4,827.47</u>

Inter-segment revenues are recognised on arm's length basis.

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2011**

Aditya Birla Nuvo Limited

₹ Crore

PARTICULARS	31-Mar-2011	31-Mar-2010
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	495.08	320.30
Adjustments for:		
Depreciation	194.06	180.26
Provision for Bad and Doubtful Debts, Advances and Other Current Assets	2.47	3.92
Interest Expenses	281.08	334.10
Interest Income	(40.32)	(46.05)
Unrealised (Gain)/Loss on Foreign Exchange	(0.99)	(1.55)
Employee Stock Options Outstanding	2.01	0.10
(Profit)/Loss on Fixed Assets Sold	1.28	7.13
(Profit)/Loss on Sale of Investments	(4.20)	(7.69)
Dividend Income	(4.52)	(8.00)
	<u>430.87</u>	<u>462.22</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	925.95	782.52
Adjustment for:		
Decrease/(Increase) in Sundry Debtors and Other Receivables	(483.65)	264.23
Decrease/(Increase) in Inventories	(326.90)	(87.16)
Increase/(Decrease) in Current Liabilities and Provisions	343.32	(467.23)
	<u>(467.23)</u>	<u>165.71</u>
CASH GENERATED FROM OPERATIONS	458.72	1,125.30
Income Taxes Refund/(Paid)	(103.98)	(56.11)
	<u>(103.98)</u>	<u>(56.11)</u>
NET CASH FROM OPERATING ACTIVITIES	354.74	1,069.19
B CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from Sale of Fixed Assets	3.25	2.37
Purchase of Fixed Assets	(244.27)	(258.67)
(Increase)/Decrease in Inter-Corporate Deposits	131.04	(93.80)
Interest Received	40.53	49.55
Dividend Received	4.52	8.00
Sale/Redemption (Purchase) of Current Investments (Net)	(50.79)	737.83
Sale of Investment in Subsidiaries	154.74	278.96
Investment in Subsidiaries	(141.21)	(881.74)
Sale of Other Investments	–	14.30
Purchase of Other Investments	(0.10)	(2.03)
	<u>(0.10)</u>	<u>(2.03)</u>
NET CASH (USED IN)/FROM INVESTING ACTIVITIES	(102.29)	(145.23)

STANDALONE FINANCIAL STATEMENTS

₹ Crore

PARTICULARS	31-Mar-2011	31-Mar-2010
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital	10.50	8.00
Proceeds from Issue of Share Warrants (Net of Conversion)	–	142.07
Share Premium Received	415.69	424.96
Capital Subsidy Received	3.93	–
Proceeds from Borrowings	459.76	665.94
Repayment of Borrowings	(806.72)	(1,858.48)
Dividends Paid (including Tax thereon)	(59.45)	(42.43)
Interest and Finance Charges Paid	(269.16)	(340.95)
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	(245.45)	(1,000.89)
NET INCREASE IN CASH AND EQUIVALENTS	7.00	(76.93)
CASH AND CASH EQUIVALENTS (OPENING BALANCE)	14.31	89.81
Cash Acquired on Composite Scheme of Arrangement	–	1.43
CASH AND CASH EQUIVALENTS (CLOSING BALANCE)	21.31	14.31

Notes:1) **Cash and Cash Equivalents include:**

Cash, Cheque in Hand and Remittance in Transit	9.96	2.56
Balance with Banks	11.35	11.75
	21.31	14.31

2) Previous Year's figures have been regrouped/rearranged to confirm to the current year's presentation, whenever necessary.

3) Closing cash and cash equivalents includes ₹ 2.57 Crore (Previous Year: ₹ 2.46 Crore) lying in designated account with scheduled banks on account of unclaimed Dividend and right issue refund order account, which are not available for use by the Company.

As per our attached Report of even date

For KHIMJI KUNVERJI & CO.
Firm Registration No. 105146W
Chartered Accountants

For S.R. BATLIBOI & CO.
Firm Registration No. 301003E
Chartered Accountants

For and on behalf of Board of Directors

DR. RAKESH JAIN
Managing Director

TARJANI VAKIL
G.P. GUPTA

SUSHIL AGARWAL
Chief Financial Officer

B.R. GUPTA
Directors

Per SHIVJI K. VIKAMSEY
Partner
Membership No. 2242

Per VIJAY MANIAR
Partner
Membership No. 36738

DEVENDRA BHANDARI
Company Secretary

Mumbai, May 30, 2011

I Registration Details

Registration No. 1 1 0 7 State Code 0 4
Balance Sheet Date 3 1 0 3 2 0 1 1
Date Month Year

II Capital Raised during the Year (Amount in ₹ Crore)

Public Issue NIL
Preferential Issue 4 2 6 . 1 9
Bonus Issue NIL
Private Placement NIL

III Position of Mobilisation and Development of Fund (Amount in ₹ Crore)

	Total Liabilities	Total Assets
	8 8 6 1 . 5 6	8 8 6 1 . 5 6
Sources of Funds	Paid-up Capital	Reserves & Surplus*
	1 1 3 . 6 1	5 2 8 7 . 1 4
	Secured Loans	Unsecured Loans
	1 3 8 0 . 6 1	1 9 0 6 . 5 9
Application of Funds	Net Fixed Assets	Investments
	1 8 5 8 . 0 0	5 4 7 7 . 4 0
	Net Current Assets**	Misc. Expenditure
	1 3 5 2 . 5 5	N I L

* Includes Employee Stock Options Outstanding

** Net of Deferred Tax Liability

IV Performance of Company (Amount in ₹ Crore)

Turnover	Total Expenditure
6 5 0 2 . 5 4	6 0 0 7 . 4 6
Profit Before Tax	Profit After Tax
4 9 5 . 0 8	3 7 9 . 6 9
Earnings per Share	Dividend Rate %
3 5 . 8 4	5 5 . 0 0

V Generic Names of Three Principal Products/Services of the Company (as per Monetary Terms)

Item Code No. (ITC Code)	Product Description
6 2 0 0 0 0	Garments
5 4 0 3 1 1 0 . 0 9	Viscose Filament Rayon Yarn
2 8 0 3	Carbon Black
3 1 0 2 1 0 0 0	Urea

DR. RAKESH JAIN
Managing Director

TARJANI VAKIL
G.P. GUPTA
B.R. GUPTA
Directors

SUSHIL AGARWAL
Chief Financial Officer

DEVENDRA BHANDARI
Company Secretary

Mumbai, May 30, 2011

CONSOLIDATED FINANCIALS

The Board of Directors

Aditya Birla Nuvo Limited

1. We have audited the attached consolidated balance sheet of Aditya Birla Nuvo Group, as at March 31, 2011, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Aditya Birla Nuvo Limited's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the 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. Included in the Consolidated Financial Statement are total assets of Rs. 32,186.32 crore as at March 31, 2011, total revenues of Rs. 10,345.71 crore and net cash inflow of Rs. 48.60 crore for the year ended March 31, 2011, of twenty two subsidiaries, three joint ventures and one associate, which have not been jointly audited by us. These have been audited by either of us singly or jointly with others or by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these entities, is based solely on reports of those respective auditors.
4. The auditors of Aditya Birla Minacs Worlwide Limited ('ABMWL'), a subsidiary company, have reported that they did not audit the financial statements of Aditya Birla Minacs Worldwide Inc., Canada ('MWI'), and Aditya Birla Minacs Philippines, Inc. ('ABMPI'), whose audited financial statement reflect total assets Rs. 751.46 crore as at March 31, 2011, total revenue of Rs. 1,404.12 crore and net cash outflows of Rs. 0.29 crores for the year ended March 31, 2011. The financial statements for MWI and ABMPI have been prepared under Generally Accepted Accounting Principles of Canada and Philippines respectively and have been audited by the other auditors. These have been converted as per requirements of Indian GAAP by the management and audited by them, and our opinion, in so far as it relates to the amounts included in respect of MWI and ABMPI, is based solely on the reports of those auditors and its conversion into Indian GAAP as stated above.
5. Included in the Consolidated Financial Statement, are total assets of Rs. 45.07 crore as at March 31, 2011, total revenues of Rs. 100.62 crore and net cash outflows of Rs. 0.44 crore for the year ended March 31, 2011, of two subsidiaries, which have not been audited by any auditors. These have been consolidated based on financial statement certified by the Management which is subject to consequential adjustment, if any, arising out of audit.
6. The auditors of Idea Cellular Limited ("Idea"), a joint venture company, without qualifying their opinion on the financial statements of Idea, have drawn attention to Note 3(b) of Schedule 22 to the consolidated financial statements which mentions that the Hon'ble High Court of Delhi on July 4, 2011, has reaffirmed its order dated February 5, 2010, sanctioning the Scheme of Amalgamation of Spice Communications Limited ("Spice") with Idea. However the judgement transferred and vested unto the Department of Telecommunications ("DoT"), the six telecom licenses granted to erstwhile Spice along with the spectrum (including two operational licenses for Punjab and Karnataka service areas) till the time permission of DoT is granted for transfer thereof upon an application from Idea to that effect. Idea has filed an appeal before the Appellate Bench of Hon'ble High Court of Delhi, challenging the above judgement dated July 4, 2011. The Appellate Bench of Hon'ble High Court of Delhi through interim order has directed DoT to maintain status quo in respect of the two operational licences for Punjab and Karnataka and not to take any coercive action for remaining four non-operational licenses, till the next date of hearing. Since the matter is sub judice, the outcome of which is uncertain at this stage, the auditors of Idea is unable to comment on the consequential impact, if any, on their financial statements.

As a result of above, we are also unable to comment on the consequential impact, if any, on the attached consolidated financial statements.

7. The auditors of Birla Sun Life Insurance Company Limited ("BSCL"), a subsidiary company have reported that the actuarial valuation of liabilities of BSCL for policies in force is responsibility of the BSCL's Appointed Actuary. The auditors of BSCL have relied on the Appointed Actuary's certificate in this regard.
8. We report that the consolidated financial statements have been prepared by the Aditya Birla Nuvo Limited's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated financial statements, Accounting Standards (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard (AS) 27, Financial Reporting of Interests in Joint Ventures notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended).
9. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us and read with our comments in paragraph 6 above, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the consolidated balance sheet, of the state of affairs of the Aditya Birla Nuvo Group as at March 31, 2011;
 - (b) in the case of the consolidated profit and loss account, of the profit for the year ended on that date; and
 - (c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For KHIMJI KUNVERJI & CO.

Firm Registration No. 105146W
Chartered Accountants

Per Shivji K. Vikamsey

Partner
Membership No. 2242

Mumbai

Date: August 13, 2011

For S.R. BATLIBOI & CO.

Firm Registration No. 301003E
Chartered Accountants

Per Vijay Maniar

Partner
Membership No. 36738

Mumbai

Date: August 13, 2011

	<u>Schedule</u>	As at <u>31-Mar-2011</u>	₹ Crore As at <u>31-Mar-2010</u>
SOURCES OF FUNDS			
Shareholders' Funds:			
Equity Share Capital	1	113.51	103.01
Preference Share Capital	1	25.59	25.59
Share Warrants (Refer Note 4 of Schedule 22)		—	142.07
Employee Stock Options Outstanding		22.02	14.67
Reserves and Surplus	2	6,517.23	5,189.44
		6,678.35	5,474.78
Minority Interest		278.48	185.78
Loan Funds:			
Secured Loans	3	4,472.90	4,631.58
Unsecured Loans	4	4,827.97	2,800.82
		9,300.87	7,432.40
Deferred Tax Liabilities (Refer Note 9 of Schedule 22)		264.45	244.02
Policyholders' Fund		18,520.08	15,353.45
Fund for Future Appropriations		456.97	298.43
		35,499.20	28,988.86
Total Funds Employed			
APPLICATION OF FUNDS			
Fixed Assets:			
Gross Block	5	13,749.37	11,556.96
Less: Accumulated Depreciation		5,900.89	5,012.27
		7,848.48	6,544.69
Net Block			
Capital Work-in-Progress		1,040.09	443.74
		8,888.57	6,988.43
Goodwill on Consolidation		2,995.07	2,892.28
Investments			
Life Insurance Policyholders' Investment	6A	19,062.57	15,625.47
Other Investments	6B	1,736.52	1,331.00
		20,799.09	16,956.47
Deferred Tax Assets (Refer Note 9 of Schedule 22)		5.84	3.40
Current Assets, Loans and Advances:			
Inventories	7	1,233.84	902.66
Sundry Debtors	8	1,609.21	1,083.42
Cash and Bank Balances	9	850.56	794.84
Other Current Assets	10	207.60	207.92
Loans and Advances	11	3,044.26	2,539.37
		6,945.47	5,528.21
Less: Current Liabilities and Provisions:			
Current Liabilities	12	3,937.87	3,206.53
Provisions		196.97	173.40
		4,134.84	3,379.93
Net Current Assets			
		2,810.63	2,148.28
Total Funds Utilised			
		35,499.20	28,988.86

Significant Accounting Policies and Notes on Accounts 22
Schedules referred to above form an integral part of the Balance Sheet

As per our attached Report of even date

For KHIMJI KUNVERJI & CO.
Firm Registration No. 105146W
Chartered Accountants

For S.R. BATLIBOI & CO.
Firm Registration No. 301003E
Chartered Accountants

DR. RAKESH JAIN
Managing Director

SUSHIL AGARWAL
Whole-time Director & CFO

TARJANI VAKIL
P. MURARI
G.P. GUPTA
B.R. GUPTA
Directors

Per SHIVJI K. VIKAMSEY
Partner
Membership No. 2242
Mumbai, August 13, 2011

Per VIJAY MANIAR
Partner
Membership No. 36738

DEVENDRA BHANDARI
Company Secretary

	Schedule	Year Ended 31-Mar-2011	₹ Crore Year Ended 31-Mar-2010
INCOME			
Income from Operations	13	18,422.36	15,681.84
Less: Excise Duty		254.53	158.50
Net Revenue		18,167.83	15,523.34
Other Income	14	185.16	246.60
		18,352.99	15,769.94
EXPENDITURE			
(Increase)/Decrease in Stocks	15	(166.18)	20.33
Cost of Materials	16	3,594.66	2,482.78
Salaries, Wages and Employee Benefits	17	2,462.93	2,283.44
Manufacturing, Selling and Other Expenses	18	7,903.37	6,358.15
Change in Valuation of Liability in respect of Life Insurance Policies in Force	19	1,856.59	2,939.04
		15,651.37	14,083.74
Profit before Interest, Depreciation/Amortisation and Tax		2,701.62	1,686.20
Interest and Finance Expenses	20	566.08	662.15
Profit before Depreciation/Amortisation and Tax		2,135.54	1,024.05
Depreciation/Amortisation	5	940.65	866.48
Profit before Tax from Operating Activities		1,194.89	157.57
Impairment in Licence Value/Non Compete Fee and Expenses relating to Spice Amalgamation Scheme (of IDEA)			112.11
Less: Amount Withdrawn from Securities Premium/Business Restructuring Reserve		— (112.11)	—
Profit before Exceptional Items		1,194.89	157.57
Exceptional Items (Refer Note 8 of Schedule 22)		(103.84)	—
Profit before Tax		1,091.05	157.57
Provision for Taxation	21	183.08	114.00
Profit before Minority Interest		907.97	43.57
Minority Interest in the Profit/(Loss) of Consolidated Subsidiaries		85.86	(111.03)
Share of Profit/(Loss) of Associates		(0.01)	(0.04)
Net Profit		822.10	154.56
Balance brought forward		(1,284.96)	(1,112.61)
Amount Transferred on Stake Change/Amalgamation of Subsidiaries/Joint Ventures		(0.09)	(105.20)
Profit Available for Appropriation		(462.95)	(1,063.25)
APPROPRIATIONS			
Debenture Redemption Reserve		46.11	53.19
Special Reserve		7.70	6.40
General Reserve		250.00	100.00
Dividend on Preference Shares		0.01	1.75
Proposed Dividend on Equity Shares		62.43	51.51
Tax on Dividend		10.13	8.86
Surplus/(Deficit) carried to Balance Sheet		(839.33)	(1,284.96)
		(462.95)	(1,063.25)
Basic Earnings per Share - ₹	} (Refer Note 17 of Schedule 22)	77.60	15.44
Dilutive Earnings per Share - ₹		75.74	14.80
(Face Value of ₹ 10/- each)			
Significant Accounting Policies and Notes on Accounts	22		
Schedules referred to above form an integral part of the Profit and Loss Account			
As per our attached Report of even date			
For KHIMJI KUNVERJI & CO. Firm Registration No. 105146W Chartered Accountants	For S.R. BATLIBOI & CO. Firm Registration No. 301003E Chartered Accountants	DR. RAKESH JAIN Managing Director	TARJANI VAKIL P. MURARI G.P. GUPTA B.R. GUPTA Directors
Per SHIVJI K. VIKAMSEY Partner Membership No. 2242 Mumbai, August 13, 2011	Per VIJAY MANIAR Partner Membership No. 36738	SUSHIL AGARWAL Whole-time Director & CFO	DEVENDRA BHANDARI Company Secretary

SCHEDULE 1 SHARE CAPITAL	Numbers	₹ Crore	
		As at 31-Mar-2011	As at 31-Mar-2010
Authorised:			
Equity Shares of ₹ 10/- each	175,000,000 (175,000,000)	175.00	175.00
Redeemable Preference Shares of ₹ 100/- each	500,000 (500,000)	5.00	5.00
		180.00	180.00
Issued, Subscribed and Paid-up:			
EQUITY SHARE CAPITAL			
Equity Shares of ₹ 10/- each, fully paid-up	113,509,729 (103,009,542)	113.51	103.01
		113.51	103.01
PREFERENCE SHARE CAPITAL			
6% Redeemable Cumulative Preference Shares of ₹ 100/- each, fully paid-up of the Company	10,000 (10,000)	0.10	0.10
		0.10	0.10
Subsidiaries/Joint Ventures			
6% Redeemable Cumulative Preference Shares of ₹ 100/- each, fully paid-up of the Subsidiary company		0.01	0.01
7% Compulsory Convertible Cumulative Preference Shares of ₹ 10/- each, fully paid-up of the Subsidiary company		25.00	25.00
Compulsory Convertible Preference Shares of ₹ 10/- each, fully paid-up of the Subsidiary company of Joint Venture company		0.48	0.48
		25.49	25.49
		25.59	25.59

Figures in bracket represent corresponding number of shares of Previous Year.

SCHEDULE 2 RESERVES AND SURPLUS

	₹ Crore				
	Opening as at 1-Apr-2010	Addition	Addition/ (Deletion) on Stake Change/ Amalgamation	Deductions/ Adjustments	Closing as at 31-Mar-2011
Capital Reserve	266.04	3.93	—	—	269.97
Capital Fund	0.01	—	—	0.01	—
Capital Redemption Reserve	9.61	—	—	—	9.61
Debenture Redemption Reserve	69.47	46.11	—	—	115.58
Securities Premium Account	3,933.17	563.36	(2.25)	—	4,494.28
General Reserve	2,114.66	250.00	—	—	2,364.66
Investment Reserve	19.95	—	—	—	19.95
Special Reserve	18.93	7.70	—	—	26.63
Credit/(Debit) Fair Value Change Account	0.02	—	—	0.02	—
Business Restructuring Reserve	4.28	—	—	—	4.28
Foreign Currency Translation Reserve	38.26	13.33	—	—	51.59
Surplus as per Profit and Loss Account	(1,284.96)	445.72	(0.09)	—	(839.33)
	5,189.44	1,330.15	(2.34)	0.02	6,517.23
Previous Year	5,237.37	980.17	(960.94)	67.16	5,189.44

	As at 31-Mar-2011	₹ Crore As at 31-Mar-2010
SCHEDULE 3		
SECURED LOANS		
Non-Convertible Debentures	—	110.00
Loans from Banks	3,587.43	3,713.67
Finance Lease Liability	9.42	16.46
Other Loans:		
Deferred Sales Tax Loan	70.71	78.99
Others	805.34	712.46
	4,472.90	4,631.58
SCHEDULE 4		
UNSECURED LOANS*		
Fixed Deposits	—	0.82
Short Term Loans from:		
Banks	1,154.75	657.18
Commercial Paper (Maximum Balance Outstanding during the year ₹ 3179.82 Crore (Previous Year: ₹ 1670.00 Crore))	1,477.67	681.30
Others	187.69	176.33
Other Loans from:		
Banks	664.21	442.70
Convertible Debentures	550.00	250.00
Non-Convertible Debentures	790.00	590.00
Others	3.65	2.49
	4,827.97	2,800.82
*Includes amounts repayable within one year.	3,215.42	1,566.39

	Gross Block					Depreciation/Amortisation					Net Block		
	Opening as at 1-Apr-2010	Foreign Exchange Translation Difference	Addition/Deletion on Stake Change/Amalgamation	Additions for the Year	Deductions/Adjustments	As at 31-Mar-2011	Opening as at 1-Apr-2010	Foreign Exchange Translation difference	Addition/Deletion on Stake Change/Amalgamation	For the Year \$	Deductions/Adjustments	As at 31-Mar-2011	Closing at 31-Mar-2011
Tangible Assets													
Land	14.52	—	—	16.56	1.42	29.66	—	—	—	—	—	29.66	14.52
Freehold Leasehold	33.73	—	(0.01)	4.30	—	38.02	3.33	—	—	—	3.89	34.13	30.40
Railway Siding	5.84	—	—	—	—	5.84	5.55	—	—	—	5.55	0.29	0.29
Buildings	350.80	—	(0.04)	3755	—	388.31	8769	(0.01)	10.99	—	98.67	289.64	263.11
Freehold Leasehold	3.00	—	—	0.01	0.18	2.83	0.98	—	0.15	—	1.13	1.70	2.02
Leasehold Improvements	180.90	3.42	—	6.78	5.95	185.15	97.95	—	24.98	5.59	119.42	65.73	82.95
Plant and Machinery	8,568.68	0.04	(6.83)	1,152.01	58.68	9,655.22	3,286.37	2.08	671.03	33.92	3,921.25	5,733.97	5,282.31
Furniture, Fixtures and Equipments	1,004.53	13.87	(0.10)	129.27	17.21	1,130.36	707.81	11.71	119.64	15.51	823.57	306.79	296.72
Vehicles and Aircraft	60.24	0.01	(0.02)	14.51	10.90	63.84	31.07	—	11.09	7.10	35.04	28.80	29.17
Livestock	0.01	—	—	—	0.01	—	0.01	—	—	0.01	—	—	—
Intangible Assets													
Entry/Licence Fees *	840.11	—	(1.78)	868.83	0.19	1,706.97	453.03	(0.52)	46.24	0.02	498.73	1,208.24	387.08
Goodwill	57.85	(0.34)	—	—	—	57.51	11.52	(1.22)	—	—	10.30	47.21	46.33
Investment Management Rights *	26.92	—	—	—	—	26.92	12.11	—	2.69	—	14.80	12.12	14.81
Client Acquisition Cost	5.69	(0.02)	—	9.87	—	15.54	1.95	1.55	2.29	—	5.79	9.75	3.74
Trademark/Brands/Technical Know-how*	178.95	—	—	—	—	178.95	157.21	—	5.59	—	162.80	16.15	21.74
Software	225.19	—	(0.11)	41.40	2.23	264.25	155.69	(0.08)	45.65	1.31	199.95	64.30	69.50
Total	11,556.96	16.98	(8.89)	2,281.09	96.77	13,749.37	5,012.27	14.14	940.90	63.46	5,908.89	7,848.48	6,544.69
Previous Year	10,033.05	27.20	55.91	1,647.83	207.03	11,556.96	4,086.96	21.49	118.80	96.78	5,012.27	6,544.69	

1. Gross Block of Fixed Assets Includes:

- Assets held under co-ownership - Leasehold Land ₹ 19.56 Crore (Previous Year: ₹ 18.23 Crore), Buildings ₹ 23.85 Crore (Previous Year: ₹ 23.85 Crore), Furniture, Fixtures and Equipment ₹ 7.91 Crore (Previous Year: ₹ 7.79 Crore) and Vehicles and Aircraft ₹ 6.83 Crore (Previous Year: ₹ 6.83 Crore).
 - Buildings include ₹ 8.19 Crore (Previous Year: ₹ 8.19 Crore) being cost of Debentures of and Shares in a Company entitling the right of exclusive occupancy and use of certain premises.
 - Plant and Machinery includes asset held for disposal - Gross Block ₹ 4.46 Crore (Previous Year: ₹ 0.26 Crore) and Net Block of ₹ 0.03 Crore (Previous Year: ₹ Nil).
 - The Company has made an application for exemption under Section 20 of the Urban Land (Ceiling & Regulation) Act, 1976 for excess land of 4.25 acres (Previous Year: 4.25 acres) at Rishra.
3. Details of Fixed Assets capitalised under Finance Lease:
- Plant and Machinery includes Gross Block of ₹ 131.70 Crore (Previous Year: ₹ 91.93 Crore) and Net Block of ₹ 54.24 Crore (Previous Year: ₹ 49.04 Crore).
 - Software includes Gross Block of ₹ 46.01 Crore (Previous Year: ₹ 22.00 Crore) and Net Block of ₹ 26.55 Crore (Previous Year: ₹ 14.28 Crore).
 - Leasehold improvements includes Gross Block of ₹ Nil (Previous Year: ₹ 14.75 Crore) and Net Block of Nil (Previous Year: ₹ 10.72 Crore).
 - Furniture, Fixtures and Equipment includes Gross Block of ₹ 1.16 Crore (Previous Year: ₹ 65.73 Crore) and Net Block of ₹ 1.01 Crore (Previous Year: ₹ 14.97 Crore).
4. Depreciation charge for the year includes Group's share of accelerated depreciation of ₹ 15.56 Crore due to change in estimated useful life of certain fixed assets of IDEA.

* Based on Written down Value, the balance amortisation period of material intangible assets:

Intangible Asset

	Remaining Amortisation Period
Investment Management Right	60 months
Brands	30 months
Entry/Licence Fees	Ranges between 60 to 240 months based on the respective Telecom Service Licence period.

\$ Depreciation for the year includes:

Transferred to Research and Development Expenses	0.11
Pre-operative Expenses Capitalised	—
Depreciation recovered by subsidiary company	0.14
Group's share of impairment loss adjusted against Business Restructuring Reserve and Pre-operative charges capitalised by IDEA	15.07

Total

0.25

Current Year

Previous Year

15.32

	As at 31-Mar-2011	₹ Crore As at 31-Mar-2010
SCHEDULE 6		
INVESTMENTS		
A. Life Insurance Policyholders' Fund		
LONG TERM INVESTMENTS		
Quoted		
Government Securities/Bonds	2,495.80	1,618.96
Debentures/Bonds	3,463.62	3,377.94
Equity	9,226.38	7,216.06
Unquoted		
Debentures/Bonds	22.78	21.45
Equity	—	16.11
Other Investments	59.70	—
CURRENT INVESTMENTS		
Quoted		
Government Securities/Bonds	133.73	131.25
Debentures/Bonds	949.89	622.95
Unquoted		
Debentures/Bonds	—	13.05
Mutual Funds	414.98	1,119.14
Other Investments	2,295.69	1,488.56
A	19,062.57	15,625.47
B. Other Investments		
LONG TERM INVESTMENTS		
Quoted		
Government Securities/Bonds	343.98	192.18
Debentures/Bonds	205.26	108.53
Equity	201.94	201.48
Unquoted		
Government Securities/Bonds	—	0.01
Debentures/Bonds	179.31	30.00
Mutual Funds	0.01	23.70
Equity Shares	9.85	4.45
Preference Shares	16.47	15.72
Other Investments	85.38	35.23
CURRENT INVESTMENTS		
Quoted		
Government Securities/Bonds	35.14	68.20
Debentures/Bonds	8.44	15.86
Unquoted		
Mutual Funds	602.73	556.86
Other Investments	48.01	78.78
B	1,736.52	1,331.00
Total Investment	A + B	16,956.47
Investment in Associates	—	1.99
Market Value - Quoted	17,539.89	13,967.79
Aggregate Book Value - Quoted	17,064.18	13,553.42
Aggregate Book Value - Unquoted	3,734.91	3,403.05

	As at 31-Mar-2011	₹ Crore As at 31-Mar-2010
SCHEDULE 7		
INVENTORIES		
Finished Goods	458.49	308.20
Stores and Spares	114.65	110.88
{Includes Goods in Transit ₹ 1.08 Crore (Previous Year: ₹ 0.31 Crore)}		
Raw Materials	578.26	416.33
{Includes Goods in Transit ₹ 1.74 Crore (Previous Year: ₹ 1.89 Crore)}		
Work-in-Process	81.98	67.09
Waste/Scrap	0.46	0.16
	1,233.84	902.66

SCHEDULE 8**SUNDRY DEBTORS**

(Unsecured except otherwise stated)

Due for period exceeding six months		
Considered Good	33.23	46.87
Considered Doubtful	71.53	62.39
Due for period less than six months#		
Considered Good	1,575.98	1,036.54
Considered Doubtful	3.86	7.93
Less: Provision for Doubtful Debts	(75.39)	(70.31)
	1,609.21	1,083.42

#Includes subsidy receivable from Government of India ₹ 289.24 Crore (Previous Year: ₹ 108.28 Crore).

SCHEDULE 9**CASH AND BANK BALANCES**

Cash and Cheques in Hand	145.43	142.81
Balances with Scheduled Banks:*		
Current Accounts	138.25	162.59
Deposit Accounts	549.82	470.37
Balances with Non-Scheduled Banks:		
On Current Account	17.06	19.07
	850.56	794.84

*Includes ₹ 45.85 Crore (Previous Year ₹ 62.82 Crore) on account of following:

Unclaimed Dividend and Maturity Deposits	2.61	2.49
Lien Marked in favour of IRDA	0.64	0.64
Rights Issue Refund Order	0.06	0.07
Margin Money for Bank Guarantee	42.54	59.62

SCHEDULE 10**OTHER CURRENT ASSETS**

Fertilisers Bonds (Refer Note 20 (i) of Schedule 22)	20.30	29.33
Unbilled Revenue	131.92	144.08
Interest Accrued on Investments	55.38	34.51
	207.60	207.92

	As at 31-Mar-2011	₹ Crore As at 31-Mar-2010
SCHEDULE 11		
LOANS AND ADVANCES		
(Unsecured, Considered Good except otherwise stated)		
Corporate Finance (Bills Discounted/Purchased/Invoice Factoring/ receivable discounting)	360.55	80.30
Loan against Collateral Security		—
Secured	1,162.42	628.48
Unsecured	80.51	—
Advances Recoverable in Cash or in Kind or for Value to be Received {Net of Doubtful, fully provided ₹ 19.43 Crore (Previous Year: ₹ 16.98 Crore)}	673.42	622.19
Deposits		
Secured	37.23	37.23
Unsecured	425.47	867.49
{Net of Doubtful, fully provided ₹ 0.02 Crore (Previous Year: ₹ 0.02 Crore)}		
Balances with Central Excise, Customs and Port Trust, etc. {Net of Doubtful, fully provided ₹ 21.17 Crore (Previous Year: ₹ 25.45 Crore)}	64.91	110.35
Advance Tax and Tax Deducted at Source (Net of Provisions)	96.59	81.00
MAT Credit Entitlement	143.16	112.33
	3,044.26	2,539.37
SCHEDULE 12		
CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities:		
Acceptances	162.91	47.91
Sundry Creditors		
— Due to Micro and Small Enterprises	1.75	1.54
— Other than Micro and Small Enterprises	2,804.89	2,242.33
Advances from Customers	304.37	350.12
Income Received in Advances	154.83	44.03
Interest Accrued but not Due on Loans	85.69	74.77
Investors Education and Protection Fund to be Credited as and when due	2.67	2.61
Other Liabilities*	420.76	443.22
	3,937.87	3,206.53
Provisions for:		
Proposed Dividend	62.44	53.26
Corporate Tax on Dividend	10.13	8.87
Retirement Benefits	118.39	110.02
Provision for Doubtful Advances and Debts of NBFC Business	0.88	1.25
Contingency Provision against Standard Assets of NBFC Business	5.13	—
	196.97	173.40
	4,134.84	3,379.93
* Includes Bank Overdraft as per books.	80.00	212.18

	Year Ended 31-Mar-2011	₹ Crore Year Ended 31-Mar-2010
SCHEDULE 13		
INCOME FROM OPERATIONS		
A. GROSS REVENUE		
Revenue from Sale of Products	6,579.04	4,986.77
Income from Financial Services	565.83	402.42
Income from Telecom Services	3,907.31	3,321.93
Life Insurance Premium	5,511.14	5,292.68
Income from Other Services	1,673.48	1,528.68
	18,236.80	15,532.48
B. OTHER OPERATING INCOME		
Scrap Sales	13.13	9.07
Exports Incentives	59.66	43.23
Licence Fees and Royalties	1.59	1.32
Government Grant (Sales Tax Subsidy)	2.23	1.83
Power and Steam Sales	79.63	73.30
Certified Emission Reductions	6.03	4.12
Investment Income/(Loss) on Life Insurance Policyholders' Fund related to Non-Linked Business	23.29	16.23
Miscellaneous Other Operating Income	—	0.26
	185.56	149.36
	18,422.36	15,681.84
SCHEDULE 14		
OTHER INCOME		
Dividend on Investments:		
Long Term	6.88	7.47
Current	1.18	2.72
Profit/(Loss) on Sale of Investments:		
Long Term	4.94	0.71
Current	34.51	77.11
Investment Income/(Loss) - Life Insurance Shareholders' Fund	38.39	30.14
Miscellaneous Income/(Loss) - Life Insurance Policyholders' Fund	23.68	14.35
Interest Income	61.04	92.73
Miscellaneous Income	14.54	21.37
	185.16	246.60
SCHEDULE 15		
(INCREASE)/DECREASE IN STOCKS		
Closing Stocks:		
Finished Goods	458.49	308.19
Work-in-Process	81.98	67.09
Waste/Scrap	0.46	0.16
	540.93	375.44
Less:		
Opening Stocks:		
Finished Goods	308.19	326.95
Work-in-Process	67.09	66.62
Waste/Scrap	0.16	0.30
	375.44	393.87
(Increase)/Decrease in Excise Duty on Stocks	(0.69)	1.90
(Increase)/Decrease	(166.18)	20.33

	Year Ended 31-Mar-2011	₹ Crore Year Ended 31-Mar-2010
SCHEDULE 16		
COST OF MATERIALS		
Raw Material Consumption	3,095.30	2,259.61
Purchase of Finished Goods	499.36	223.17
	3,594.66	2,482.78
SCHEDULE 17		
SALARIES, WAGES AND EMPLOYEE BENEFITS		
Payments to and Provisions for Employees:		
Salaries, Wages and Bonus	2,185.19	2,037.28
Contribution to Provident and Other Funds	103.19	79.73
Welfare Expenses	164.23	157.41
Employee Compensation under ESOP	10.32	9.02
	2,462.93	2,283.44
SCHEDULE 18		
MANUFACTURING, SELLING AND OTHER EXPENSES		
Consumption of Stores and Spares	222.10	188.08
Power and Fuel	880.97	732.68
Processing Charges	100.94	98.71
Tele-Service Charges	1,319.09	1,012.41
Connectivity Charges	141.12	127.87
Commission to Selling Agents	738.94	766.84
Brokerage and Discounts	62.54	61.96
Advertisement	301.58	334.55
Transportation and Handling Charges	57.67	50.60
Other Selling Expenses	487.17	426.47
Benefits Paid (Life Insurance Business)	1,934.37	1,138.78
Auditors' Remuneration	7.26	6.66
Provision for Bad and Doubtful Debts and Advances	18.41	19.73
Contingency Provision for Standard Assets of NBFC Business	5.14	—
Repairs and Maintenance:		
Buildings	18.55	13.16
Plant and Machinery	207.88	168.14
Others	110.05	87.37
Rent	467.76	412.93
Rates and Taxes (Refer Note 20 (ii) of Schedule 22)	67.69	34.72
Insurance	18.47	18.42
Research and Development Expenses	1.96	1.78
Miscellaneous Expenses (Refer Note 11 of Schedule 22)	733.71	656.28
	7,903.37	6,358.15

	Year Ended 31-Mar-2011	₹ Crore Year Ended 31-Mar-2010
SCHEDULE 19		
CHANGE IN VALUATION OF LIABILITY IN RESPECT OF LIFE INSURANCE POLICIES IN FORCE		
Change in Valuation of Liability in respect of Life Insurance Policies	3,325.25	6,925.97
Investment (Income)/Loss on Life Insurance Policyholders' Fund related to Linked Business	(1,468.66)	(3,986.93)
	1,856.59	2,939.04
SCHEDULE 20		
INTEREST AND FINANCE EXPENSES\$		
Interest on		
Debentures and Fixed Loans*	375.57	522.04
Others	146.00	98.19
Finance Expenses	44.51	41.92
	566.08	662.15
*Net of Interest Rebate Subsidy from Technology Upgradation Fund	17.81	17.14
\$ Includes Interest and Finance expenses of ₹ 111.89 Crore (Previous Year: ₹ 79.99 Crore) on Financial Services Business		
SCHEDULE 21		
PROVISION FOR TAXATION		
Current Tax	221.85	162.24
MAT Credit	(46.06)	(72.54)
Deferred Tax	18.63	28.52
Write Back of Excess/Short Provision for Taxation related to earlier year (net)	(11.34)	(4.22)
	183.08	114.00

SCHEDULE 22**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS****(A) ACCOUNTING POLICIES****I. ACCOUNTING CONVENTION**

The Consolidated Financial Statements (CFS) comprises the financial statement of Aditya Birla Nuvo Ltd. ("Company") and its Subsidiaries, Joint Ventures and Associates (herein after referred to as "Group Companies" and together as "Group"). The CFS of the Group have been prepared under the historical cost convention on an accrual basis in compliance with all material aspect of the Accounting Standards notified by Companies Accounting Standard Rules, 2006 (as amended), in case of Life Insurance Company guidelines issued by the Insurance Regulatory and Development Authority (IRDA) and in case of Non Banking Financial Companies (NBFC) guidelines issued by the Reserve Bank of India (RBI) as applicable to NBFC. The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year.

II. ACCOUNTING ESTIMATES

The preparation of Financial Statements requires the management to make estimates and assumption that affect reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management best knowledge of current event and actions, actual results could defer from these estimates.

III. PRINCIPLES OF CONSOLIDATION

The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and transactions as per Accounting Standard (AS) 21 "Consolidated Financial Statements".

Investments in Associate Companies have been accounted under the equity method as per AS 23 — "Accounting for Investments in Associates in Consolidated Financial Statements".

Interests in Joint Ventures have been accounted by using the proportionate consolidation method as per AS 27 — "Financial Reporting of Interests in Joint Ventures".

The excess/deficit of cost to the Company of its investment over its portion of net worth in the consolidated entities at the respective dates on which the investment in such entities was made is recognised in the CFS as goodwill/capital reserve.

Minority Interest in the net assets of Subsidiaries consists of:

- i. The amount of equity attributable to the minorities at the date on which investment in Subsidiary is made; and
- ii. The minorities' share of movements in equity since the date the parent-subsidiary relationship came into existence.

Entities acquired during the year have been consolidated from the respective dates of their acquisition.

List of companies included in Consolidation are mentioned in Annexure A.

IV. 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.

SCHEDULE 22 (Contd.)**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS****V. DEPRECIATION/AMORTISATION****a) Fixed Assets**

Depreciation on Fixed Assets is provided on Straight Line Method at the rates and in the manner specified in the Schedule XIV of the Companies Act, 1956 (Schedule XIV rates), or as per the useful lives of the assets estimated by the management. In case depreciation is provided based on estimated useful life the same is always higher than the Schedule XIV rates.

	Estimate Useful Life
Assets at Showrooms	5 years
Furniture, Fixtures and Electric Fittings	3 to 15 years
Office Electronic Equipment	3 to 20 years
Buildings	9 to 58 years
Office Computers	4 to 6 years
Vehicles	4 to 10 years
Catalyst	1.5 to 3 years
Plant and Machinery	3 to 20 years
Leasehold Land/Improvements	Over the lease period
Network Equipment	10 to 20 years
Optical Fibre	15 years

Fixed assets individually costing less than Five Thousand Ruppes are fully depreciated in the year of purchase.

b) Intangible Assets are amortised equally over there estimated useful life:

	Estimate Useful Life
Trademarks/Brands/Technical Know-how	7 to 10 years
Software	3 to 6 years
Entry and Licence Fees	Over period of licence
Investment Management Rights	Over period of 10 years
Client Acquisition Cost	2 to 10 years

The Group does not amortise Goodwill and is tested for impairment as at Balance Sheet date.

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 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. 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. Other borrowing costs are charged to the Profit and Loss Account.

VIII. TRANSLATION 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 are reported using closing rate of exchange at the end of the year. The

SCHEDULE 22 (Contd.)**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

resulting exchange gain/loss is reflected in the Profit and Loss Account. Other non-monetary items like fixed assets and investments in equity shares are carried in terms of historical cost using the exchange rate at the date of transaction. Premium/Discount in respect of forward foreign exchange contract is recognised over the life of the contracts. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Profit/Loss on cancellation/renewal of forward exchange contract is recognised as income/expense for the year.

Translation of foreign subsidiary is done in accordance with AS-11 (Revised) "The Effects of Changes in Foreign Exchange Rates". In the case of subsidiaries, the operation of which are considered as integral, the Balance Sheet items have been translated at closing rate except share capital and fixed assets, which have been translated at the transaction date. The income and expenditure items have been translated at the average rate for the year. Exchange gain/(loss) are recognised in the Profit and Loss Account.

In case of subsidiaries, the operation of which are considered as non-integral, all assets and liabilities are converted at the closing rate at the end of the year and items of income and expenditure have been translated at the average rate for the year. Exchange gain/(loss) arising on conversion are recognised under Foreign Currency Translation Reserve.

IX. DERIVATIVE INSTRUMENTS

The Group uses the Derivative financial instruments such as currency swaps and interest rate swaps to hedge risks associated with foreign currency fluctuations and interest rate.

As per ICAI announcement regarding accounting for derivative contracts, other than covered under AS 11, these are mark to market on the portfolio basis and net loss after considering the offsetting effect on the underlying hedged item is charged to the income statement. Net gains are ignored.

X. INVESTMENTS

Investments are recorded at cost on the date of purchase, which includes acquisition charges such as brokerage, stamp duty, taxes, etc. Current investments are stated at lower of cost and net realisable value. Long term investments are stated at cost after deducting provisions made, if any, for other than temporary diminution in the value.

Investments of Life Insurance Business:

Investments are made in accordance with the Insurance Act, 1938, the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, the Insurance Regulatory and Development Authority (Investment) (Amendment) Regulations, 2001, and various other circulars/notifications issued by the IRDA in this context from time to time.

All debt securities are considered as 'held to maturity' and stated at amortised cost.

The discount or premium, which is the difference between the purchase price and the redemption amount of the securities, is amortised in the Profit and Loss Account, as the case may be, on a straight line basis over the remaining period to maturity of these securities.

Mutual fund investments are valued at realisable net asset value.

Listed equity shares are valued and stated at fair value, being the last quoted closing prices on the National Stock Exchange, at the Balance Sheet date. If the equity shares are not traded on the NSE then closing prices of the Bombay Stock Exchange (BSE) is considered.

Unlisted equity shares are valued as per the valuation policy of the Birla Sun Life Insurance Company Limited (BSLI). A provision is made for diminution, if any, in the value of these shares to the extent that such diminution is other than temporary.

XI. INVENTORIES

Raw materials, components, stores and spares are valued at lower of cost and 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.

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Finished goods and work-in-progress include costs of conversion and other costs incurred in bringing the inventories to

SCHEDULE 22 (Contd.)**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

their present location and condition.

Cost of inventories is computed on a weighted average/FIFO basis.

Proceeds, in respect of sale of raw materials/stores, are credited to the respective heads. Obsolete, defective and unserviceable inventory are duly provided for.

XII. GOVERNMENT GRANTS

Government grants are recognised when there is reasonable assurance that the same will be received and all attaching conditions will be complied with. Revenue grants are recognized in the Profit and Loss Account. Capital grants relating to specific fixed assets are reduced from the gross value of the respective fixed assets. Other capital grants are credited to capital reserve.

XIII. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares). For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

XIV. REVENUE RECOGNITION

Revenue is recognised as follows:

Revenue from sale of products is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and can be reliably measured.

Sales are recorded net of trade discounts, rebates and include excise duty.

Income from services are recognised as they are rendered based on agreements/arrangements with the concerned parties. In case of fixed price contracts revenue is recognised on percentage of completion method and revenue from time and materials contract is recognised as the services are provided. Maintenance income is accrued evenly over the period of contract.

Unbilled revenue represents revenues recognised in excess of the amounts billed as at the Balance Sheet date.

Amounts collected from customers prior to the performance of services are recorded as deferred revenue. These advances are amortised to revenue in accordance with the Group's policy on revenue recognition.

Income from Certified Emission Reductions (CERs) is recognised at estimated realisable value on confirmation of CERs by the concerned authorities.

Fertiliser price support under Group Concession and other Scheme of Government of India is recognised based on management's estimate taking into account known policy parameters and input price escalation/de-escalation.

For **Life Insurance Business**, revenue is recognised as follows:

Premium is recognised as income when due from policyholders. For unit-linked businesses, premium income is recognised when the associated units are created. Premium on lapsed policies is recognised as income when such policies are reinstated. Premiums are net of service tax on risk premium collected, if any.

In case of Linked Business, Top up premiums paid by policyholders are considered as single premium and are unitised as prescribed by the regulations. This premium is recognised when the associated units are created.

Income from linked policies, which includes asset management fees, policy administration charges, mortality charges and other charges, if any, are recovered from the linked funds in accordance with the

SCHEDULE 22 (Contd.)**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

terms and conditions of the policies and recognised when due.

Reinsurance premium ceded is accounted for at the time of recognition of the premium income in accordance with the terms and conditions of the relevant treaties with the reinsurers. Impact on account of subsequent revisions to or cancellations of premium are recognised in the year in which they occur.

In case of **Telecom Business** Recharge fees on recharge vouchers is recognised as revenue as and when the recharge voucher is activated by the subscriber. Unbilled receivables, represent revenues recognised from the bill cycle date to the end of each month. These are billed in subsequent periods as per the terms of the billing plans.

Income from **Financial Services** includes brokerage and fees on mutual fund units, bonds, fixed deposits, IPOs, private equity and other alternative products and services which is recognised when due, on completion of transaction. Management fees from the schemes of the mutual fund are accounted on an accrual basis as per Securities and Exchange Board of India (SEBI) Regulations and for venture capital funds as per investment management agreement entered with the Fund. Advisory and portfolio management fees are accounted on an accrual basis as per contractual terms with clients.

Stock and Commodity Brokerage Income is recognised on the trade date of the transaction upon confirmation of the transactions by the exchanges.

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

XV. BENEFITS PAID (INCLUDING CLAIMS)

In case of **Life Insurance Business**, deaths and other claims are accounted for, when notified. Survival and maturity benefits are accounted when due. Surrenders/Withdrawals under linked policies are accounted in the respective schemes when the associated units are cancelled. Reinsurance recoverable thereon is accounted for in the same period as the related claim. Repudiated claims disputed before judicial authorities are provided for based on management prudence considering the facts and evidences available in respect of such claims.

XVI. LICENCE FEES — REVENUE SHARE (TELECOM BUSINESS)

With effect from August 1, 1999, the Variable Licence Fee computed at prescribed rates of revenue share is being charged to the Profit and Loss Account in the period in which the related revenue arises. Revenue for this purpose comprises adjusted gross revenue as per the licence agreement of the licence area to which the licence pertains.

XVII. SCHEME EXPENSES (ASSET MANAGEMENT BUSINESS)

Expenses relating to New Fund Offer are charged to the Profit and Loss Account. Recurring expenses of the schemes of Mutual Fund in excess of limits prescribed under the SEBI Regulations are charged to the Profit and Loss Account in the year in which they are incurred. Trail Commission paid for future period for Equity Link Saving Schemes (ELSS), Fixed Tenure Schemes, Close Ended Schemes and Systematic Investment Plans (SIPs) in the different schemes during the year are treated as prepaid expenses and such brokerage and commission are expensed out over three years in case of ELSS or duration of closed schemes or over the duration of the SIP. Any other brokerage/commission is expensed in the year in which they are incurred.

XVIII. DISTRIBUTION COST (PRIVATE EQUITY FUND)

Distribution costs incurred by the Group in respect of Private Equity Fund have been accrued over the Commitment Period of the Fund as defined in the Fund's Private Placement Memorandum.

XIX. FUND FOR FUTURE APPROPRIATION (LIFE INSURANCE BUSINESS)

Amounts estimated by the Appointed Actuary as Funds for Future Appropriation in respect of lapsed Unit Linked Policies are set-aside in the Balance Sheet and are not available for distribution to shareholders until expiry of the revival period.

SCHEDULE 22 (Contd.)**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS****XX. RETIREMENT AND OTHER EMPLOYEE BENEFITS****a) Defined Contribution Plan**

The Group makes defined contribution to Provident Fund, ESI and Superannuation Schemes, which are recognised in the Profit and Loss Account on accrual basis. Provident Fund contributions are made to a Trust administered by the Company and government administered Provident Fund. The interest rate payable to the members of the Trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees Provident Funds and Miscellaneous Provisions Act, 1952, and shortfall, if any, shall be made good by the Company. The remaining contributions are made to a government administered Provident Fund towards which the Group has no further obligations beyond its monthly contributions

b) Defined Benefit Plan

The Group's liabilities under Payment of Gratuity Act, long term compensated absences and pension 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 based on estimates. Actuarial gain 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 terms of the Government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

XXI. EMPLOYEE STOCK-BASED COMPENSATION

The stock options granted are accounted for as per the accounting treatment prescribed by Employee Stock Option Scheme and Employee Stock Purchase Guidelines, 1999, issued by Securities and Exchange Board of India whereby the intrinsic value is recognised as deferred employee compensation. The deferred employee compensation is charged to Profit and Loss Account on straight line basis over the vesting period of the option.

XXII. TAXATION

Tax expense comprises of current and deferred tax.

Provision for current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the Income Tax Act, 1961, and tax laws prevailing in the respective tax jurisdictions Group operates.

The deferred tax for timing differences between the book and tax profits for the year 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.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Group writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

In case of unabsorbed losses and unabsorbed depreciation, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profit. At each balance sheet date the Group reassesses unrecognised deferred tax assets.

Minimum Alternatives Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the companies in the Group will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in Guidance Note issued by The Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Profit and Loss Account and shown as MAT

Credit Entitlement. The companies in the Group reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Group will pay normal Income Tax during the specified period.

XXIII. OPERATING LEASES

Leases where significant portion of risk and reward of ownership are retained by the Lessor are classified as Operating Leases and lease rentals thereon are charged to Profit and Loss Account on a straight line basis over lease term.

Lease income is recognised in the Profit and Loss Account on a straight line basis over lease term.

XXIV. FINANCE LEASE

Finance lease, which effectively transfers to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at lower of fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on implicit rate of return. Finance charges are charged directly against income. Lease management fees, lease charges and other initial direct costs are capitalised.

XXV. CONTINGENT LIABILITIES AND PROVISIONS

Contingent Liabilities are possible but not probable obligation as on the Balance Sheet date, based on the available evidence.

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 not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date.

SCHEDULE 22 (Contd.)**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS****Annexure 'A' to Accounting Policies**

	Country of Incorporation	Proportion of Ownership Interest as on March 31, 2011	Proportion of Ownership Interest as on March 31, 2010
SUBSIDIARIES			
Aditya Birla Financial Services Private Limited (ABFSPL)	India	100.00%	100.00%
Aditya Birla Capital Advisors Private Limited (ABCAPL) (Subsidiary of ABFSPL)	India	100.00%	100.00%
Aditya Birla Customer Services Private Limited (ABCSP) (Subsidiary of ABFSPL)	India	100.00%	100.00%
Aditya Birla Trustee Company Private Limited (ABTCPL) (Subsidiary of ABFSPL)	India	100.00%	100.00%
Aditya Birla Money Limited (ABML) (directly held by the Company till February 22, 2010, thereafter Subsidiary of ABFSPL) (76.00% upto March 12, 2010)	India	75.00%	75.00%
Aditya Birla Commodities Broking Limited (ABCBL) (100% Subsidiary of ABML)	India	75.00%	75.00%
Aditya Birla Financial Shared Services Limited (ABFSSL) (Subsidiary of ABNLIL till August 02, 2009, thereafter Subsidiary of ABFSPL)	India	100.00%	100.00%
Aditya Birla Finance Limited (ABFL) (Subsidiary of ABFSPL) (directly held by the Company till April 21, 2010, thereafter Subsidiary of ABFSPL)	India	100.00%	100.00%
Aditya Birla Securities Private Limited (ABSPL) (Subsidiary of ABFL w.e.f. July 31, 2010)	India	100.00%	—
Aditya Birla Insurance Brokers Limited (ABIBL) (Subsidiary of ABFL till March 18, 2010, thereafter Subsidiary of ABFSPL)	India	50.01%	50.01%
Aditya Birla Money Mart Limited (ABMML) (directly held by the Company till February 20, 2011, thereafter Subsidiary of ABFSPL)	India	100.00%	100.00%
Aditya Birla Money Insurance Advisory Services Limited (100% Subsidiary of ABMML)	India	100.00%	100.00%
Aditya Birla Minacs Worldwide Limited (ABMWL)	India	88.28%	88.28%
Transworks Inc. (TW Inc.) (100% Subsidiary of ABMWL)	USA	88.28%	88.28%
Aditya Birla Minacs Philippines Inc. (ABMPI) (100% Subsidiary of ABMWL)	Philippines	88.28%	88.28%
AV TransWorks Limited (AVTL) (100% Subsidiary of ABMWL)	Canada	88.28%	88.28%
Aditya Birla Minacs Worldwide Inc. (ABMWI) (100% Subsidiary of AVTL)	Canada	88.28%	88.28%
Aditya Birla Minacs BPO Limited (ABMBL) (formerly known as Compass BPO Limited) (100% Subsidiary of ABMWI) (w.e.f. March 09, 2010)	U.K	88.28%	88.28%
Aditya Birla Minacs BPO Private Limited (ABMBPL) (formerly known as Compass Business Process Outsourcing Private Limited) (100% Subsidiary of ABMBL) (w.e.f. March 09, 2010)	India	88.28%	88.28%
Compass BPO Inc. (100% Subsidiary of ABMBL) (w.e.f. March 09, 2010)	USA	88.28%	88.28%
Compass BPO FZe (100% Subsidiary of ABMBL) (w.e.f. March 09, 2010 upto February 24, 2011)	UAE	—	88.28%
Minacs Worldwide SA de CV (MWSC) (100% Subsidiary of ABMWI)	Mexico	88.28%	88.28%
The Minacs Group (USA) Inc. (MGI) (100% Subsidiary of ABMWI)	USA	88.28%	88.28%

SCHEDULE 22 (Contd.)**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

	Country of Incorporation	Proportion of Ownership Interest as on March 31, 2011	Proportion of Ownership Interest as on March 31, 2010
Bureau of Collection Recovery, LLC (BCR) (100% Subsidiary of MGI) (w.e.f. June 02, 2010)	USA	88.28%	—
Bureau of Collections Recovery (BCR) Inc. (BCRI) (Subsidiary of ABMWI w.e.f. March 04, 2011)	USA	88.28%	—
Minacs Limited (ML) (100% Subsidiary of ABMWI)	UK	88.28%	88.28%
Minacs Worldwide GmbH (MWGH) (100% Subsidiary of ML)	Germany	88.28%	88.28%
Minacs Kft. (100% Subsidiary of MWGH)	Hungary	88.28%	88.28%
Aditya Vikram Global Trading House Limited (AVGTHL)	Mauritius	100.00%	100.00%
Birla Sun Life Insurance Company Limited (BSLIL)	India	74.00%	74.00%
ABNL Investment Limited (ABNLIL)	India	100.00%	100.00%
Madura Garments Lifestyle Retail Company Limited (MGLRCL)	India	100.00%	100.00%
Peter England Fashions and Retail Limited (PEFRL)	India	100.00%	100.00%
Aditya Birla Minacs IT Services Limited (ABMITS) (formerly known as PSI Data Systems Limited)	India	87.36%	82.92%
Aditya Birla Minacs Technologies Limited (formerly known as Birla Technologies Limited) (100% Subsidiary of ABMITS)	India	87.36%	82.92%
Indigold Trade and Services Limited (ITSL) (formerly known as Madura Garments International Brand Company Limited) (on becoming Associate, ceased to be an Subsidiary w.e.f. November 27, 2009, again become Subsidiary w.e.f. June 30, 2010)	India	99.99%	—
LIL Investment Limited (LIL) (w.e.f. July 27, 2009 and on becoming Associate, ceased to be an Subsidiary w.e.f. November 27, 2009, again became Subsidiary w.e.f. June 30, 2010)	India	99.99%	—
Shaktiman Mega Food Park Private Limited (Subsidiary of ABNLIL w.e.f. December 02, 2010 and w.e.f. March 05, 2011, directly held by the Company)	India	94.00%	—
Madura Garments Exports Limited (MGEL) (merged with the Company w.e.f. January 01, 2010)	India	—	—
Madura Garments Exports US, Inc. (ceased to be a Subsidiary from February 09, 2010)	USA	—	—
MG Lifestyle Clothing Company Private Limited (MGCCPL) (merged with the Company w.e.f. January 01, 2010)	India	—	—
JOINT VENTURES			
Birla Sun Life Asset Management Company Limited (BSAMC) (directly held by the Company till March 22, 2010, thereafter Joint Venture of ABFSPL)	India	49.99%	49.99%
Birla Sun Life Trustee Company Private Limited (BSTPL) (directly held by the Company till March 22, 2010, thereafter Joint Venture of ABFSPL)	India	49.85%	49.85%
IDEA Cellular Limited (IDEA) (27.02% upto February 28, 2010)	India	25.35%	25.38%
ASSOCIATES			
Birla Securities Limited (BSL)	India	50.00%	50.00%
Indigold Trade and Services Limited (ITSL) (w.e.f. November 27, 2009 upto June 29, 2010)	India	—	49.99%
LIL Investment Limited (LILIL) (w.e.f. November 27, 2009 upto June 29, 2010)	India	—	49.99%

SCHEDULE 22 (Contd.)**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS****(B) NOTES ON ACCOUNTS**

₹ Crore

	<u>Current Year</u>	<u>Previous Year</u>
1. Contingent Liabilities not provided for in respect of:		
i) Claims against the Companies not acknowledged as debts		
a) Income-tax	90.16	108.30
b) Custom Duty	1.06	1.01
c) Excise Duty	34.88	29.06
d) Sales Tax	271.77	144.99
e) Service Tax	164.48	114.31
f) Others	161.77	177.05
ii) Bills Discounted with Banks	89.99	66.16
iii) Corporate Guarantees given to Banks/Financial Institutions for Loans taken by Group	54.18	19.91
iv) Uncalled commitment in respect of investments in units of Aditya Birla Private Equity Fund	105.68	140.90
v) Customs Duty on capital goods and raw materials imported under advance licensing/EPCG scheme, against which export obligation is to be fulfilled.	19.01	44.22
vi) Under the Jute Packaging Material (Compulsory use of Packing Commodities) Act, 1987, a specified percentage of fertilisers dispatched was required to be supplied in jute bags up to 31st August, 2001. The Company made conscious efforts to use jute packaging material as required under the said Act. However, due to non-availability of material as per the Company's product specifications as well as due to strong customer resistance to use of jute bags, the specific percentage could not be adhered to. The Company has received a show cause notice, against which a writ petition has been filed with the Hon'ble High Court, which is awaiting for hearing. The Jute Commissioner, Kolkata had filed transfer petition, various writ petitions have been filed in different High Courts by other aggrieved parties, including the Company, before the Hon'ble Supreme Court of India praying for consolidation of all cases at one Court. The transfer petition is pending before the Hon'ble Supreme Court. The Company has been advised that the said levy is bad in law.		
vii) IDEA Cellular Limited (IDEA), a joint venture company, has received the following demands/ notices due to the DoT's alleged contention that the acquisition of erstwhile Spice Communication Limited and its subsequent amalgamation with IDEA violates certain licence conditions/guidelines:		
a) Demand notices dated 24th February, 2011 and 1st June, 2011 of Group's share of ₹ 12.68 Crore each in respect of UAS licences for Punjab and Karnataka service are as respectively, held by erstwhile Spice Communications Limited.		
Demand notices dated 1st June, 2011 of Group's share of ₹ 12.68 Crore each in respect of CMTS licences of Delhi, Andhra Pradesh, Haryana and Maharashtra service areas held by IDEA.		
The above demands have been challenged by IDEA before the Hon'ble TDSAT. In respect of demand notice dated 24th February, 2011, stay has been granted. In respect of demand notices dated 1st June, 2011, the order on IDEA's interim prayer seeking stay on demand has been reserved and DoT has been directed not to take any coercive action till then.		

SCHEDULE 22 (Contd.)**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

- b) Show Cause notices for termination of six UAS licences issued in 2008, which have not been rolled out;
- i. Dated 24th February, 2011 and dated 1st June, 2011, for violation of licence conditions in respect of Punjab and Karnataka service areas, respectively, granted to IDEA.
 - ii. Dated 1st June, 2011, for violation of licence conditions in respect of Delhi, Maharashtra, Haryana and Andhra Pradesh service areas granted to erstwhile Spice Communications Limited, which have not been rolled out.
 - iii. Dated 11th May, 2011, for termination due to non-fulfillment of rollout obligations in respect of UAS licence for Karnataka service area granted to IDEA and for Andhra Pradesh service area granted to erstwhile Spice Communications Limited.

IDEA had challenged the show cause notice dated 24th February, 2011, above before the Hon'ble TDSAT. The same has been disposed off by the Hon'ble TDSAT, terming it as premature with a liberty to approach the Hon'ble TDSAT afresh, in case IDEA is aggrieved by any final orders of DoT in this matter.

With respect to show cause notices dated 1st June 2011 and 11th May, 2011, IDEA is in the process of addressing these suitably within the given timelines.

- c) Demands for liquidated damages amounting to Group's share of ₹ 7.01 Crore for non-fulfillment of roll out obligations in respect of UAS licences issued in 2008 to IDEA for Punjab and Karnataka service areas and to the erstwhile Spice Communications Limited for the service areas of Maharashtra, Haryana and Andhra Pradesh.

IDEA has filed appropriate petitions before the Hon'ble TDSAT for quashing these demands. Vide interim orders dated 8th June, 2011, the Hon'ble TDSAT has directed IDEA to deposit 60% of the amount within a week for securing interest of both the parties without prejudice to the their respective rights and contentions, which IDEA has since complied with.

- viii) During the financial year 2006-07, the WPC wing of DoT had raised demands towards monthly compounded interest and penalty on WPC charges for the period upto financial year 2002-03 in respect of the telecom service areas of the erstwhile Idea Mobile Communication Limited, BTA Cellcom Limited and Spice Communications Limited amounting to Group's share of ₹ 21.42 Crore, which were deposited under protest and reflected as advances. Following the favourable decision of TDSAT on petition No. 123 of 2008, these amounts have been adjusted against subsequent spectrum dues. Subsequently, DoT has filed an appeal against this order in the Supreme Court.
- ix) In September, 2005, the Company had purchased 37.18 Crore equity shares of IDEA Cellular Ltd. (IDEA) from AT&T Cellular Pvt. Ltd., Mauritius, and paid consideration of US\$ 150 Million without deduction of tax at source after obtaining an order under Section 195(2) of the Income Tax Act from the Income Tax Department. The Deputy Director of Income Tax (International Taxation) (DDIT), Mumbai, has issued order under Section 163(1) of the Income Tax Act dated March 25, 2009, treating the Company as an agent of New Cingular Wireless Services Inc. for the sale of shares of IDEA by its subsidiary AT&T Cellular Private Limited, Mauritius. The Company had challenged the order of DDIT before the Hon'ble Bombay High Court, which has been rejected. The Company is in the process of taking appropriate actions including filing Special Leave Petition before the Hon'ble Supreme Court. In view of various legal complexities involved, the amount of liability, if any, is not ascertainable. However, based on the opinion of Tax Expert, the Company is reasonably certain that no tax liability would devolve.
- x) Idea Cellular Ltd. (Idea), in which the Company has the largest shareholding, was originally a tripartite joint venture between Aditya Birla Group, Tata Group and AT&T Group. With the exit of AT&T and the Tata Group, Idea is now part of Aditya Birla Group.

Prior to its exit, Tata Group had alleged that the Aditya Birla Group had committed material breach of the Shareholders' Agreement and the Tata Group invoked the arbitration clause, pursuant to which an Arbitral Tribunal has been constituted, which will take up the claims of the Tata Group and the counter-claims of the Aditya Birla Group.

When the Tata Group sold its shares in Idea to the Company, they claimed to have reserved certain rights under the Share Purchase Agreement, which contained a clause for arbitration by the London Court of International Arbitration (LCIA). The Company along with another Aditya Birla Group Company has questioned the reservation and the LCIA is seized of the matter. The Company believes that it has a strong case to counter the allegations of breach and it does not contemplate any liability to arise on this matter.

SCHEDULE 22 (Contd.)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

₹ Crore

	<u>Current Year</u>	<u>Previous Year</u>
2. a) Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (Net of Advances)	660.47	370.47
b) Aditya Birla Minacs Worldwide Ltd. (ABMWL), a subsidiary of the Company, has issued Zero Coupon Compulsorily Convertible Debentures (CCD) aggregating ₹ 250 Crore to be converted into Equity of ABMWL on the expiry of a period of 60 months from the date of allotment of such CCD. The Company has entered into an option agreement with the subscribers of such CCD pursuant to which the subscribers has put option on the Company and the Company has call option on the subscribers on expiry of 24, 36, 48 and 60 months from the date of allotment of CCD at a pre-agreed price. Further on happening of certain events, the put option can also be exercised by the subscribers on the Company on any other date on happening of such events.		
c) Madura Garments Lifestyle Retail Company Limited (MGLRCL), a subsidiary of the Company, has issued 0.01% Coupon Compulsorily Convertible Preference Shares (CCPS) aggregating ₹ 300 Crore to be converted into Equity of MGLRCL on the expiry of a period of 60 months from the date of allotment of such CCPS. The Company has entered into an option agreement with the subscribers of such CCPS pursuant to which the subscribers has put option on the Company and the Company has call option on the subscribers on expiry of 24, 36, 48 and 60 months from the date of allotment of CCPS at a pre-agreed price. Further on happening of certain events, the put option can also be exercised by the subscribers on the Company on any other date on happening of such events.		
d) Idea Cellular Limited (IDEA), a Joint Venture Company, has a contingent obligation to buy compulsory convertible preference shares issued by Aditya Birla Telecom Limited, its wholly owned subsidiary, from the holder at the original price, the Group's share of the same is ₹ 532.00 Crore (Previous Year: ₹ 532.55 Crore).		
3. a) IDEA successfully bid for 11 service areas in the 3G Spectrum auction held by the Department of Telecommunications (DoT) during the year for a Group's share of total cost of ₹ 1,462.59 Crore Spectrum in the 2100 MHz band has been allotted to IDEA for a period of twenty years in the 11 service areas, viz. Maharashtra, Gujarat, Andhra Pradesh, Kerala, Punjab, Haryana, Uttar Pradesh (E), Uttar Pradesh (W), Madhya Pradesh, Himachal Pradesh and Jammu & Kashmir. As of 31st March, 2011, IDEA has launched 3G services in select towns in the service areas of Gujarat, Himachal Pradesh, Madhya Pradesh, Chattisgarh, Haryana, Maharashtra and UP (West). In the service areas of AP, Kerala and UP (E), 3G services in select towns have been launched in April 2011. In the Punjab service area, IDEA has not been given clearance for commercial use of the allotted spectrum band. IDEA had approached the Hon'ble TDSAT for direction to DoT to allow commercial use of the allotted 3G spectrum band. The Hon'ble TDSAT has directed IDEA to approach it again, if required, upon the final disposal of the matters mentioned in point 3 (b) below by the Appellate Bench of the Hon'ble High Court of Delhi.		
b) The erstwhile Spice Communications Limited (Spice) was amalgamated with the IDEA effective 1st March, 2010, pursuant to sanction of the Scheme of Amalgamation by the Hon'ble High Court of Gujarat and the Hon'ble High Court of Delhi. However, upon an application made by DoT on 30th March, 2011, for recall of the order dated 5th February, 2010, sanctioning the above scheme, the Hon'ble High Court of Delhi while pronouncing its judgement on 4th July 2011, reaffirmed the amalgamation of Spice with IDEA. However, the said judgement transferred and vested unto the DoT, the six licences granted to erstwhile Spice along with the spectrum (including the two operational licences for Punjab and Karnataka service areas), till the time permission of DoT is granted for transfer thereof upon an application from IDEA to that effect. IDEA then filed an appeal, before the Appellate Bench of the Hon'ble High Court of Delhi, challenging the above judgement of 4th July, 2011. Through interim orders, Appellate Bench has directed DoT to:		
(i) Accept the Licence Fee from IDEA without prejudice, as IDEA is continuing to operate the licenses for Punjab and Karnataka service areas granted to erstwhile Spice;		
(ii) Till the next date of hearing, maintain status quo in relation to the aforesaid two operating licenses and no coercive steps in relation to any demand pertaining to the four non-operating licenses.		

SCHEDULE 22 (Contd.)**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

Pending the final disposal of the appeal, the consequential financial impact, if any, cannot be ascertained.

- c) Idea Cellular Towers Infrastructure Limited, a wholly owned subsidiary of IDEA, has filed a scheme of arrangement with an appointed date of 1st April, 2009, for merger with Indus Towers Limited before the Hon'ble High Court of Delhi. Effects of the scheme on the consolidated financials will be given in the accounting period in which the scheme is sanctioned and made effective.
4. In accordance with approval of the shareholders in the extra-ordinary general meeting of the Company held on 17th June, 2009, the Company had, on a preferential basis issued 1.85 Crore Warrants of ₹ 10/- each to the Promoter and/or Promoter Group at a price of ₹ 541.19 each. The holder of each warrant was entitled to apply for and obtain allotment of 1 Equity Share against each Warrant at any time after the date of allotment but on or before the expiry of 18 months from the allotment in one or more tranches.
- Out of the above 1.85 Crore warrants, 80 Lakh warrants had been converted and corresponding shares were issued on 30th October, 2009. On 20th December, 2010, the Company has allotted balance 1.05 Crore equity shares of the Company against the conversion of equivalent number of warrants.
- The total amount received from the preferential allotment has been fully utilised.
5. The actuarial liabilities of Life Insurance Business are calculated in accordance with accepted actuarial practice, requirements of the Insurance Act, 1938, Regulations notified by the IRDA and Guidance Notes prescribed by the Institute of Actuaries of India.
6. As per transitional provisions given in the notification issued by Ministry of Corporate Affairs, IDEA has opted for the option of adjusting the exchange differences on long term foreign currency monetary items to the cost of the assets acquired out of these foreign currency monetary items. During the year the Group's share of exchange gain amounting to ₹ 1.92 Crore (Previous Year: ₹ 24.57 Crore) has been de-capitalised.
7. i) Pursuant to the Composite Scheme of Arrangement (the Scheme) under Sections 391 and 394 of the Companies Act, 1956, with effect from January 01, 2010 (the appointed date), Madura Garments Exports Limited (MGEL) and MG Lifestyle Clothing Company Private Limited (MGCCPL) and domestic garment business of Peter England Fashions and Retail Limited (PEFRL), the wholly owned subsidiaries of the Company, had been merged with the Company. The effective date of the scheme was February 22, 2010.
- ii) As consequence of the Scheme, the Company has issued and allotted to the preference shareholder(s) of PEFRL (other than Company) one fully paid-up 6% Redeemable Preference Share of ₹ 100/- each of the Company as fully paid-up for every one 6% Redeemable Preference Share of ₹ 100/- each fully paid-up and held in PEFRL.
8. Aditya Birla Money Limited and Aditya Birla Money Mart Limited, subsidiaries of the Company, have borne one-time loss of ₹ 103.84 Crore on account of certain trades of their clients which has been shown as exceptional items.
9. Deferred Tax (Assets)/Liabilities at the period end comprise timing difference on account of:

	₹ Crore	
	Current Year	Previous Year
Depreciation	467.96	396.21
Expenditure/Provisions Allowable	(209.35)	(155.59)
Total	258.61	240.62
Reflected as Deferred Tax Liabilities	264.45	244.02
Reflected as Deferred Tax Assets	5.84	3.40
Net Deferred Tax Liability	258.61	240.62

Deferred tax assets are not recognised on losses and unabsorbed depreciation in certain subsidiaries.

SCHEDULE 22 (Contd.)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

10. The Company's proportionate share in the Assets, Liabilities, Income and Expenses of its Joint Venture companies included in these Consolidated Financial Statements are given below:

₹ Crore

BALANCE SHEET	Current Year	Previous Year
SOURCES OF FUNDS		
Equity Share Capital	846.53	846.54
Preference Share Capital	0.49	0.49
Employee Stock Options Outstanding	12.12	11.28
Reserves and Surplus (Refer detail below)	2,372.10	2,098.45
	3,231.24	2,956.76
Loan Funds:		
Secured Loans	2,326.53	1,857.02
Unsecured Loans	733.86	155.23
	3,060.39	2,012.25
Deferred Tax Liabilities	77.99	54.85
Total Funds Employed	6,369.62	5,023.86
APPLICATION OF FUNDS		
Fixed Assets:		
Gross Block	8,589.63	6,912.85
Less: Accumulated Depreciation	(2,870.31)	(2,277.48)
Net Block	5,719.32	4,635.37
Capital Work-in-Progress	924.71	138.72
Goodwill on Consolidation	1.55	1.55
Investments	321.33	320.84
Current Assets, Loans and Advances:		
Inventories	16.71	13.61
Sundry Debtors	124.34	126.23
Cash and Bank Balances	118.97	75.21
Other Current Assets	19.47	62.92
Loans and Advances	578.78	737.28
	858.27	1,015.25
Less: Current Liabilities and Provisions		
Current Liabilities	1,432.55	1,070.72
Provisions	23.00	17.15
	1,455.55	1,087.87
Net Current Assets	(597.28)	(72.62)
Total Funds Utilised	6,369.62	5,023.86
Contingent Liability*	300.10	254.65
Capital Commitment	556.87	300.80

* Apart from above mentioned also refer Notes 1 (vii) and 1 (viii) for Joint Venture share of contingent liability.

SCHEDULE 22 (Contd.)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

₹ Crore

PROFIT AND LOSS ACCOUNT	Current Year	Previous Year
INCOME		
Income from Operations	4,100.87	3,477.13
Less: Excise Duty	—	—
Net Income from Operations	4,100.87	3,477.13
Other Income	40.31	84.90
	4,141.18	3,562.03
EXPENDITURE		
(Increase)/Decrease in Stocks	(1.72)	(0.50)
Cost of Materials	12.18	8.69
Salaries, Wages and Employee Benefits	251.51	210.49
Manufacturing, Selling and Other Expenses	2,814.57	2,281.95
	3,076.54	2,500.63
Profit before Interest, Depreciation/Amortisation and Tax	1,064.64	1,061.40
Interest and Other Finance Expenses	133.14	187.70
Profit before Depreciation/Amortisation and Tax	931.50	873.70
Depreciation/Amortisation	615.41	548.52
Profit before Tax	316.09	325.18
Provision for Taxation	45.71	44.72
Net Profit	270.38	280.46
Proportionate Share in Reserves of Joint Ventures:	Current Year	Previous Year
Capital Fund	0.01	0.01
Securities Premium Reserve	2,165.35	2,162.00
General Reserve	3.43	3.43
Business Restructuring Reserve	4.28	4.28
Surplus as per Profit and Loss Account	199.03	(71.27)
	2,372.10	2,098.45

11. The following amount are included in the Miscellaneous expenses in Profit and Loss Account:

Particulars	₹ Crore	
	Current Year	Previous Year
a) Foreign Exchange (Gain)/Loss	(7.43)	9.33
b) All Insurance Claims (unless clearly identifiable with the respective heads of expenses and loss of profit policy)	(2.34)	(0.66)
c) Unspent liabilities, excess provision and unclaimed balances in respect of earlier years written back (net of short provision and sundry balances written off)	(21.00)	(33.82)
d) (Profit)/Loss on sale/discard of fixed assets	10.61	15.05

12. The CFS of Aditya Birla Minacs Worldwide Inc. and Financial Statement of Aditya Birla Minacs Philippines Inc. have been prepared and audited under Canadian Generally Accepted Accounting Principles (GAAP) and Philippines GAAP, respectively. These financial statements have been restated as per Indian GAAP for the purpose of Consolidation.

SCHEDULE 22 (Contd.)**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

13. For the purpose of consolidation, Aditya Vikram Global Trading House Limited and Transworks Inc. are considered as integral operations and AV TransWorks Limited, Aditya Birla Minacs Worldwide Inc. (CFS) and Aditya Birla Minacs Philippines Inc., are considered as non-integral operations.
14. The effect of acquisition/disposal of subsidiaries on the financial position and results is as follows:

₹ Crore			
Name of Subsidiary	Revenue (post acquisition)	Net Profit/ (Loss) (post acquisition)	Net Assets
Current Year:			
Bureau of Collection Recovery, LLC	50.58	0.09	15.04
Previous Year:			
Aditya Birla Minacs BPO Limited (Consolidated)	1.83	(β)	5.91

₹ Crore		
	Current Year	Previous Year
15. a) Capital Work-in-Progress includes Advances to Suppliers:	41.82	39.97
b) Pre-operative Expenditure Capitalised during the year		
Raw Material	3.97	0.01
Power and Fuel	1.15	0.58
Salaries and Wages	0.65	2.57
Contribution to Provident and Other Funds	—	0.02
Welfare Expenses	0.09	—
Repairs and Maintenance — Others	0.03	—
Insurance	0.20	—
Rates and Taxes	0.75	—
Depreciation	—	0.29
Interest	106.05	7.06
Miscellaneous Expenses	7.41	4.18
Transportation and Handling Charges	0.01	—
Total	120.31	14.71

16. Disclosure in respect of Related Parties pursuant to Accounting Standard 18**i) List of Related Parties****Associates**

Birla Securities Limited (BSL)
 Indigold Trade and Services Limited (ITSL)
 (formerly known as Madura Garments International Brand Company Limited)
 (w.e.f. November 27, 2009 upto June 29, 2010)
 LIL Investment Limited (LIL) (w.e.f. November 27, 2009 upto June 29, 2010)

Key Management Personnel

Dr. Bharat K. Singh – Managing Director (Upto June 30, 2009)
 Mr. Adesh Gupta – Whole-time Director (Upto April 30, 2009)
 Mr. K.K. Maheshwari – Whole-time Director (Upto May 20, 2010)
 Dr. Rakesh Jain – Managing Director
 Mr. Pranab Barua – Whole-time Director (w.e.f. May 01, 2009)

Relatives of Key Management Personnel

Mrs. Usha Gupta (Wife of Mr. Adesh Gupta)
 Mrs. Sharda Maheshwari (Wife of Mr. K.K. Maheshwari)

SCHEDULE 22 (Contd.)**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

- ii) For transactions carried out with the related parties in the ordinary course of the business refer Annexure I.

	<u>Current Year</u>	<u>Previous Year</u>
		₹ Crore
17. Disclosure pursuant to Accounting Standard 20 - Earnings Per Share		
Earnings per Share (EPS) is calculated as under:		
Net Profit/(Loss) as per Profit and Loss Account	822.10	154.56
Less: Preference Dividend and Tax thereon*	0.01	2.66
Net Profit/(Loss) for EPS	(A) 822.09	151.90
Weighted average number of Equity Shares for calculation of Basic EPS	(B) 105,943,880	98,362,821
Basic EPS (₹)	(A/B) 77.60	15.44
Weighted average number of Equity Shares Outstanding	105,943,880	98,362,821
Add: Shares Held in Abeyance	42,925	43,112
Add: Dilutive Impact of Employee Stock Options	15,876	—
Add: Potential Equity Shares Due to Share Warrant	2,531,479	4,205,624
Weighted average number of Equity Shares for calculation of Diluted EPS	(C) 108,534,160	102,611,557
Diluted EPS (₹)	(A/C) 75.74	14.80
Nominal Value of Shares (₹)	10.00	10.00

* Excluding dividend and tax in current year on 7% Compulsory Convertible Cumulative Preference Shares of subsidiary company since waived by preference shareholders.

18. Disclosure pursuant to Accounting Standard 19 – Leases is as under:

	<u>Current Year</u>	<u>Previous Year</u>
		₹ Crore
A Assets Taken on Lease:		
i) Operating Lease payment recognised in the Profit and Loss Account:		
- Minimum Lease Rent Payable	978.89	653.42
- Contingent Rent	5.69	4.27
ii) The Group has taken certain Office Premises, Main switching centre locations, Leasehold Improvements, Furniture and Fixtures, Information Technology and Office Equipment, BPO centers, Showrooms and Residential Houses on non-cancellable/cancellable operating lease		
The future minimum rental payable in respect of non-cancellable operating lease are as follows:		
- Not later than one year	471.04	333.93
- Later than one year and not later than five years	1,320.94	806.72
- Later than five years	924.23	492.34
iii) The details of finance lease payments payable and their present value of the Group as at the balance sheet date:		

Particulars	Total Lease Charges Payable	Present Value	Interest
i. Not later than one year	0.63 (7.82)	0.42 (7.48)	0.21 (0.34)
ii. Later than one year and not later five years	1.89 (1.40)	1.59 (1.14)	0.30 (0.26)
iii. Later than five years	— —	— —	— —
Total	2.52 (9.22)	2.01 (8.62)	0.51 (0.60)

Figures in brackets represent corresponding amount of Previous Year.

SCHEDULE 22 (Contd.)**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS****B Assets Given on Lease:**

	₹ in Crore	
	<u>Current Year</u>	<u>Previous Year</u>
The Group has given certain Plant and Machinery (Storage Tank) on non-cancellable operating lease.		
- The gross carrying amount of the above referred assets	4.90	4.90
- The accumulated depreciation for the above assets	2.05	1.82
- The depreciation for the above assets for the year	0.23	0.23
The Group has also leased under operating lease arrangements certain Optical Fibre Cables on Infeasible Rights of Use (IRU) basis, the Gross Block, Accumulated Depreciation and Depreciation Expense of the Assets given on IRU basis is not separately identifiable and hence not disclosed.		
The future minimum lease rental in respect of aforesaid lease is as follows:		
- Not later than one year	3.16	1.62
- Later than one year and not later than five years	8.09	4.06
- Later than five years	7.85	—
19. Aditya Birla Minacs Worldwide Limited (a subsidiary company) had filed Composite Scheme of Amalgamation (or "Scheme") with Karnataka High Court (or "High Court") for the merger of Aditya Birla Minacs IT Services Limited and Aditya Birla Minacs Technologies Limited with itself with effect from April 1, 2010. The High Court sanctioned the Scheme on November 3, 2010, and order was received on December 9, 2010. The approved Scheme was not filed with Registrar of Companies as the management was desirous of making certain modifications in the Scheme. Therefore, Aditya Birla Minacs Worldwide Limited has revised the Scheme and the same has been filed for approval with the High Court on February 22, 2011. Currently, the revised Scheme is pending approval from the High Court. Accordingly, the revised Scheme has not been given effect in consolidated financial statements.		
20. i) The Company has received fertilisers bonds aggregating to ₹ 65.50 Crore from the Ministry of Fertilisers, the Government of India against the outstanding amount of subsidy receivable, out of which bonds amounting to ₹ 20.30 Crore (Previous Year: ₹ 29.33 Crore) are outstanding at the year end. The market value of above bonds are lower than book value therefore the diminution in the value of above bonds amounting to ₹ 0.47 Crore (Previous Year: ₹ 0.46 Crore) has been accounted under Miscellaneous Expenses. The aforesaid bonds have been classified as "Other Current Assets" in the financial statements.		
ii) Rates and Taxes is net of reversal of impairment relating to unutilised input credit of service tax for earlier years of ₹ 4.28 Crore (Previous Year: ₹ 33.89 Crore).		
iii) Interest earned from Financial Services Activity is included in Income from Operations.		
21. Disclosure in respect of Retirement Benefits pursuant to Accounting Standard 15 (Revised) – Refer Annexure II.		
22. For Derivatives Information – Refer Annexure III.		

SCHEDULE 22 (Contd.)**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

23. Segments have been identified in line with the Accounting Standard on Segment Reporting (AS17), taking into account the organisational structure as well as differential risk and returns of these segments.

Life Insurance	Life Insurance Services
Other Financial Services	Asset Management, Non Banking Financial Services, Private Equity, Equity & Commodity Broking, Wealth Management & Distribution and General Insurance Advisory
Telecom	Telecommunication Services
IT- ITeS	Business Process Outsourcing Services and Software Services
Fashion and Lifestyle	Branded Apparels and Accessories
Carbon Black	Carbon Black
Agri-business	Urea, Ammonia, Argon Gas, Pesticides and Seeds
Rayon Yarn	Viscose Filament Yarn, Caustic Soda and Allied Chemicals
Insulators	Insulators
Textiles	Spun Yarn and Fabrics

The Group considers secondary segment based on revenues within India as Domestic Revenues and outside India as Export Revenues. Assets are segregated based on their location.

For Segment Information – Refer Annexure IV.

24. For Cash Flow Statement – Refer Annexure V.
25. The Company has opted for general exemption granted by Ministry of Corporate Affairs (MCA) vide General Circular No: 2 /2011 dated February 08, 2011, regarding direction under Section 212(8) of the Companies Act, 1956 (the Act). For information required to be disclosed in aggregate for each subsidiary (including subsidiaries of subsidiaries) under Section 212(8) of the Act – Refer Annexure VI.
26. Figures of ₹ 50,000 or less have been denoted by 'β'.
27. Figures for the current year of consolidated financial statement are not comparable with the previous year since there has been acquisitions/disposals/stake changes/mergers/demergers in subsidiaries and Joint Ventures of the Company.
28. Previous Year's figures have been regrouped/rearranged wherever necessary.

For KHIMJI KUNVERJI & CO.
Firm Registration No. 105146W
Chartered Accountants

For S.R. BATLIBOI & CO.
Firm Registration No. 301003E
Chartered Accountants

DR. RAKESH JAIN
Managing Director

TARJANI VAKIL
P. MURARI
G.P. GUPTA
B.R. GUPTA
Directors

SUSHIL AGARWAL
Whole-time Director & CFO

Per SHIVJI K. VIKAMSEY
Partner
Membership No. 2242
Mumbai, August 13, 2011

Per VIJAY MANIAR
Partner
Membership No. 36738

DEVENDRA BHANDARI
Company Secretary

SCHEDULE 22 (Contd.)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

Annexure - I

During the year following transactions were carried out with the related parties:

₹ Crore

Transaction/Nature of Relationship	Associates	Key Management Personnel	Relatives of Key Management Personnel	Grand Total
Purchase of Goods and Services				
Mrs. Usha Gupta	— —	— —	— (β)	— (β)
Mrs. Sharda Maheshwari	— —	— —	0.01 (0.04)	0.01 (0.04)
TOTAL	— —	— —	0.01 (0.04)	0.01 (0.04)
Interest Received				
ITSL	0.02 (0.02)	— —	— —	0.02 (0.02)
LIL	β (β)	— —	— —	β (β)
Shri Adesh Gupta	— —	— (β)	— —	— (β)
TOTAL	0.02 (0.03)	— (β)	— —	0.02 (0.03)
Managerial Remuneration Paid*				
Shri Bharat K. Singh	— —	— (1.36)	— —	— (1.36)
Shri Adesh Gupta	— —	— (0.48)	— —	— (0.48)
Shri K.K. Maheshwari	— —	1.83 (3.69)	— —	1.83 (3.69)
Shri Rakesh Jain	— —	5.85 (4.55)	— —	5.85 (4.55)
Shri Pranab Barua	— —	2.75 (2.47)	— —	2.75 (2.47)
TOTAL	— —	10.43 (12.55)	— —	10.43 (12.55)

* Excluding Gratuity and Leave Encashment provision and Employee Compensation under ESOP.

SCHEDULE 22 (Contd.)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

₹ Crore

Transaction/Nature of Relationship	Associates	Key Management Personnel	Relatives of Key Management Personnel	Grand Total
Fresh Equity Investment made				
ITSL	— (1.00)	— —	— —	— (1.00)
LIL	— (1.03)	— —	— —	— (1.03)
TOTAL	— (2.03)	— —	— —	— (2.03)
Loans Granted (including Inter Corporate Deposits)]				
ITSL	— (1.03)	— —	— —	— (1.03)
LIL	— (0.10)	— —	— —	— (0.10)
TOTAL	— (1.13)	— —	— —	— (1.13)
Loans Granted received back (including Inter Corporate Deposits)				
Shri Adesh Gupta	— —	— (β)	— —	— (β)
TOTAL	— —	— (β)	— —	— (β)
Outstanding Balances as on 31.03.2011				
Loan Granted	— (1.13)	— —	— —	— (1.13)
Interest Accrued on Loans Granted	— (0.04)	— —	— —	— (0.04)
Amount Payable	— (0.02)	0.12 —	— —	0.12 (0.02)
Amount Receivable	— —	— —	— (2.00)	— (2.00)
Investments Outstanding	0.01 (2.03)	— —	— —	0.01 (2.03)

- Figures in brackets represent corresponding amount of Previous Year.
- No amount in respect of the related parties have been written off/back are provided for during the year.
- Related party relationship have been identified by the management and relied upon by the auditors.

SCHEDULE 22 (Contd.)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

Annexure - II

RETIREMENT BENEFITS

	<u>Current Year</u>	<u>Previous Year</u>
		₹ Crore
a) The details of the Group's defined benefit plans in respect of Gratuity (funded by the Group):		
Amounts recognised in the Balance Sheet in respect of gratuity		
Present value of the funded defined benefit obligation at the end of the period	126.73	105.75
Fair Value of the Plan Assets	113.23	98.46
Net Liability/(Asset)	13.50	7.29
Amounts recognised in Salary, Wages and Employee Benefits in the Profit and Loss Account in respect of Gratuity:		
Current Service Cost	14.09	13.63
Interest on Defined Benefit Obligations	8.47	7.21
Expected Return on Plan Assets	(7.86)	(7.28)
Net Actuarial (Gain)/Loss recognised during the period	6.24	(2.51)
Past Service Cost	0.44	—
Net Gratuity Cost	21.38	11.05
Actual Return on Plan Assets:		
Expected Return on Plan Assets	7.86	7.28
Actuarial Gain/(Loss) on Plan Assets	0.36	(1.88)
Actual Return on Plan Assets	8.22	5.40
Reconciliation of Present Value of the Obligation and the Fair Value of the Plan Assets:		
Opening Defined Benefit Obligation	105.75	96.72
Current Service Cost	14.09	13.63
Interest Cost	8.47	7.21
Actuarial (Gain)/Loss	6.60	(4.40)
Liability on Stake Change/Amalgamation of Subsidiaries/Joint Ventures	—	0.04
Past Service Costs	0.44	—
Benefits Paid	(8.62)	(7.45)
Closing Defined Benefit Obligation	126.73	105.75
Change in Fair Value of the Plan Assets:		
Opening Fair Value of the Plan Assets	98.46	93.09
Expected Return on Plan Assets	7.86	7.28
Actuarial Gain/(Loss)	0.36	(1.88)
Asset on Stake Change/Amalgamation of Subsidiaries/Joint Ventures	0.10	(0.14)
Contributions by the Employer	15.07	7.56
Benefits Paid	(8.62)	(7.45)
Closing Fair Value of the Plan Assets	113.23	98.46
Investment Details of Plan Assets:		
Government of India Securities	24%	18%
Corporate Bonds	2%	2%
Insurer Managed Fund*	71%	80%
Others	3%	0%
Total	100%	100%
* included in the fair value of plan assets, invested in group owned financial instruments (funds of Birla Sun Life Insurance Company Limited)	64.15	61.79

SCHEDULE 22 (Contd.)**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS****Experience Adjustment**

	<u>31-Mar-2011</u>	<u>31-Mar-2010</u>	<u>31-Mar-2009</u>	<u>31-Mar-2008</u>	<u>31-Mar-2007</u>
Defined Benefit Obligation	126.73	105.75	96.85	74.50	57.19
Plan Assets	113.23	98.46	93.09	70.03	55.96
Surplus/(Deficit)	(13.50)	(7.30)	(3.76)	(4.47)	(1.23)
Experience adjustment on Plan Liabilities	7.09	0.57	7.22	2.23	(0.11)
Experience adjustment on Plan Assets	0.36	(1.88)	8.50	(1.48)	(0.31)

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

Current Year **Previous Year**

Principal Actuarial Assumptions at the Balance Sheet date

Discount Rate	7.70% - 8.50%	7.15% - 8.25%
Estimated Rate of return on Plan Assets	7.50% - 8.00%	7.50% - 8.25%

The Estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market

₹ Crore

Current Year **Previous Year**

- b) The details of the Group's defined benefit plans in respect of Gratuity (unfunded by the Group):

Amounts recognised in the Balance Sheet in respect of Gratuity

Present value of defined benefit obligation at the end of the period	0.39	0.23
--	------	------

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

Current Service Cost	0.19	0.12
Interest on Defined Benefit Obligations	0.02	0.01
Net Actuarial (Gain)/Loss recognised during the period	(0.02)	β

Net Gratuity Cost

0.19 **0.13**

Reconciliation of Present Value of the Obligation:

Opening Defined Benefit Obligation	0.23	0.14
Current Service Cost	0.19	0.12
Interest Cost	0.02	0.01
Actuarial (Gain)/Loss	(0.02)	β
Liability on Stake Change and Creation/Cessation of Subsidiaries	—	(0.01)
Benefits Paid	(0.03)	(0.03)

Closing Defined Benefit Obligation

0.39 **0.23**

Experience Adjustment

	<u>31-Mar-2011</u>	<u>31-Mar-2010</u>	<u>31-Mar-2009</u>
Defined Benefit Obligation	0.39	0.23	0.14
Plan Assets	—	—	—
Surplus/(Deficit)	(0.39)	(0.23)	(0.14)
Experience Adjustment on Plan Liabilities	β	0.04	

Experience adjustments have been disclosed for the year ended 31st March 2009 onwards since no unfunded defined benefit obligation existed before that period.

Principal Actuarial Assumptions at the Balance Sheet date

Discount Rate	8.00% - 8.50%	7.90% - 8.25%
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SCHEDULE 22 (Contd.)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

- c) The details of the Company's defined benefit plans in respect of Pension for its employees are given below:
₹ Crore

	<u>Current Year</u>	<u>Previous Year</u>			
Amounts recognised in the Balance Sheet in respect of Pension (unfunded by the Company):					
Present value of unfunded obligation at the end of the period	6.94	7.20			
Fair Value of the Plan Assets	—	—			
Net Liability/(Asset)	6.94	7.20			
Amounts recognised in Salary, Wages and Employee Benefits in the Profit and Loss Account in respect of Pension (unfunded by the Company):					
Interest on Defined Benefit Obligations	0.54	0.53			
Net Actuarial (Gain)/Loss recognised during the period	0.22	0.27			
Net Pension Cost	0.76	0.80			
Reconciliation of Present Value of the Obligation:					
Opening Defined Benefit Obligation	7.20	7.49			
Interest Cost	0.54	0.53			
Actuarial (Gain)/Loss	0.22	0.27			
Benefits Paid	(1.03)	(1.09)			
Closing Defined Benefit Obligation	6.93	7.20			
Experience Adjustment					
	<u>31-Mar-2011</u>	<u>31-Mar-2010</u>	<u>31-Mar-2009</u>	<u>31-Mar-2008</u>	<u>31-Mar-2007</u>
Defined Benefit Obligation	6.94	7.20	7.49	7.29	7.48
Plan Assets	—	—	—	—	—
Surplus/(Deficit)	(6.94)	(7.20)	(7.49)	(7.29)	(7.48)
Experience Adjustment on Plan Liabilities	0.05	0.55	0.31	1.00	0.23
					₹ Crore
	<u>Current Year</u>	<u>Previous Year</u>			

- d) Defined Contribution Plans –

The Group has recognised the following amount as an expense and included in the Schedule 17 - Contribution to Provident and Other Funds

i) Contribution to Employees Provident Fund	62.68	47.29
ii) Contribution to Superannuation Fund	8.64	6.91
iii) Contribution to ESI	3.09	3.29

The Guidance Note on implementation of AS-15 (Revised), "Employee Benefits" issued by the ICAI states that Provident Fund set up by the employers, which requires interest shortfall to be met by the employer, needs to be treated as defined benefits plan. The Group set up Provident Fund does not have existing deficit of Interest shortfall. With regards to future obligation arising due to interest shortfall (i.e., government interest to be paid on the provident fund scheme exceeding rate of interest earned on investment) pending issuance of the Guidance Note from Actuarial Society of India, the group's actuary has expressed his inability to reliably measure the Provident Fund liability.

The Company and its Indian subsidiaries and Joint Venture companies contributes 12% of salary for all eligible employees towards Provident Fund managed either by approved trusts or by the Central Government.

SCHEDULE 22 (Contd.)**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS****Annexure – III****Statement of Derivatives****a) Derivatives : Outstanding as at Balance Sheet date**

Nature of Contract	Foreign Currency	Option	Amount in Foreign Currency as at		Purpose
			31-Mar-2011	31-Mar-2010	
Currency and Interest Rate Swap	JYen	Buy	13,774,719,000	14,654,722,000	Hedging of Loan
Currency and Interest Rate Swap	USD	Buy	35,000,000	15,000,000	Hedging of Loan
Buyers Credit	USD	Buy	187,739,083	118,848,683	Hedging of Loan
Forward Contracts	USD	Buy	277,053,011	165,204,983	Hedging Purpose
		Sell	113,561,679	130,854,851	
Forward Contracts	JYen	Buy	4,494,759,575	4,499,439,696	Hedging Purpose
Forward Contracts	EURO	Buy	6,164,531	377,249	Hedging Purpose
		Sell	5,969,659	1,897,941	
Forward Contracts	GBP	Buy	37,859	8,649	Hedging Purpose
		Sell	2,007,148	1,030,000	
Forward Contracts	AUD	Buy	497,037	629,501	Hedging Purpose
Forward Contracts	CAD	Sell	38,400,000	30,950,000	Hedging Purpose
Forward Contracts and Interest Rate Swap	USD	Buy	15,192,277	15,192,277	Hedging of Loan

b) Foreign Currency exposure which are not hedged as at Balance Sheet date

Foreign Currency	Receivable	Payable	Net
USD	16,506,769 (14,474,288)	131,821,042 (103,514,765)	-115,314,273 (-89,040,477)
EURO	1,492,215 (760,708)	107,668 (151,196)	1,384,547 (609,512)
GBP	393,193 (589,927)	1,297,389 (1,382,161)	-904,196 (-792,234)
A\$	— (189,929)	— —	— (189,929)
JYen	21,634,693 (14,547,201)	5,462,833 (7,868,690)	16,171,860 (6,678,511)
CAD	93,476 (204,708)	26,829 (52,507)	66,647 (152,201)
MYR	— (71,145)	— —	— (71,145)
CHF	— (15,503)	— —	— (15,503)

Figures in brackets represent corresponding amount of Previous Year.

Annexure - IV

₹ Crore

Primary Segments – Business	Life Insurance		Other Financial Services		Telecom		IT and ITeS		Fashion & Lifestyle		Carbon Black		Agri - business	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Segment Revenue#														
Income from External Customers	5,534.42	5,308.91	569.03	405.21	3,917.93	3,330.75	1,657.79	1,505.04	1,808.48	1,250.64	1,588.46	1,160.87	1,243.53	1,021.56
Inter Segment Revenue	—	—	9.88	10.40	—	—	34.05	25.28	0.04	—	—	—	—	—
Total Segment Revenue	5,534.42	5,308.91	578.91	415.61	3,917.93	3,330.75	1,691.84	1,530.32	1,808.52	1,250.64	1,588.46	1,160.87	1,243.53	1,021.56
Segment Result (PBIT)	314.15	(424.61)	100.54	87.74	369.48	431.42	116.08	42.42	65.75	(81.12)	221.08	227.33	157.38	136.47
Less:-Interest and Finance Charges*														
Add :- Interest Income*														
Add:- Unallocable income (net of Unallocable Expenditure)														
Profit before Tax and Exceptional Items														
Exceptional Items														
Profit before Tax														
Provision for Taxation														
Net Profit (before Minority Interest)														
Minority Interest														
Share of Profit/(Loss) of Associate														
Net Profit														
Carrying Amount of Segment Assets (including Goodwill)														
Unallocated Assets	20,557.49	16,923.19	2,824.69	1,995.63	9,583.54	7,883.03	1,645.41	1,423.55	1,221.91	950.56	1,469.92	1,195.20	609.13	406.22
Total Assets														
Carrying Amount of Segment Liabilities														
Unallocated liabilities	19,824.78	16,495.44	1,993.41	1,094.20	1,402.89	1,024.43	278.74	226.97	617.24	401.22	249.27	252.90	113.09	98.76
Total Liabilities														
Cost incurred to acquire Segment Fixed Assets during the year														
Unallocated Assets	10.08	41.84	24.92	26.64	1,728.55	1,388.17	90.77	54.30	48.39	26.86	316.17	19.68	17.31	18.89
Depreciation/ Amortisation														
Unallocated Depreciation	37.42	46.22	21.52	17.99	608.39	556.24	67.05	62.29	71.24	77.34	36.91	25.37	18.41	18.84

*Interest and finance charges exclude interest and finance charges of ₹ 111.89 Crore (Previous Year : ₹ 79.99 Crore) and Interest Income excludes interest income of ₹ 12.67 Crore (Previous Year : ₹ 27.47 Crore) on Financial Services Business, since it is considered as an expense and income respectively for deriving Segment Result.

Secondary Segment – Geographical

	Current Year	Previous Year
a) Revenue by Geographical Market		
Domestic Revenues	15,716.08	13,365.00
Exports Revenues	2,451.75	2,158.34
Total	18,167.83	15,523.34
b) Carrying Amount of Segment Assets		
In India	38,275.87	31,280.77
Outside India	1,358.19	1088.01
Total	39,634.06	32,368.78
c) Cost incurred to acquire Segment Fixed Assets during the year		
In India	2,217.28	1,611.95
Outside India	63.81	35.91
Total	2,281.09	1,647.86

Inter-segment revenues are recognised on arm's length basis.

Annexure - IV

₹ Crore

Primary Segments – Business	Rayon		Insulators		Textiles		Gross Total		Inter-Segment Elimination		Net Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Segment Revenue#												
Income from External Customers	564.97	537.69	517.98	428.43	765.24	574.24	18,167.83	15,523.34				
Inter-Segment Revenue	—	—	(0.01)	(0.03)	8.89	2.30	52.85	37.95				
Total Segment Revenue	564.97	537.69	517.97	428.40	774.13	576.54	18,220.68	15,561.29	(52.85)	(37.95)	18,167.83	15,523.34
Segment Result (PBIT)	74.87	120.01	114.37	97.66	79.99	46.80	1,613.69	684.12			1,613.69	684.12
Less:-Interest and Finance charges*											454.19	582.16
Add :- Interest Income*											48.37	65.26
Add:- Unallocable income (Net of Unallocable Expenditure)											(12.99)	(9.65)
Profit before Tax and Exceptional Items											1,194.89	157.57
Exceptional Items											103.84	—
Profit before Tax											1,091.05	157.57
Provision for Taxation											183.08	114.00
Net Profit (before Minority Interest)											907.97	43.57
Minority Interest											85.86	(111.03)
Share of Profit/(Loss) of Associate											(0.01)	(0.04)
Net Profit											822.10	154.56
Carrying Amount of Segment Assets (including Goodwill)												
Unallocated Assets	506.87	500.79	433.06	360.90	385.23	363.33	39,237.25	32,002.40	(67.52)	(205.02)	39,169.73	31,797.38
Total Assets											464.33	571.40
											39,634.06	32,368.78
Carrying Amount of Segment Liabilities												
Unallocated Liabilities	66.88	70.86	70.43	66.56	189.16	82.09	24,805.89	19,813.43	(67.52)	(205.02)	24,738.37	19,608.41
Total Liabilities											7,938.84	7,099.83
											32,677.21	26,708.24
Cost incurred to acquire Segment Fixed Assets during the year												
Unallocated Assets	11.60	29.53	27.20	38.05	3.84	3.51	2,278.82	1,647.47	—	—	2,278.83	1,647.47
											2.26	0.38
Depreciation / Amortization												
Unallocated Depreciation	34.55	34.93	20.58	18.05	22.55	22.57	938.62	879.84	—	—	938.62	879.84
											2.28	1.96

Annexure - V

₹ Crore

PARTICULARS	2010-11	2009-10
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax	1,091.05	157.57
Adjustments for:		
Depreciation/Amortization	940.90	881.80
Change in Valuation of Liabilities in respect of Life Policies	1,856.59	2,939.04
Provision for Bad and Doubtful Debts and Advances	24.02	19.58
Employee Stock Options Outstanding	7.35	7.73
(Gain)/Loss on Foreign Exchange	(21.75)	(32.52)
Interest Expenses	483.78	601.77
Interest Income	(48.37)	(67.96)
(Profit)/Loss on Fixed Assets Sold	10.61	15.05
(Profit)/Loss on Sale of Investments	(39.45)	(77.83)
Investment Income on Shareholders' Fund	(38.39)	(30.14)
Dividend Income	(8.06)	(10.19)
	<u>3,167.23</u>	<u>4,246.33</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	4,258.28	4,403.90
Adjustments for:		
Decrease/(Increase) in Sundry Debtors and Other Receivables	(1,405.44)	(210.98)
Decrease/(Increase) in Inventories	(331.18)	(68.46)
Increase/(Decrease) in Current Liabilities and Provisions	1,755.06	279.99
	18.44	0.55
CASH GENERATED FROM OPERATIONS	4,276.72	4,404.45
Income Taxes Refund/(Paid)	(211.51)	(168.46)
NET CASH FROM OPERATING ACTIVITIES	4,065.21	4,235.99
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(2,881.52)	(1,466.13)
Sale of Fixed Assets	33.88	95.19
Investments in Subsidiaries (Net of Cash)	(84.11)	(33.53)
Sale of Investments in Subsidiaries (Net of Cash)	—	3.19
Sale/(Purchase) of Investments (net)	(2,337.17)	(1,827.58)
(Increase)/Decrease in Inter-Corporate Deposits	442.02	(285.94)
Interest Received	27.50	53.09
Investment Income on Shareholders' Fund	38.39	30.14
Dividend Received	8.06	10.19
NET CASH (USED IN)/FROM INVESTING ACTIVITIES	(4,752.95)	(3,421.38)

Annexure - V (Contd.)

₹ Crore

PARTICULARS	2010-11	2009-10
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Shares (including Securities Premium)	429.55	693.09
Capital Subsidy Received	3.93	—
Repayment of Borrowings	(1,171.85)	(2,264.67)
Proceeds from Borrowings	2,016.82	718.54
Dividends Paid (including Tax thereon)	(62.13)	(46.32)
Interest and Finance Charges Paid	(472.86)	(653.99)
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	743.46	(1,553.35)
Foreign Exchange difference on translation of foreign currency cash and cash equivalents	β	(0.03)
NET INCREASE IN CASH AND EQUIVALENTS	55.72	(738.77)
CASH AND CASH EQUIVALENTS (OPENING BALANCE)	794.84	1,534.37
CASH ACQUIRED/TRANSFERRED ON MERGER OF SPICE WITH IDEA	—	(0.76)
CASH AND CASH EQUIVALENTS (CLOSING BALANCE)	850.56	794.84

Notes:

- Cash and Cash Equivalents includes:

Cash and Cheques in Hand	145.43	142.81
Balance with Banks	705.13	652.03
Total	850.56	794.84
- Previous Year's figures have been regrouped/rearranged to confirm to the current year's presentation, wherever necessary.
- Cash and Cash Equivalents includes restricted Cash and Cash Equivalents of ₹ 45.85 Crore (Previous Year ₹ 62.82 Crore) which are not available for use by the Group.

For KHIMJI KUNVERJI & CO.
Firm Registration No. 105146W
Chartered Accountants

For S.R. BATLIBOI & CO.
Firm Registration No. 301003E
Chartered Accountants

DR. RAKESH JAIN
Managing Director

SUSHIL AGARWAL
Whole-time Director & CFO

TARJANI VAKIL
P. MURARI
G.P. GUPTA
B.R. GUPTA
Directors

Per SHIVJI K. VIKAMSEY
Partner
Membership No. 2242
Mumbai, August 13, 2011

Per VIJAY MANIAR
Partner
Membership No. 36738

DEVENDRA BHANDARI
Company Secretary

CONSOLIDATED FINANCIAL STATEMENTS

Annexure - VI

The Details of Subsidiaries in terms of General Circular No. 2/2011 Dated 8th February, 2011, issued by Government of India, under Section 212(8) of the Companies Act, 1956, are as under:

	(₹ Crore, unless otherwise stated)												
	Aditya Birla Financial Services Private Limited	Aditya Birla Capital Advisors Private Limited	Aditya Birla Customer Services Private Limited	Aditya Birla Trustee Company Private Limited	Aditya Vikram Global Trading House Limited		Aditya Birla Money Limited	Aditya Birla Commodities Broking Limited	Aditya Birla Finance Limited	Aditya Birla Securities Private Limited	Aditya Birla Insurance Brokers Limited	Birla Sun Life Insurance Company Limited	Aditya Birla Money Mart Limited
					US \$ Lacs	₹ Crore							
Share Capital (Equity and Preference)	650.00	3.50	0.01	0.05	1.50	0.48	13.54	2.00	405.96	0.03	2.70	1,989.50	120.00*
Reserves and Surplus (Net of Debit Balance of Profit and Loss Account)	(5.16)	2.30	(1.49)	0.01	0.41	0.37	51.92	3.55	84.92	(0.01)	18.87	(1,242.51)	(116.22)
Total Assets (Fixed Assets + Investments + Deferred Tax Assets + Current Assets)	646.72	10.65	6.71	0.06	2.02	0.90	171.08	45.43	2,059.13	0.02	26.96	20,551.83	41.70
Total Liabilities (Debts + Current Liabilities and provisions + Deferred Tax Liabilities)	1.88	4.85	8.18	0.00	0.11	0.05	105.61	39.88	1,568.24	0.00	5.39	19,824.84	37.91
Details of Investments (excluding investments in subsidiary companies) (details as per Annexure A)	90.22	1.02	-	0.05	-	-	10.01	-	184.78	0.02	-	19,759.85	-
Turnover	6.75	17.61	-	0.05	-	-	98.90	15.38	197.23	-	21.22	7,086.50	64.15
Profits/(Losses) before Taxation	(1.66)	5.07	(1.22)	0.04	(0.19)	(0.02)	(13.60)	1.51	55.36	(0.00)	3.17	304.41	(103.60)
Provision for Taxation	0.42	1.41	-	(0.00)	-	-	(4.15)	0.49	18.14	-	1.05	(0.59)	0.02
Profits/(Losses) after Taxation	(2.08)	3.66	(1.22)	0.04	(0.19)	(0.02)	(9.46)	1.02	37.22	(0.00)	2.12	305.00	(103.62)
Proposed/ Interim Dividend (Including Dividend Tax) (Including on Preference Share)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	0.02	Nil	Nil	Nil	Nil
Exchange Rate as on March 31, 2011	-	-	-	-	US\$ = ₹ 45.29	-	-	-	-	-	-	-	-

* Including Share Application Money pending allotment

Annexure - VI (Contd.)

The Details of Subsidiaries in terms of General Circular No. 2/2011 Dated 8th February, 2011, issued by Government of India, under Section 212(8) of the Companies Act, 1956, are as under:

	(₹ Crore, unless otherwise stated)										
	Aditya Birla Money Insurance Advisory Services Limited	ABNL Investment Limited	LIL Investment Limited	Indigold Trade Services Limited	Shaktiman Mega Food Park Private Limited	Aditya Birla Financial Shared Services Limited	Madura Garments Lifestyle Retail Company Limited	Peter England Fashions and Retail Limited	Aditya Birla Minacs IT Services Limited	Aditya Birla Minacs Technologies Limited	Aditya Birla Minacs Worldwide Limited
Share Capital (Equity and Preference)	0.49	21.00	2.05	2.00	0.01	0.05	20.00	1.01	22.55	9.80	2.35
Reserves and Surplus (Net of Debit Balance of Profit and Loss Account)	(14.11)	11.56	0.02	(0.13)	(0.01)	-	(133.92)	(0.88)	(1.22)	(20.09)	191.36
Total Assets (Fixed Assets + Investments + Deferred Tax Assets + Current Assets)	7.16	52.33	2.11	3.04	0.06	8.28	282.11	1.84	63.08	3.82	995.03
Total Liabilities (Debts + Current Liabilities and Provisions + Deferred Tax Liabilities)	20.78	19.76	0.03	1.17	0.05	8.23	396.03	1.72	41.75	14.11	801.33
Details of Investments (excluding investments in subsidiary companies) (details as per Annexure A)	-	0.60	-	1.97	-	-	-	-	0.00	-	7.00
Turnover	9.31	5.21	-	-	-	0.05	60.49	12.78	98.53	7.84	244.01
Profits/(Losses) before Taxation	(10.85)	1.43	0.12	(0.09)	(0.01)	0.05	(37.55)	0.04	10.35	(0.71)	(37.76)
Provision for Taxation	-	0.52	0.04	-	-	0.01	-	0.03	0.15	-	0.29
Profits/(Losses) after Taxation	(10.85)	0.94	0.08	(0.09)	(0.01)	0.04	(37.55)	0.01	10.20	(0.71)	(38.05)
Proposed/Interim Dividend (including Dividend Tax) (Including on Preference Share)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Exchange Rate as on March 31, 2011	-	-	-	-	-	-	-	-	-	-	-

CONSOLIDATED FINANCIAL STATEMENTS

Annexure - VI (Contd.)

The Details of Subsidiaries in terms of General Circular No. 2/2011 Dated 8th February, 2011, issued by Government of India, under Section 212(8) of the Companies Act, 1956, are as under:

(₹ Crore, unless otherwise stated)

	Transworks Inc., USA		A V Transworks Limited, Canada		Aditya Birla Minaacs Philippines Inc.		Aditya Birla Minaacs Worldwide Inc., Canada (Stand-alone)		Minaacs Kft.- Hungary		Minaacs Limited, UK		Minaacs Worldwide S.A. de C.V., Mexico	
	USD Mn.	₹ Crores	CAD Mn.	₹ Crores	PHP Mn.	₹ Crores	CAD Mn.	₹ Crores	HUF Mn.	₹ Crores	GBP Mn.	₹ Crores	MXN Mn.	₹ Crores
Share Capital (Equity and Preference)	-	-	157.00	722.20	96.92	9.97	120.39	553.81	3.00	0.07	0.00	0.01	0.05	0.02
Reserves and Surplus (Net of Debit Balance of Profit and Loss Account)	0.05	0.22	(2.31)	(10.62)	(131.63)	(13.54)	(47.80)	(219.87)	81.25	1.94	0.33	2.42	(0.05)	(10.02)
Total Assets (Fixed Assets + Investments + Deferred Tax Assets + Current Assets)	0.05	0.24	214.09	984.79	135.70	13.98	132.23	608.25	169.79	4.05	1.04	7.54	-	-
Total Liabilities (Debits + Current Liabilities and Provisions + Deferred Tax Liabilities)	0.01	0.02	59.40	273.21	170.59	17.55	59.63	274.32	85.54	2.04	0.70	5.11	-	-
Details of investments (excluding investments in subsidiary companies) (details as per Annexure A)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Turnover	0.00	0.00	0.77	3.43	238.96	24.72	158.75	710.52	392.47	8.57	2.26	16.00	-	-
Profits/(Losses) before Taxation	(0.00)	(0.01)	(0.42)	(1.86)	12.07	1.25	21.83	97.71	24.81	0.53	0.09	0.64	-	-
Provision for Taxation	-	(0.00)	-	-	-	0.00	(2.61)	(11.70)	13.10	0.29	0.03	0.18	-	-
Profits /(Losses) after Taxation	(0.00)	(0.00)	(0.42)	(1.86)	12.03	1.25	24.45	109.41	11.71	0.25	0.07	0.46	-	-
Proposed/Interim Dividend (Including Dividend Tax) (Including on Preference Share)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Exchange Rate as on March 31, 2011	US\$ = ₹ 45.29		CAD\$ = ₹ 46.00		PHP = ₹ 1.03		CAD\$ = ₹ 46.00		HUF = ₹ 0.24		GBP = ₹ 72.60		MXN = ₹ 3.62	

Annexure - VI (Contd.)

The Details of Subsidiaries in terms of General Circular No. 2/2011 Dated 8th February, 2011, issued by Government of India, under Section 212(8) of the Companies Act, 1956, are as under:

(₹ Crore, unless otherwise stated)

	Minaacs Worldwide GmbH, Germany		The Minaacs Group (USA) Inc.		Bureau Collection Recovery, LLC (US)		Bureau of Collections Recovery (BCR) Inc.(US)		Aditya Birla Minaacs BPO Private Limited		Aditya Birla Minaacs BPO Limited UK		Compass BPO Inc., US	
	EUR Mn.	₹ Crores	USD Mn.	₹ Crores	USD Mn.	₹ Crores	USD Mn.	₹ Crores	GBP Mn.	₹ Crores	GBP Mn.	₹ Crores	GBP Mn.	₹ Crores
Share Capital (Equity and Preference)	0.03	0.16	0.30	1.37	0.02	0.09	-	-	0.02	0.14	0.00	0.00	0.00	0.00
Reserves and Surplus (Net of Debit Balance of Profit & Loss Account)	2.35	14.99	9.00	40.76	3.10	14.04	-	-	0.82	5.95	0.18	0.82	0.18	0.82
Total assets (Fixed Assets + Investments + Deferred Tax Assets + Current Assets)	2.78	17.75	66.96	303.22	5.38	24.38	-	-	1.17	8.51	0.32	1.46	0.32	1.46
Total Liabilities (Debts + Current Liabilities and Provisions + Deferred Tax Liabilities)	0.41	2.60	57.66	261.09	2.26	10.25	-	-	0.33	2.42	0.14	0.64	0.14	0.64
Details of Investments (excluding investments in subsidiary companies) (details as per Annexure A)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Turnover	6.89	41.50	115.22	525.26	11.20	51.23	-	-	1.69	12.01	2.60	11.82	2.60	11.82
Profits/(losses) before Taxation	0.36	2.17	2.06	9.01	(0.50)	(2.33)	-	-	(0.09)	(0.65)	0.02	0.09	0.02	0.09
Provision for Taxation	0.11	0.64	1.16	5.28	(0.52)	(2.36)	-	-	-	-	0.00	0.02	0.00	0.02
Profits/(losses) after Taxation	0.25	1.53	0.90	3.73	0.02	0.03	-	-	(0.09)	(0.65)	0.02	0.07	0.02	0.07
Proposed/Interim dividend (Including Dividend Tax) (Including on Preference Share)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Exchange Rate as on March 31, 2011	EUR	₹ 63.84	USD	₹ 45.29	USD	₹ 45.29	USD	₹ 45.29	GBP	₹ 72.60	GBP	₹ 45.29	GBP	₹ 45.29

A) Details of investments of Birla Sun Life Insurance Company Limited as at 31 March, 2011

	Shareholders	Policyholders	Assets Held to Cover Linked Liabilities	₹ Crore Total
LONG TERM INVESTMENTS				
1. Government securities and Government guaranteed bonds including Treasury Bills	343.99	736.83	1,758.98	2,839.80
2. Other Investments				
(a) Debenture/Bonds	51.36	173.30	1,632.35	1,857.01
(b) Equity Shares	–	–	7,473.37	7,473.37
(c) Other Securities	9.90	0.10	59.60	69.60
3. Investment in Infrastructure and Social Sector Bonds	151.40	209.46	2,236.01	2,596.86
4. Other than Approved Investments	2.50	–	988.30	990.80
Total (A)	<u>559.15</u>	<u>1,119.68</u>	<u>14,148.61</u>	<u>15,827.44</u>
SHORT TERM INVESTMENTS				
1. Government securities and Government guaranteed bonds including Treasury Bills	35.14	73.95	59.78	168.87
2. Other Approved Securities				
- Fixed Deposits	–	0.10	97.50	97.60
- Others	48.01	228.28	1,545.93	1,822.22
3. Other Investments				
(a) Mutual Funds	46.43	21.94	327.92	396.29
(b) Debenture/Bonds	3.44	104.97	618.49	726.90
(c) Other Securities	–	–	–	–
(d) Application Money	–	–	8.24	8.24
4. Investment in Infrastructure and Social Sector	5.00	54.37	157.13	216.50
5. Other than Approved Investments	0.10	0.06	79.98	80.14
Total (B)	<u>138.12</u>	<u>483.67</u>	<u>2,894.98</u>	<u>3,516.77</u>
Other Assets				
1. Bank Balances			104.00	104.00
2. Interest Accrued on Investments			186.06	186.06
3. Fund Charges			–	–
4. Outstanding Contract (Net)			125.58	125.58
Sub Total (C)	<u>–</u>	<u>–</u>	<u>415.64</u>	<u>415.64</u>
Total (A+B+C)	<u>697.27</u>	<u>1,603.36</u>	<u>17,459.22</u>	<u>19,759.85</u>

	Number	As at 31 March, 2011 ₹ Crore
B) Details of Investments of Aditya Birla Financial Services Pvt. Ltd.		
LONG TERM INVESTMENTS		
EQUITY SHARES SHARES – UNQUOTED		
Investment in Birla Sun Life Asset Management Company Limited	8,999,980	14.31
Investment in Birla Sun Life Trustee Company Private Limited	9,950	0.01
Investment in Aditya Birla Private Equity Shares - Fund I		70.45
CURRENT INVESTMENTS		
MUTUAL FUND - UNQUOTED		
Birla Sun Life Cash Plus	3,473,262	5.45
Total		90.22
C) Details of Investments of Aditya Birla Capita Advisors Pvt. Ltd.		
CURRENT INVESTMENTS		
MUTUAL FUND – UNQUOTED		
Birla Sun Life Saving Fund Institutional Daily Dividend Reinvestment Scheme	1,019,959	1.02
Total		1.02
D) Details of Investments of Aditya Birla Trustee Company Pvt. Ltd.		
CURRENT INVESTMENTS		
MUTUAL FUND – UNQUOTED		
Birla Sun Life Saving Fund Retail Daily Dividend Reinvestment Scheme	52,240	0.05
Total		0.05
E) Details of Investments of Aditya Birla Money Ltd.		
LONG TERM INVESTMENTS		
EQUITY SHARES – UNQUOTED		
Apollo Sindhoori Hotels Limited	6,600	0.01
CURRENT INVESTMENTS		
MUTUAL FUND – UNQUOTED		
Birla Sun Life Cash Plus – instalment premium - growth	6,373,958	10.00
Total		10.01
F) Details of Investments of Aditya Birla Finance Ltd.		
LONG TERM INVESTMENTS		
EQUITY SHARES – QUOTED		
HDFC Bank Limited	260	β
MOIL	12,245	0.46
EQUITY SHARES – UNQUOTED		
Birla Management Centre Services Limited	7,000	0.01
Birla Sun Life Trustee Company Private Limited	20	β
DEBENTURES – UNQUOTED		
ABK Consultants Private Limited	86	9.16
JSW Techno Projects Management Limited	50	50.15
Muthoot Finance Limited	500	50.00
RHC Holding Private Limited	700	70.00
OTHER SECURITIES – UNQUOTED		
PMS Investment		5.00
Total		184.78

	Number	As at 31 March, 2011 ₹ Crore
G) Details of Investments of Aditya Birla Securities Pvt. Ltd.		
CURRENT INVESTMENTS		
MUTUAL FUND - UNQUOTED		
Birla Sun Life Cash Plus–Retail Growth	8,255	0.02
Total		0.02
H) Details of Investments of ABNL Investment Ltd.		
LONG TERM INVESTMENTS		
EQUITY SHARES – UNQUOTED		
Aditya Birla Power Company Limited	11,500	–
OTHER SECURITIES		
Pass Through Certificate	1	β
CURRENT INVESTMENTS		
MUTUAL FUND – UNQUOTED		
Birla Sun Life Cash Plus IPP Growth	380,784	0.60
Total		0.60
I) Details of Investments of Indigold Trade Services Ltd.		
CURRENT INVESTMENTS		
MUTUAL FUND (UNQUOTED)		
Birla Sun Life Saving Fund Institutional – Growth	1,130,756	1.97
Total		1.97
J) Details of Investments of Aditya Birla Minacs IT Services Ltd.		
LONG TERM INVESTMENTS		
EQUITY SHARES – UNQUOTED		
Accelerex Ltd., U.K.	9,796,296	–
Advisor Technologies Limited, U.K.	1,023,720	–
Software Services Support and Education Centre Limited	1	β
Total		β
K) Details of Investments of Aditya Birla Minacs Worldwide Ltd.		
CURRENT INVESTMENTS		
MUTUAL FUND (UNQUOTED)		
Birla Sun Life Cash Plus – Institutional Premium – Growth	4,461,070	7.00
Total		7.00

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Investment Performance as on 30 June, '11

	Last 1 year	Last 3 years	Last 5 years	Since Inception
Birla Sun Life Dividend Yield Plus-Growth	7.34	28.41	19.31	29.36
S&P CNX 500 (Benchmark Index)	2.31	12.19	12.03	23.97

Inception Date: 26 February, '03. Returns are in % and absolute returns for period less than 1 year & CAGR for period 1 year or more.

Past performance may or may not be sustained in future.

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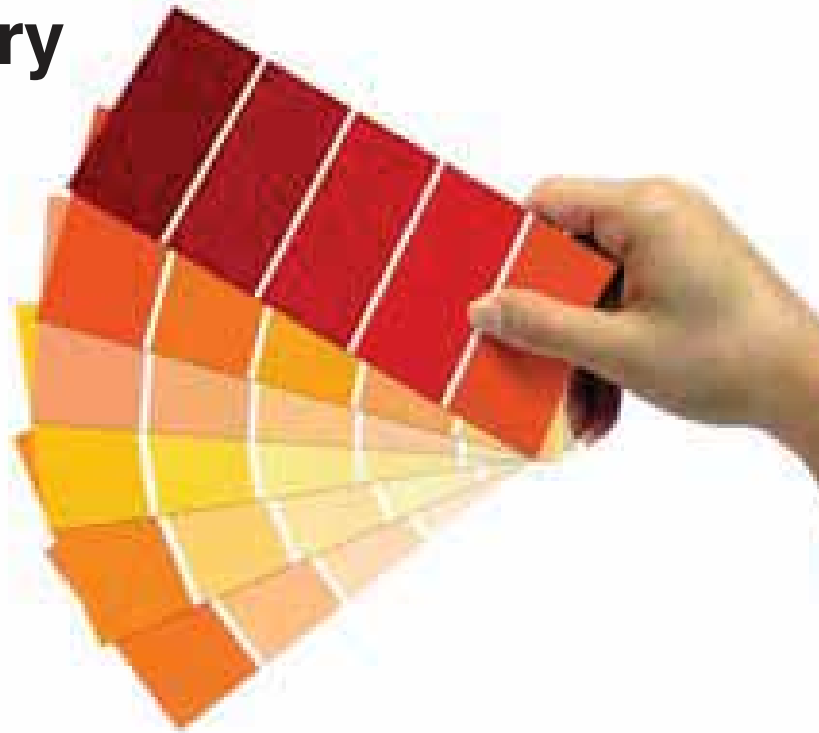
Birla Sun Life
Mutual Fund

Premium SMS charges apply.

Statutory Details: Constitution: Birla Sun Life Mutual Fund (BSLMF) has been set up as a Trust under the Indian Trusts Act, 1882. **Sponsors:** Aditya Birla Financial Services Private Limited and Sun Life (India) AMC Investments Inc. (liability restricted to seed corpus of ₹ 1 Lakh). **Trustee:** Birla Sun Life Trustee Company Pvt. Ltd. **Investment Manager:** Birla Sun Life Asset Management Company Ltd. **Scheme Name and Objective:** Birla Sun Life Dividend Yield Plus is an open-ended growth scheme with the objective to provide capital growth and income by investing primarily in a well-diversified portfolio of dividend paying companies that have a relatively high dividend yield. **Entry Load (Incl. for SIP):** Nil. **Exit Load (Incl. for SIP):** 1.00% of the applicable NAV, if redeemed/switched-out within 365 days from the allotment date, and NIL if redeemed/switched-out after 365 days from the allotment date. **Risk Factors:** Mutual Funds and securities investments are subject to market risks and there can be no assurance or guarantee that the objectives of the Scheme will be achieved. As with any investment in securities, the NAV of the Units issued under the Scheme may go up or down depending on the various factors and forces affecting capital markets and money markets. Past performance of the Sponsors / Investment Manager / Mutual Fund does not indicate the future performance of the Scheme and may not necessarily provide a basis of comparison with other investments. The name of the Scheme does not, in any manner, indicate either the quality of the Scheme or its future prospects or returns. Unit holders in the Scheme are not being offered any guaranteed / assured returns. Please refer to the Scheme Information Document for Scheme specific risk factors. Investors should carefully read the Scheme Information Document / Statement of Additional Information / Key Information Memorandum available at Investor Service Centres and with Distributors before investing.

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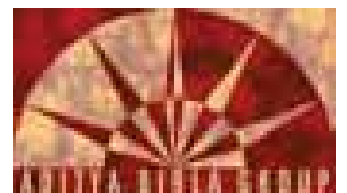
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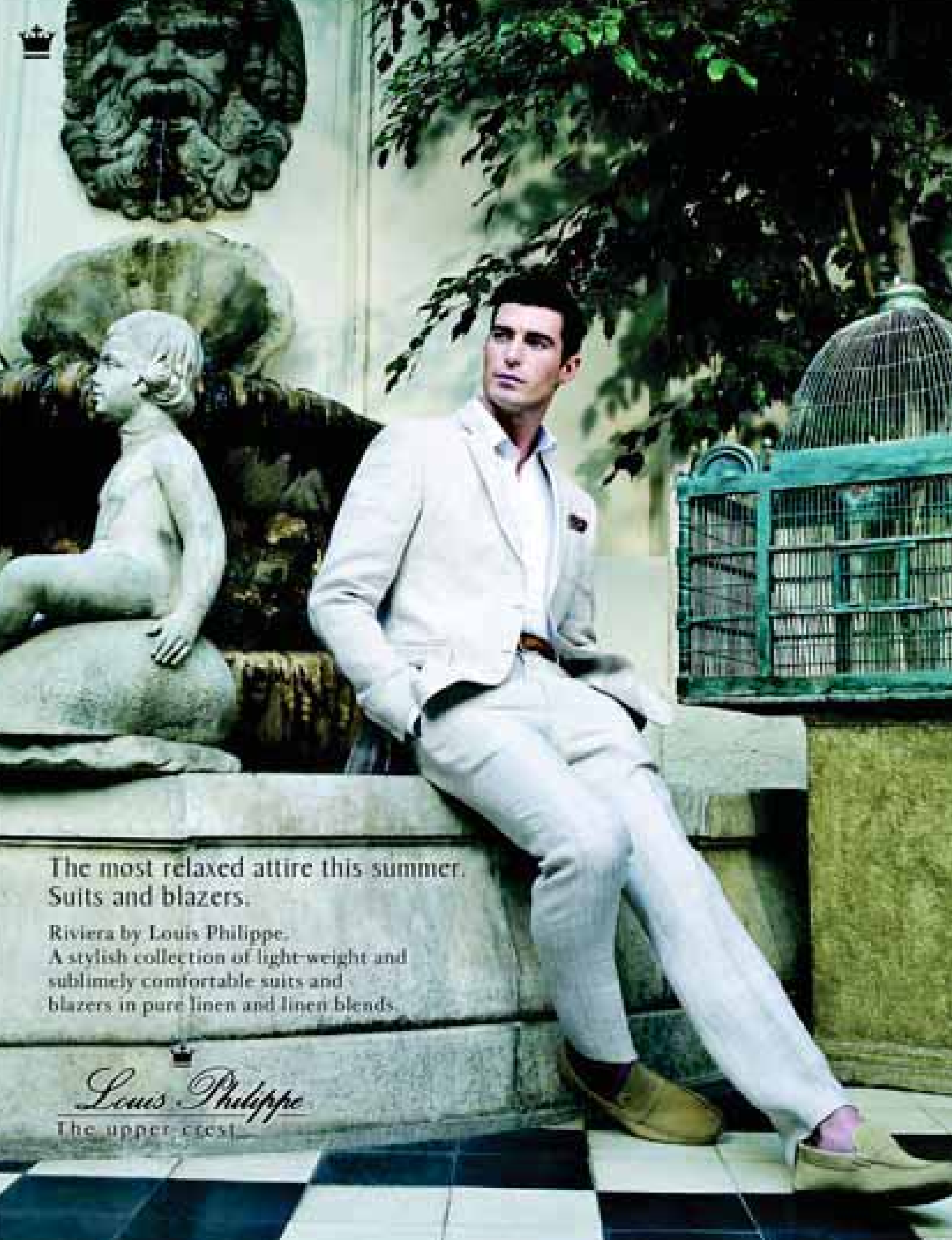
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MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISK PLEASE READ THE SCHEME INFORMATION DOCUMENT AND STATEMENT OF ADDITIONAL INFORMATION CAREFULLY BEFORE INVESTING.

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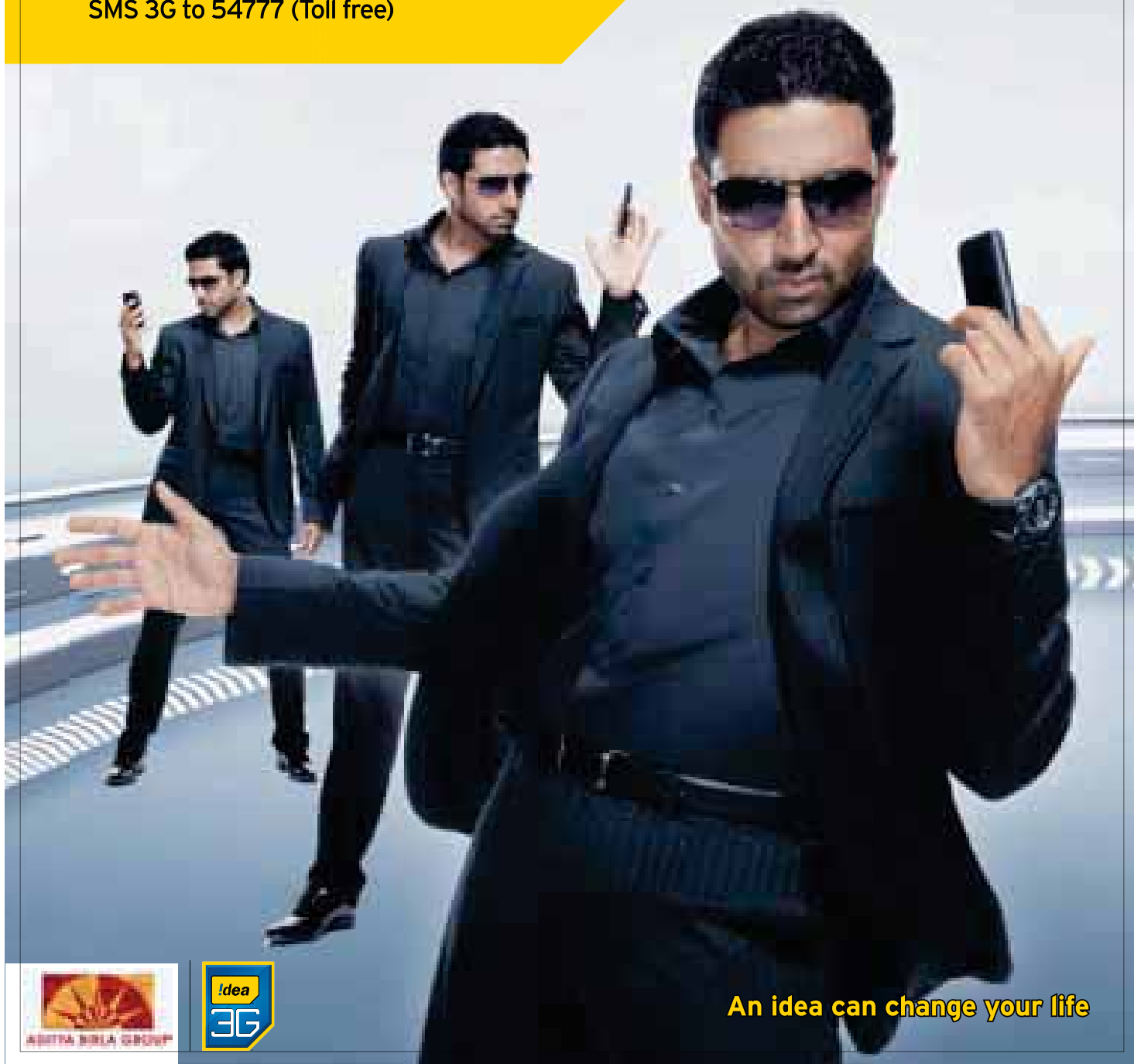
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I) ADITYA BIRLA FINANCIAL SERVICES

Subsidiaries

- Birla Sun Life Insurance Company Ltd.
[JV with Sun Life Financial Inc of Canada] : Life Insurance
- Aditya Birla Financial Services Pvt. Ltd. ("ABFSPL") : Investment
 - Aditya Birla Money Ltd. : Equity Broking
 - Aditya Birla Commodities Broking Ltd. : Commodities Broking
 - Aditya Birla Capital Advisors Pvt. Ltd. : Private Equity Investment, Advisory & Management Services
 - Aditya Birla Trustee Company Pvt. Ltd. : Trustee of Private Equity Fund
 - Aditya Birla Customer Services Pvt. Ltd. : General Services
 - Aditya Birla Financial Shared Services Ltd. : Financial & IT enabled services
 - Aditya Birla Insurance Brokers Ltd. : Non-life Insurance Advisory and Broking
 - Aditya Birla Finance Ltd. : NBFC / Fund Based Lending
 - Aditya Birla Securities Private Ltd. : Wealth Management & Distribution
 - Aditya Birla Money Mart Ltd. : Life Insurance Advisory
 - Aditya Birla Money Insurance Advisory Services Ltd. : Investment
 - ABNL Investment Ltd. : Investment
 - LIL Investment Ltd. : Investment

Joint Ventures (through ABFSPL)

- Birla Sun Life Asset Management Company Ltd. : Asset Management
- Birla Sun Life Trustee Company Pvt. Ltd. : Trustee of Birla Sun Life Mutual Fund

II) IT-ITeS SUBSIDIARIES

- Aditya Birla Minacs Worldwide Ltd. & its subsidiaries : Information Technology enabled Services
 - Transworks Inc. USA
 - Aditya Birla Minacs Philippines Inc, Philippines
 - AV Transworks Ltd., Canada
 - Aditya Birla Minacs Worldwide Inc., Canada & its subsidiaries
 - The Minacs Group, (USA) Inc.
 - Bureau of Collection Recovery, LLC
 - Minacs Worldwide S.A. de C.V., Mexico
 - Minacs Ltd, UK
 - Minacs Worldwide GmbH, Germany
 - Minacs Kft., Hungary
 - Bureau of Collection Recovery (BCR) Inc.
 - Aditya Birla Minacs BPO Ltd. UK
 - Aditya Birla Minacs BPO Pvt. Ltd., India
 - Compass BPO Inc., USA
 - Aditya Minacs IT Services Ltd. & its subsidiary : Information Technology services
 - Aditya Birla Minacs Technologies Ltd.

III) GARMENTS & OTHERS SUBSIDIARIES

- Madura Garments Lifestyle Retail Company Ltd. : Apparel Retail
- Peter England Fashions and Retail Ltd : Apparel Retail
- Indigold Trade & Services Ltd. : Services/Miscellaneous
- Aditya Vikram Global Trading House Ltd. : International General Trading
- Shaktiman Mega Food Park Pvt. Ltd. : Food Park

IV) TELECOM (JOINT VENTURE)

- Idea Cellular Ltd. : Telecommunication Services

* As on 13th August, 2011

Aditya Birla Nuvo Ltd.

Corporate Finance Division

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